



Nordic Biotech K/S

Strandvejen 125
2900 Hellerup
CVR No. 26290724

Annual report 2023

The Annual General Meeting adopted the annual report on 12.06.2024

Lars Møller Andersen
Chairman of the General Meeting

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Entity details

Entity

Nordic Biotech K/S
Strandvejen 125
2900 Hellerup

Business Registration No.: 26290724
Registered office: København
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Florian Schønharting

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Executive Board has today considered and approved the annual report of Nordic Biotech K/S for the financial year 01.01.2023 - 31.12.2023.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Hellerup, 17.05.2024

On behalf of the general partner, Nordic Biotech General Partner ApS

Florian Schønharting

Independent auditor's report

To the shareholders of Nordic Biotech K/S

Opinion

We have audited the financial statements of Nordic Biotech K/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 17.05.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bill Haudal Pedersen

State Authorised Public Accountant
Identification No (MNE) mne30131

Management commentary

Primary activities

The Limited Partnership is a venture capital Limited Partnership established in 2001 and focusing on early stage investments, restructurings and spin offs in the biotech industry.

At 31 December 2023, the portfolio of the Limited Partnership included three investments not yet disposed of by the Limited Partnership. These are further described below.

Development in activities and finances

The income statement for 2023 shows a profit of DKK 1,254 thousand against a loss of DKK 44,572 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 32,232 thousand.

The activities for the year are impacted by the positive fair value adjustment of the Limited Partnership's investment in Forward Pharma A/S amounting to DKK 1,612 thousand.

Forward Pharma A/S

Forward Pharma A/S is focused on maximizing royalty payments from its original patent estate based on dimethyl fumarate and maximizing cash returns on its financial portfolio. The company is currently mainly working on the best the outcome of a pending transfer pricing dispute in Germany.

Rose Pharma Inc

In connection with the final dissolution of Rose Pharma A/S the Limited Partnership received shares in NV Rose LLC, a company incorporated and domiciled in Bermuda. These shares were subsequently exchanged for shares in Rose Pharma Inc, a company incorporated and domiciled in the United States. The activities of Rose Pharma Inc comprise the development of a medical product that will improve the lives of irritable bowel syndrome sufferers by developing targeted treatments for acute pains.

Aditech Pharma AG

Aditech Pharma AG has developed certain intellectual property rights, some of which have been transferred to Forward Pharma A/S. Aditech Pharma AG is under liquidation.

Uncertainty relating to recognition and measurement

The Limited Partnership measures all of its investments at fair value in accordance with the valuation guidelines recommended by Invest Europe (currently the IPEV valuation guidelines). The valuations in the annual report are subject to inherent uncertainty because they, among others, are based on assumptions that are to a wide extent judgmental.

Outlook

The Limited Partnership intends to continue its efforts to realise its remaining assets at optimal value.

Events after the balance sheet date

Subsequent to 31 December 2023, no events have occurred that would significantly impact the financial statements.

Income statement for 2023

	Notes	2023 DKK'000	2022 DKK '000
Other external expenses		(133)	(118)
Gross profit/loss		(133)	(118)
Income from investments in group enterprises	1	(252)	(76)
Income from investments in participating interests		1,612	(44,374)
Other financial income		30	3
Other financial expenses		(3)	(7)
Profit/loss for the year		1,254	(44,572)
Proposed distribution of profit and loss:			
Retained earnings		1,254	(44,572)
Proposed distribution of profit and loss		1,254	(44,572)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK'000	2022 DKK'000
Investments in group enterprises		0	10,078
Investments in participating interests		25,136	23,524
Financial assets	2	25,136	33,602
Fixed assets		25,136	33,602
Cash		7,190	606
Current assets		7,190	606
Assets		32,326	34,208

Equity and liabilities

	Notes	2023 DKK'000	2022 DKK'000
Contributed capital	3	381,240	381,240
Retained earnings		(349,008)	(347,090)
Equity		32,232	34,150
Other payables		94	58
Current liabilities other than provisions		94	58
Liabilities other than provisions		94	58
Equity and liabilities		32,326	34,208
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Statement of changes in equity for 2023

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	381,240	(347,090)	34,150
Extraordinary dividend paid	0	(3,172)	(3,172)
Profit/loss for the year	0	1,254	1,254
Equity end of year	381,240	(349,008)	32,232

Notes

1 Income from investments in group enterprises

Income from investments in group enterprises contains on account liquidation proceeds received from Aditech Pharma AG.

2 Financial assets

	Investments in group enterprises DKK'000	Investments in participa- ting interests DKK'000
Cost beginning of year	1,837,270	1,528,662
Transfers	0	(127,891)
Disposals	(1,837,270)	0
Cost end of year	0	1,400,771
Impairment losses beginning of year	(1,827,192)	(1,505,138)
Transfers	0	127,891
Fair value adjustments	0	1,612
Reversal regarding disposals	1,827,192	0
Impairment losses end of year	0	(1,375,635)
Carrying amount end of year	0	25,136

The fair value adjustment includes the portfolio company Forward Pharma A/S.

Forward Pharma A/S has been unlisted from Nasdaq in 2023, why the investment has shifted to an unlisted investment in the financial year. As a result, the valuation is associated with uncertainty, just as the valuation is dependent on the future events.

The fair value has been assessed by the management and the enterprise value is determined based on methods which best reflect Forward Pharma A/S' potential, risk and life cycle. The valuation management has conducted is based on an analysis of Forward Pharma A/S last known equity valuation taken the given tax uncertainties into account and the last official share price.

3 Share capital

Share capital consists of 381,240,000 shares at DKK 1 each. The shares have been divided into A-shares with a nominal value of DKK 380,040,000 and B-shares with a nominal value of DKK 1,200,000.

4 Fair value information

	Unlisted shares DKK'000
Fair value end of year	25,136
Unrealised fair value adjustments recognised in the income statement	1,612

5 Contingent liabilities

At the balance sheet date, the Limited Partnership has not assumed obligations to make further investments in portfolio companies or any other contingent liabilities.

6 Related parties with controlling interest

The General Partner is Nordic Biotech General Partner ApS.

During the accounting period, the Limited Partnership has paid DKK 25 thousand to the General Partner for the services provided by the General Partner.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

Income statement

Other external expenses

Other external expenses include fees to the General Partner (Nordic Biotech General Partner ApS), audit fees and other costs.

Income from investments in group enterprises

Fair value adjustment of equity investments in group entities are recognised in profit and loss as long as the fair value adjustments does not exceed the original cost price. Fair value adjustments in excess of the original cost price are recognised on a separate reserve on equity.

Income from investments in participating interests

Fair value adjustment of equity investments in participating interests are recognised in profit and loss as long as the fair value adjustments does not exceed the original cost price. Fair value adjustments in excess of the original cost price are recognised on a separate reserve on equity.

Other financial income

Other financial income comprises interest income.

Other financial expenses

Other financial expenses comprise interest expenses and bank fees.

Balance sheet**Investments in group enterprises**

On initial recognition, equity investments in group entities are measured at cost, and subsequently measured at fair value. Negative fair value adjustments for the year are recognised in the income statement under "Fair value adjustment of investments in group entities and participating interests", positive fair value adjustments are recognised on a separate reserve on equity.

The fair value is based on principles corresponding to those recommended by Invest Europe (currently the IPEV valuation guidelines).

Investments in participating interests

On initial recognition, equity investments in participating interests are measured at cost, and subsequently measured at fair value. Negative fair value adjustments for the year are recognised in the income statement under "Fair value adjustment of investments in group entities and participating interests", positive fair value adjustments are recognised on a separate reserve on equity.

The fair value is based on principles corresponding to those recommended by Invest Europe (currently the IPEV valuation guidelines).

Cash

Cash comprises of bank deposits.

Other financial liabilities

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