

Nordic Biotech K/S

Østergade 24 A, 1. tv., 1100 Copenhagen K

CVR no. 26 29 07 24

Annual report 2021

Approved at the Company's annual general meeting on 2 May 2022

Chair of the meeting:

.....
Lars Møller Andersen

Contents

Statement by the General Partner	2
Independent auditor's report	3
Management's review	6
Financial statements for the period 1 January - 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12

Statement by the General Partner

The General Partner has today discussed and approved the annual report of Nordic Biotech K/S for the financial year 1 January - 31 December 2021.

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

It is my opinion that the financial statements give a true and fair view of the Limited Partnership's financial position at 31 December 2021 and of the results of the Limited Partnership's operations for the financial year 1 January - 31 December 2021.

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

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

Copenhagen, 20 April 2022

On behalf of the General Partner, Nordic Biotech General Partner ApS:

Florian Schönharting

Independent auditor's report

To the Limited Partners and the General Partner of Nordic Biotech K/S

Opinion

We have audited the financial statements of Nordic Biotech K/S for the financial year 1 January - 31 December 2021, which comprise an 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 Limited Partnership at 31 December 2021 and of the results of the Limited Partnership'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 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 Limited Partnership 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 Limited Partnership'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 Limited Partnership or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 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 Limited Partnership'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 Limited Partnership'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 Limited Partnership 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.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 20 April 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Jensen
State Authorised
Public Accountant
mne33246

Management's review

Limited Partnership details

Name	Nordic Biotech K/S
Address, zip code, city	Østergade 24 A, 1. tv., 1100 Copenhagen K
CVR no.	26 29 07 24
Registered office	Copenhagen
Financial year	1 January - 31 December
General Partner	Nordic Biotech General Partner ApS
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea
Lawyer	Mazanti-Andersen Amaliegade 10, 1256 Copenhagen, Denmark

Management's review

Operating review

Principal 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 2021, the portfolio of the Limited Partnership included three investments not yet disposed of by the Limited Partnership. These are further described below.

Recognition and measurement uncertainties

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.

While the Limited Partnership's investment in Forward Pharma A/S has been valued based on the stock price of publicly traded ADSs representing shares in Forward Pharma A/S, the Limited Partnership's investment in Aditech Pharma AG has been determined using commonly applied valuation techniques for unquoted entities. Consequently, the valuation of Limited Partnership's investment in Aditech Pharma AG in the annual report is subject to material uncertainty. Reference is made to note 2 for more details.

Financial review

The income statement for 2021 shows a loss of DKK 6,387 thousand against a loss of DKK 1,360 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 78,722 thousand.

The activities for the year are significantly impacted by the negative fair value adjustment of the Limited Partnership's investment in Forward Pharma A/S, which in aggregate amounted to DKK 6,262 thousand.

Operations

Nordic Biotech General Partner ApS participates in the Limited Partnership as a general partner and manages the Limited Partnership in this capacity. Further, the Limited Partnership has concluded an advisory agreement with Nordic Biotech Advisors ApS pursuant to which Nordic Biotech Advisors ApS attends to the daily operation of the Limited Partnership.

Management's review

Operating review

Investments

Forward Pharma A/S

Forward Pharma is a Danish biopharmaceutical company that commenced development in 2005 of FP187®, a proprietary formulation of DMF for the treatment of inflammatory and neurological indications. Forward Pharma granted to Biogen an irrevocable license to all of its IP through the Settlement and License Agreement and received from Biogen a non-refundable cash fee of \$1.25 billion in February 2017, with the return of EUR 917.7 million to shareholders through a capital reduction in September 2017. Forward Pharma has the opportunity to receive royalties from Biogen on sales of Tecfidera® or other DMF products for MS outside the U.S., dependent on, among other things, a favorable outcome in Europe with respect to the EP2801355 Opposition Proceedings, including any appeal thereto.

NV Rose LLC

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. The activities of NV Rose LLC comprise the development, manufacturing and commercialisation of a medical product to identify certain indications for ghrelin and GLP-1.

Aditech Pharma AG

Aditech Pharma AG has developed certain intellectual property rights, some of which have been transferred to Forward Pharma A/S against potential payments of royalty etc.

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 2021, no events have occurred that would significantly impact the financial statements.

Commercial and financial risks

The Limited Partnership is, among others, dependent on the continued services of Nordic Biotech General Partner ApS and Nordic Biotech Advisors ApS and the developments in the US capital market.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
	Other external costs	-119	-98
2	Fair value adjustment of investments in group entities and participating interests	-6,262	-1,256
	Operating profit/loss	-6,381	-1,354
	Financial expenses	-6	-6
	Profit/loss for the year	<u>-6,387</u>	<u>-1,360</u>
	Proposed distribution of profit/loss		
	Distributions during the year	0	0
	Transferred to retained earnings	-6,387	-1,360
		<u>-6,387</u>	<u>-1,360</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
2	Investments		
	Equity investments in group entities	10,154	10,566
	Investments in participating interests	67,896	73,746
		<u>78,050</u>	<u>84,312</u>
	Total fixed assets	<u>78,050</u>	<u>84,312</u>
	Non-fixed assets		
	Cash in bank	734	858
	Total non-fixed assets	<u>734</u>	<u>858</u>
	TOTAL ASSETS	<u>78,784</u>	<u>85,170</u>
	EQUITY AND LIABILITIES		
	Equity		
3	Limited partnership capital	381,240	381,240
	Reserve for fair value adjustments	0	0
	Retained earnings	-302,518	-296,131
	Total equity	<u>78,722</u>	<u>85,109</u>
	Current liabilities		
	Other payables	62	61
		<u>63</u>	<u>61</u>
	Total liabilities	<u>63</u>	<u>61</u>
	TOTAL EQUITY AND LIABILITIES	<u>78,784</u>	<u>85,170</u>

- 1 Accounting policies
4 Collateral
5 Related parties transactions

Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Limited partnership capital	Reserve for fair value adjustments	Retained earnings	Total
Balance at 1 January 2020	381,240	0	-294,771	86,469
Distributions during the year	0	0	0	0
Profit/loss for the year	0	0	-1,360	-1,360
Balance at 1 January 2021	381,240	0	-296,131	85,109
Distributions during the year	0	0	0	0
Profit/loss for the year	0	0	-6,387	-6,387
Balance at 31 December 2021	381,240	0	-302,518	78,722

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Nordic Biotech K/S for 2021 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

Pursuant to Section 110(1) of the Danish Financial Statements Act, the Limited Partnership has not prepared consolidated financial statements.

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

In accordance with the Danish Business Authority's clarification in May 2021, financial statement items regarding equity investments in associates have been renamed to equity investments in participating interests as the financial statement items must be designated as such when the entity only holds equity investments in associates.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency translation

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

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

Income statement

Other external costs

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

Dividend from equity investments in group entities and participating interests

Dividend from equity investments in group entities and participating interests (which solely include associates) are recognised at the time when the dividends are declared.

Fair value adjustment of equity investments in group entities and participating interests

Fair value adjustment of equity investments in group entities and participating interests (which solely include associates) 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.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the Value in an active market for similar assets/liabilities Tax

As the individual limited partners include their profit or loss from the Limited Partnership in their respective income statements, the financial statements do not include taxes.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Fair Value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Balance sheet

Equity investments in in group entities and participating interests

On initial recognition, equity investments in group entities and participating interests (which solely include associates) 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 stock exchange quotation or principles corresponding to those recommended by Invest Europe (currently the IPEV valuation guidelines).

Cash in bank

Cash comprises bank balances.

Other payables

Other payables are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

2 Investments

DKK'000	Equity investment in group entities	Investments in participating interests	Total
Cost at 1 January 2021	1,837,270	1,528,661	3,365,931
Cost at 31 December 2021	1,837,270	1,528,661	3,365,931
Value adjustments at 1 January 2021	-1,826,704	-1,454,915	-3,281,619
Value adjustments for the year	-412	-5,850	-6,262
Value adjustments at 31 December 2021	-1,827,116	-1,460,765	-3,275,357
Carrying amount at 31 December 2021	10,154	67,896	78,050

Investment in equity investments comprise the Limited Partnership's investment in Aditech Pharma AG.

The fair value of the investment in Aditech Pharma AG is determined using commonly applied valuation techniques, cf. the IPEV valuation guidelines. Because of the patent transfer agreement between Aditech Pharma AG and Forward Pharma A/S, potential payments to Aditech Pharma AG are dependent on the future earnings in Forward Pharma A/S.

The fair value of the patent transfer agreement has therefore been determined based on the enterprise value of Forward Pharma A/S as of 31 December 2021 and the contractual terms included in the patent transfer agreement. The enterprise value of Forward Pharma A/S is to a large extent based on the market value as of 31 December 2021, and therefore reflects the market's expectations of the future earnings of Forward Pharma A/S. The fair value of the patent transfer agreement as of 31 December 2021 has been valued at DKK 0 thousand. The fair value of the investment in Aditech Pharma AG as of 31 December 2021 therefore comprise the fair value of Aditech's other assets and liabilities which primarily comprise cash balances less estimated costs to keep the company active for the coming years.

Investments in participating interests comprise the Limited Partnership's investments in Forward Pharma A/S and NV Rose LLC.

The Limited Partnership's investment in Forward Pharma A/S has been valued based on the stock price of publicly traded ADSs representing shares in Forward Pharma A/S.

The Limited Partnership's investment in NV Rose LLC has been valued at DKK 0 thousand due to uncertainty about the future earnings of the company.

Fair value disclosures

DKK	Unlisted shares, non-current assets
Fair value at year end	78,050
Value adjustments in the income statement	-6,262
Fair value level	3

Financial statements for the period 1 January - 31 December

Notes to the financial statements

3 Limited partnership capital DKK'000

	<u>2021</u>	<u>2020</u>
The Limited partnership capital consists of the following:		
380,040,000 A-kommanditist shares of DKK 1.00 each	380,040	380,040
1,200,000 B-kommanditist shares of DKK 1.00 each	<u>1,200</u>	<u>1,200</u>
	<u>381,240</u>	<u>381,240</u>

4 Collateral

No collateral has been provided in any of the Limited Partnership's assets.

5 Related parties transactions

The limited partnership has paid DKK 25 thousand to the General Partner, Nordic Biotech General Partner ApS, for the services provided by the General Partner.

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

The name is withheld (SSN validated)

Executive Board

On behalf of: On behalf of the General Partner, Nordi...

Serial number: PID:9208-2002-2-610895802422

IP: 178.239.xxx.xxx

2022-04-20 16:37:00 UTC

NEM ID 

Peter Jensen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:60017354

IP: 176.21.xxx.xxx

2022-04-20 16:45:58 UTC

NEM ID 

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service** <penneo@penneo.com>. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validate>