

Glycom A/S

Kogle Allé 4, 2970 Hørsholm

CVR no. 28 51 24 57

Annual Report 2019

Approved at the Company's annual general meeting on 2 March 2020

Chairman of the meeting, Mette Trandbohus:



A handwritten signature in black ink, appearing to be 'Mette Trandbohus', is written over a horizontal line.

Contents	1
Statement by the Board of Directors and the Executive Management	2
Independent auditor's report	3
Management's review	5
Consolidated financial statements and parent company financial statements 1 January - 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Cash flow	14
Notes to the financial statements	15

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 Glycom A/S for the financial year 1 January - 31 December 2019.

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

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

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

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

Hørsholm, 14 February 2020
Executive Management:



Odd Erik Hansen

Board of Directors:



Kim Schönemann
Bøtkjær
Chairman

Christian Kanstrup



Harold Vincent Christophe
Humbert

Thomas Franz Schweizer

Peter Michael Rothschild

Thierry Marie Philardeau

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Board of Directors:

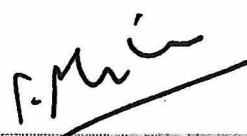

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Independent auditor's report

To the shareholders of Glycom A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Glycom Group A/S for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.

Independent auditor's report

- ▶ 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 Group's and the Parent Company'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 Group's and the Parent 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 Group and the Parent 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.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

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.

Hørsholm, 14 February 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Torben Bender
State Authorized Public Accountant
mne21332



Søren Gammelgaard
State Authorized Public Accountant
mpe31403

Management's review

Company details

Name	Glycom A/S
Address, Postal code, City	Kogle Allé 4, 2970 Hørsholm
CVR no.	28 51 24 57
Established	22 March 2005
Financial year	1 January - 31 December
Board of Directors	Kim Schønnemann Bøttkjær, Chairman Christian Kanstrup Harold Vincent Christophe Humbert Peter Michael Rothschild Thierry Marie Philardeau Thomas Franz Schweizer
Executive Management	Odd Erik Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, Postboks 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2019	2018	2017	2016
Key figures				
Revenue	552.966	375.582	43.125	21.800
Gross profit/loss	390.254	235.000	(3.322)	1.997
Earnings before interest, tax, depreciation and amortization (EBITDA)	280.825	134.814	(37.206)	(13.651)
Operating profit/loss	208.523	67.132	(55.250)	(19.433)
Net financials	(47.386)	(85.122)	(19.949)	(1.533)
Profit/loss for the year	99.308	(26.251)	(63.124)	(18.114)
Balance sheet				
Non-current assets	911.490	940.143	970.981	630.441
Current assets	147.481	47.113	52.734	31.097
Total assets	1.058.971	987.256	1.023.715	661.538
Share capital	1.736	1.509	1.482	1.383
Equity	257.696	1.171	13.775	28.000
Non-current liabilities	336.685	717.112	652.911	446.717
Current liabilities	464.590	268.973	357.029	186.821
Financial ratios				
Return on assets	20,4%	6,7%	-6,6%	-4,7%
Equity ratio	24,3%	0,1%	1,3%	4,2%
Average number of employees				
	139	135	117	90

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

The consolidated group was founded in 2016 in connection with the purchase of the production facility in Esbjerg, Denmark. Management has elected not to include amounts for the parent company relating to 2015, as the activities during that year only related to R&D.

Management's review

Main activities of the Glycom Group and Glycom A/S

Glycom is dedicated to the scientific, clinical and commercial development of Human Milk Oligosaccharides (HMOs) for a broad range of health applications. Glycom is the world's leading HMO supplier and the only fully integrated HMO player with its own product development, preclinical and clinical development, regulatory team and large-scale production.

We have built a competent and multicultural organization with ~140 dedicated employees from more than 18 countries covering around 20 different professional disciplines. The strength of our team lies in deep professional expertise and the diversity of our employees.

In everything we do, we strive to do the Right Things Right. This means taking responsibility and keeping our commitments. We rigorously focus on details to ensure that we do it right. In teams. With the right people.

Our headquarter is in Hørsholm, Denmark – north of Copenhagen – and our large-scale manufacturing plant is in Esbjerg, Denmark.

Business review

2019 was an eventful and good year for Glycom. First of all, all our financial targets were achieved. Significant growth in both revenues and profits were achieved, while we continued to invest in innovation and capacity to meet future HMO demand. The full Glycom team across all functions has contributed to a remarkable year.

During the year significant progress was made against our ambition to bring HMOs to Human Health. In the Infant Formula segment, products with Glycom HMOs can now be found in more than 50 countries around the world. First deliveries of our next generation HMOs are imminent, and we expect to see these in the market shortly.

Our clinical and pre-clinical work has shown remarkable results during the year, culminating with the conclusion of our IBS clinical trial. The trial results were presented at UEG and ACG during the fall. There was significant external coverage of these presentations and the feedback provides further belief in the role HMOs for broader therapeutic applications. Against this success the commercial activities for Holigos® IBS Restore and Holigos® Maintain were increased at the end of the year.

Innovation is core to Glycom's success and significant progress was made on all key innovation projects during the year. We have a strong pipeline of new HMOs to be commercialized over the coming years and many new regulatory approvals were received during the year. The team has made significant progress on several additional therapeutic areas, which we will continue to invest in.

Our production set new output records and at the same time 4 new HMOs were successfully scaled up at the plant. Significant productivity and cost gains were achieved representing significant breakthroughs in technology and operations combined with the ability to take advantage of scale economies at the plant. The plant in Esbjerg has quickly gained a reputation as the industry standard. Mid-year a project to double the capacity of the Esbjerg plant was started, further solidifying Glycom's leadership position.

2019 represents the first year Glycom reports on CSR. During the year the team has worked on UN's Global Sustainable Development Goals and Glycom has chosen five SDG's to both report and focus on, given their high relevance for our business.

During the year, the company's shareholders initiated a process to explore future strategic options for the company's ownership. Results of this process are expected during 1H 2020.

Management's review

Financial review

Financial results were better than expectations for year and are considered very satisfactory.

Consolidated revenues for the Glycom Group grew by 47% in 2019 to DKK 553,0 million, from DKK 375,6 million in 2018. Revenues for the year were primarily generated from sales to infant formula product (DKK 539,6 million), but also from some R&D revenue for development of the second generation of HMOs (DKK 13,4 million).

Gross profit increased by 66% to DKK 390,3 million, up from DKK 235,0 million in 2018. Net profit was DKK 99,3 million, compared to the net loss in 2018 of DKK 26,3 million. Result before financials and tax are impacted by DKK 19,7 million of expenses associated with Glycom's strategic review of ownership options.

Investment in expansion of capacity continues. By mid-2020, the project to double the capacity in Esbjerg is expected to be online, allowing us to deliver HMOs to new customers in the infant formula market. Continued productivity gains and improvements are expected to contribute to the positive development in the company's financials also going forward. Scale economics are expected to continue to contribute to the financials across production overhead as well as SG&A.

A share issue of DKK 155,5 million was completed in April 2019 in order to strengthen the balance sheet. During the year, the loan portfolio was optimized, and interest rates were significantly reduced. Cash (excluding credit lines) at the end of the year were DKK 26,4 million and equity was DKK 257,7 million.

Knowledge resources

Glycom employs several highly skilled team members across the group, which are critical to both the development of new HMOs and to the continued improvement of production strains and processes. Retention of key employees and employee satisfaction are therefore very important to Glycom, as is being able to attract new highly skilled employees.

Our central Research and Innovation team in Hørsholm consists of more than 35 highly specialized team members, many have been employed with the company for several years and employee turnover has historically been low. Glycom expects to be able to remain an attractive workplace and continues invest in its employees.

Glycom's production team consists of skilled operators, technicians, engineers and other highly skilled employees, which are all key to the running and continuously optimizing the production processes with high quality output. Across the production departments, employee surveys are regularly held to ensure a high level of employee satisfaction. At the latest employee satisfaction survey, a high employee satisfaction score was observed.

Special risks

Operational risks

Glycom's operational risk is mainly related to the ability to deliver all HMOs in spec and on time, every time. Significant investments are made in education, equipment and testing as well as a in continuous preventive maintenance in order to pre-empt any issues. In order to resolve any potential issue strategic spare parts are kept in stock and service agreements are in place for key operations and equipment.

Financial risks

Given Glycom's activities abroad, the company's earnings, cash-flows and equity are influenced by the development in other currencies. Most of the currency exposure is towards the euro. With the Euro and the Danish krone tightly linked and most revenues and costs being Euro or DKK denominated, Glycom does not hedge against currency fluctuation as these are immaterial.

Glycom has significant exposure to the general interest rate as most of the Group's loans have variable interest rates. As such, an increase in the general interest level would negatively affect the Group.

Management's review

Impact on the external environment

Glycom's production takes place at its facility in Esbjerg, and is part of Glycom Manufacturing A/S.

In the second full year of operation, Glycom Manufacturing A/S has made further improvements within the environmental area. All the terms contained in the approvals related to Glycom Manufacturing A/S have been maintained during 2019. The plant's waste-sorting has improved significantly with several waste fractions for recycling. Air pollution control has been maintained with positive outcome and significant reduction in the use of antisolvents per kg of HMO produced have been achieved during the year. Focus on improvement opportunities for the plant's water and energy consumption resulted in reduced consumption per kg of produced HMO. Projects related to recycling of water continue to have our focus.

Further details have been addressed in Glycom's Sustainability Report 2019, which can be found on our website (www.glycom.com/about/sustainability/).

Research and development activities

Next generation HMO developments

Our expanded second-generation pipeline, which consist of 6 new HMOs has progressed significantly. Tech transfer from the lab to production in Esbjerg was completed in all material aspects as of December 2019 for the first 4 HMOs in our second generation. First commercial deliveries expected in 1H 2020. The next 2 HMOs in this second generation are following closely behind.

Looking ahead, the Glycom R&D team has already identified pathways to HMOs accounting for most of the HMO content in Human Milk. In the coming years we will continue to commercialize additional HMOs beyond our second-generation platform.

Non-infant HMO application development

Over the last 5 years Glycom has invested in clinical and preclinical studies to investigate the potential value of HMOs for use in ages above infants. The results of an extensive preclinical program have demonstrated that HMOs have a substantial opportunity to contribute to health in many new areas. Select application areas have been prioritized and Glycom's clinical trials in our first therapeutic area for HMOs, Irritable Bowel Syndrome, has shown substantial improvements for the patients.

Towards the end of 2019, we have advanced our commercialization of Holigos® IBS Restore and Holigos® Maintain in the US from a soft launch to a fuller on-line launch, targeting both Health Care Professionals and consumers directly, through our own on-line platform at www.holigos.com and through www.amazon.com.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

DKK'000	Note	Group		Parent	
		2019	2018	2019	2018
Revenue		552.966	375.582	210.965	134.598
Cost of goods sold		(89.528)	(81.805)	(423)	-
Other operating income		90	182	-	-
Consumables		(2.364)	(2.377)	-	-
Other external expenses		(70.910)	(56.582)	(50.273)	(21.760)
Gross profit		390.254	235.000	160.268	112.838
Staff costs	2	(109.430)	(100.186)	(40.997)	(36.251)
Depreciation, amortization and impairment losses	3	(72.302)	(67.682)	(14.136)	(13.441)
Operating profit		208.523	67.132	105.135	63.146
Other operating expenses		(19.734)	-	(19.734)	-
Profit before net financials		188.789	67.132	85.402	63.146
Financial income	4	751	1.151	1.144	2.577
Financial expenses	5	(48.137)	(86.273)	(33.248)	(67.837)
Profit/loss before tax		141.402	(17.990)	53.297	(2.114)
Tax for the year	6	(42.094)	(8.261)	(22.763)	(12.042)
Profit/loss for the year		99.308	(26.251)	30.534	(14.156)

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet – Assets

DKK'000	Note	Group		Parent	
		2019	2018	2019	2018
Completed development projects		145.480	157.748	145.480	157.747
Acquired patents		12.876	11.708	12.876	11.709
Developing projects and prepayments for intangible assets		114.827	93.763	114.827	93.763
Acquired intangibles assets		912	604	583	-
Intangible assets	7	274.095	263.823	273.766	263.219
Land and buildings		183.343	192.438	-	-
Plant and machinery		421.993	458.960	-	-
Fixtures and fittings, other plant and equipment		10.582	9.941	4.738	3.344
Property, plant and equipment under construction		21.477	2.296	-	-
Property, plant and equipment	8	637.395	663.635	4.738	3.344
Investment in subsidiaries	9	-	-	422.056	422.056
Deferred tax assets	10	-	12.685	-	17.235
Financial assets		-	12.685	422.056	439.291
Total non-current assets		911.490	940.143	700.561	705.854
Raw materials and spareparts		13.050	10.582	-	-
Work in progress		30.089	9.142	-	-
Finished goods		7.259	4.173	7.663	1.734
Inventories		50.398	23.896	7.663	1.734
Trade receivables		1.106	3.856	-	-
Receivables from group enterprises		-	-	-	7.232
Corporation tax receivable		15	5.500	-	5.500
Other receivables		8.702	5.015	1.833	1.799
Receivables from associates		60.677	7.066	27.040	-
Prepayments	11	204	26	143	26
Receivables		70.704	21.464	29.016	14.556
Cash		26.380	1.753	24.391	766
Total current assets		147.481	47.113	61.069	17.056
Total assets		1.058.971	987.256	761.630	722.910

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet – Equity and liabilities

DKK'000	Note	Group		Parent	
		2019	2018	2019	2018
Share capital	12	1.736	1.509	1.736	1.509
Reserve for development costs		-	-	166.254	150.841
Retained earnings		255.960	(338)	49.808	(121.916)
Total equity		257.696	1.171	217.798	30.433
Mortgage debts		289.907	176.332	-	-
Other credit institutions		-	339.708	-	339.709
Deferred tax liabilities	10	23.806	-	1.668	-
Deferred revenue		22.972	28.178	22.972	28.178
Payables to associates		-	172.893	-	172.893
Total non-current liabilities	13	336.685	717.112	24.640	540.780
Mortgage debts		24.257	13.984	-	-
Bank debts		232.784	114.757	161.530	-
Other credit institutions		-	15.723	-	15.723
Current borrowings		257.041	144.464	161.530	15.723
Trade payables		55.285	28.477	19.424	9.529
Deferred revenue		7.658	-	7.658	-
Payables to group enterprises		-	-	201.781	33.717
Payables to associates		-	24.929	-	24.929
Joint taxation contribution payable		3.926	-	1.556	6.285
Other payables		31.142	20.557	17.706	10.966
Prepayments received from customers		109.539	50.546	109.536	50.546
Total current liabilities	13	464.591	268.973	519.192	151.696
Total liabilities		801.275	986.085	543.832	692.477
Total equity and liabilities		1.058.971	987.256	761.630	722.910
Accounting policies	1				
Fees to auditor	14				
Contractual obligations and contingencies, etc.	15				
Collateral	16				
Related parties	17				
Appropriation of profit/loss	18				
Adjustments	19				

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Group		
	Share capital	Retained earnings	Total
Equity at 1 January 2018	1.482	12.293	13.775
Capital increase	27	13.620	13.647
Transfer through appropriation of profit/loss	-	(26.251)	(26.251)
Equity at 1 January 2019	1.509	(338)	1.171
Capital increase	227	155.538	155.765
FX	-	(167)	(167)
Tax on warrants	-	1.619	1.619
Transfer through appropriation of profit/loss	-	99.308	99.308
Equity at 31 December 2019	1.736	255.960	257.696

DKK'000		Parent			
		Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2018		1.482	123.721	(94.261)	30.942
Capital increase		27	-	13.620	13.647
Transfer through appropriation of profit/loss	18	-	27.119	(41.275)	(14.156)
Equity at 1 January 2019		1.509	150.840	(121.916)	30.433
Capital increase		227	-	155.538	155.765
Tax on warrants	18	-	-	1.066	1.066
Transfer through appropriation of profit/loss	18	-	15.414	15.120	30.534
Equity at 31 December 2019		1.736	166.254	49.808	217.798

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

DKK'000	Note	Group	
		2019	2018
Profit/loss for the year		99.308	(26.251)
Adjustments	19	130.052	161.066
Changes in inventories		(26.502)	(17.026)
Change in receivables		(54.736)	(2.614)
Deferred revenue		2.452	1.924
Change in trade and other payables		97.971	(49.920)
Changes in working capital		19.185	(67.636)
Cash generated from operations (operating activities)		248.545	67.179
Interests received, etc.		-	5
Tax for the year		5.485	5.500
Cash flow from operating activities		254.030	72.684
Purchase/sale of intangible assets, net		(23.323)	(26.347)
Purchase/sale of property, plant and equipment, net		(33.010)	(66.363)
Cash flow from investing activities		(56.333)	(92.710)
Proceeds/repayments from borrowings, net		120.718	112.397
Repayments, long-term liabilities		(304.320)	(29.681)
Repayment of payable to associates		(123.428)	-
Interests paid, etc.		(31.770)	(73.599)
Change in bank debt		118.027	(27.998)
Cash capital increase		47.700	13.647
Cash flow from financing activities		(173.073)	(5.234)
Net cash flow for the year		24.624	(25.260)
Cash at the beginning of the year		1.753	27.013
Exchange rate adjustments on cash and cash equivalents		3	-
Cash at the end of the year		26.380	1.753

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Glycom A/S (the "Parent Company") and Glycom Group (the "Group") for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large-sized reporting class C entities.

Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those of last year. However, based on new information, minor adjustments to comparative figures in primary statements and notes have been implemented.

Reporting currency

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

Segment information

The Group and Parent Company had in 2019 and 2018 only one primary activity, sale of HMO products for infant nutrition and related research activities, and in all material respect sales were carried out in Denmark. Accordingly, no separate note disclosure is included in the financial statements.

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a Parent Company's power to exercise decisive influence over a subsidiary's financial and operating decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realized and unrealized gains on intra-group transactions are eliminated. Unrealized losses are eliminated in the same way as unrealized gains unless they do not reflect impairment.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements.

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 recognized 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 recognized in the most recent financial statements is recognized in the income statement as financial income or financial expenses.

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 recognized 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".

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue from the sale of patents and licenses is recognized in the income statement provided that transfer of risk to the buyer has taken place before year end.

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 recognized in revenue.

Income from the sale of finished goods is recognized in revenue when the most significant rewards and risks have been transferred to the buyer, and the income can be measured reliably, and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardized terms of delivery based on Incoterms® 2010.

Cost of goods sales

Cost of goods sold includes the cost of goods used in generating the year's revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the entities' activities, including gains on the sale of non-current assets.

Consumables, etc.

Consumables include expenses relating to e.g. production and laboratory consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entities' core activities, including expenses relating to distribution, sale, marketing, administration, premises, bad debts, payments under operating leases, etc., as well as loss on the sale of non-current assets.

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.

Amortization/depreciation

The item comprises amortization/depreciation of intangible assets and property, plant and equipment. The basis of amortization/depreciation, which is calculated as cost, less any residual value expected at end of life, is amortized/depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	15 years
Acquired patents	10 years
Software	3-5 years
Buildings	10-20 years
Plant and machinery	10-15 years
Fixtures and fittings, other plant and equipment	3-10 years

Land is not depreciated.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the entities' activities, including costs relating to potential sale of the shares in the parent company.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognized 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.

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

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

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licenses, distribution rights and development projects.

Development costs comprise expenses, salaries and amortization charges directly attributable to development activities.

Development projects that are clearly defined and identifiable and where the technical feasibility, sufficient resources and a potential future market or development potential are evidenced, and where the Parent Company intends to produce, market or use the project, are recognized as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well as development costs. Other development costs are recognized in the income statement as incurred.

Other intangible assets, including development projects, are measured at cost, including finance expenses, less accumulated amortization and impairment losses.

Gains and losses on the sale of intangible assets are recognized in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

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.

The cost of self-constructed assets includes the cost of direct and indirect materials, wages and salaries as well as finance expenses relating to specific and general borrowing directly attributable to the construction of the individual asset.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment is recognized in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of non-current 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 recognized impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than cost, inventories are written down to this lower value. The net realizable value of inventories is calculated as the sales amount less costs of completion and expenses required to affect the sale and is determined considering marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labor and indirect production overheads.

Indirect production overheads include the indirect cost of material and labor as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognized in the cost price.

Receivables

Receivables are measured at amortized cost.

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

An impairment loss is recognized 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 recognized on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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 realizable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

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

Equity

Reserve for development costs

The reserve for development costs comprise Glycom A/S's development costs corresponding to the capitalized development cost in the balance sheet. The reserve is non distributable and cannot be used to cover deficit. The reserve is dissolved upon disposal of the development cost either by sale or if the development cost is no longer part of the entity's operation. The reserve will then be transferred to the distributable reserves. The reserve will be reduced, and the distributable reserves increased concurrently with either depreciations or write-downs.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognized 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. 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.

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 materialize as current tax. Deferred tax assets are recognized at the expected value of their utilization; 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 recognized in the income statement.

Liabilities

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortized cost, corresponding to the capitalized value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realizable value.

Deferred revenue

Deferred revenue comprises payments received regarding income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital, interests received and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment including payment of interests capitalized herein.

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related expenses as well as raising of loans, repayment of interest-bearing debt, change in bank debts, interests paid and payment of dividends to shareholders.

Segment information

Information is disclosed by activities and geographical markets. Segment information is based on the Group's accounting policies, risks and management control.

Assets in the segment comprise the assets that are used directly in the revenue-generating activity of the segment.

Segment liabilities comprise liabilities derived from the operating activities of the segment, including trade and other payables.

Financial ratios

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

$$\text{Return on assets} = \frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$$

$$\text{Equity ratio} = \frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent	
	2019	2018	2019	2018
Wages and salaries	114.423	102.939	51.853	44.849
Other social security costs	1.278	976	333	245
Pensions	4.918	5.114	-	-
Other staff costs	(11.189)	(8.843)	(11.189)	(8.843)
2 Staff costs	109.430	100.186	40.997	36.251

Group

The other staff costs in the group represent both costs capitalized as development costs and property, plant and equipment.

Average number of full-time employees	<u>139</u>	<u>135</u>	<u>48</u>	<u>50</u>
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Group

During 2019, there was a change in Management, with the previous CEO John Brett Theroux being in place from 1 January 2019 to 2 May 2019. From then on and for the remaining of 2019, CEO Odd Erik Hansen was in place.

Total remuneration for the combined Management in 2019 amounted to DKK 8.668 thousand, hereof DKK 3.000 thousand in bonus and DKK 3.000 thousand in severance payment.

Bonus for Management is granted based on the evaluation made at the full discretion of the Board of Directors of the overall financial and operating performance of the Company, Management's overall contribution to this performance, the achievement of milestones agreed from time-to-time with the Board of Directors and the leadership displayed in the position as Chief Executive of the Company.

In total for 2019, total remuneration to the Board of Directors was DKK 1.465 thousand. In total for 2018, remuneration to both Management and the Board of Directors was DKK 2.860 thousand.

Incentive programs

Certain members of Management and the Board of Directors hold 17,000 warrants (2018: 15,000) warrants as part of an incentive program in Glycom A/S. The warrants grant the right to 500 class A shares with an exercise price of DKK 323,30 per share and 500 Class A shares with an exercise price of DKK 750,00 per share. During 2019, 4,500 warrants (2018: 0 warrants) were exercised and 500 warrants (2018: 0 warrant's) were granted to Management and members of the board.

Parent company

See group section.

The other staff cost at parent level represent costs capitalized as development costs.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent	
	2019	2018	2019	2018
Amortization and impairment losses	13.051	13.727	12.776	11.908
Depreciation and impairment losses	59.250	53.955	1.360	1.532
3 Total amortisation, depreciation and impairment	72.302	67.682	14.136	13.441

DKK'000	Group		Parent	
	2019	2018	2019	2018
Interests from affiliated companies	-	-	509	1.577
Gain on foreign exchange	751	1.151	635	1.000
4 Total financial income	751	1.151	1.144	2.577

DKK'000	Group		Parent	
	2019	2018	2019	2018
Interests arising from affiliate companies	-	-	3.197	48
Interest expense	37.372	56.850	24.052	45.182
Interest expense, associates	6.992	29.929	6.992	29.929
Capitalized financial expenses	(2.111)	(8.773)	(2.111)	(8.773)
Loss on foreign exchange	1.570	2.165	689	1.326
Financial fees & charge	4.313	6.104	428	126
5 Financial expenses	48.137	86.275	33.247	67.838

DKK'000	Group		Parent	
	2019	2018	2019	2018
Current tax for the year	5.583	(5.500)	2.622	(887)
Deferred tax for the year	35.449	13.688	18.815	11.060
Adjustments prior year, current tax	1.060	72	88	211
Adjustments prior year, current tax	2	1	1.238	(14)
Refund in joint taxation	-	-	-	1.672
6 Corporation tax for the year	42.094	8.261	22.763	12.042

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Group					
DKK'000	Completed development projects	Acquired patents	Acquired intangible assets	Developing projects and prepayments for intangible assets	Total
Cost at 1 January 2019	171.534	12.279	1.969	93.763	279.545
Additions during the year	-	1.640	618	21.064	23.322
Cost at 31 December 2019	171.534	13.919	2.587	114.827	302.867
Amortization at 1 January 2019	(13.787)	(570)	(1.365)	-	(15.722)
Amortization for the year	(12.269)	(473)	(309)	-	(13.051)
Amortization at 31 December 2019	(26.056)	(1.043)	(1.674)	-	(28.773)
7 Carrying amount at 31 December 2019	145.478	12.876	913	114.827	274.095
Recognized interests	2.772	-	-		

Parent					
DKK'000	Completed development projects	Acquired patents	Acquired intangible assets	Development projects and prepayments for intangible assets	Total
Cost at 1 January 2019	171.535	12.278	1.011	93.763	278.587
Additions during the year	-	1.640	618	21.064	23.322
Cost at 31 December 2019	171.535	13.919	1.629	114.827	301.909
Amortization at 1 January 2019	(13.786)	(570)	(1.011)	-	(15.367)
Amortization for the year	(12.269)	(472)	(35)	-	(12.776)
Amortization at 31 December 2019	(26.055)	(1.042)	(1.046)	-	(28.143)
7 Carrying amount at 31 December 2019	145.480	12.878	583	114.827	273.766
Recognized interests	2.772	-	-		

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group				Total
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	
Cost at 1 January 2019	207.161	511.542	30.902	2.296	751.901
Additions during the year	1.058	8.950	3.819	21.477	35.304
Disposals during the year	-	-	-	(2.296)	(2.296)
Cost at 31 December 2019	208.219	520.492	34.720	21.477	784.909
Depreciation at 1 January 2019	(14.722)	(52.581)	(20.961)	-	(88.264)
Depreciation for the year	(10.155)	(45.918)	(3.177)	-	(59.250)
Depreciation at 31 December 2019	(24.877)	(98.499)	(24.138)	-	(147.514)
8 Carrying amount at 31 December 2019	183.342	421.993	10.582	21.477	637.395
Recognized interests	14.200	41.473	-		

DKK'000	Parent
	Fixtures and fittings, other plant and equipment
Cost at 1 January 2019	22.263
Additions during the year	2.755
Cost at 31 December 2019	25.018
Depreciation at 1 January 2019	(18.920)
Depreciations for the year	(1.360)
Depreciation at 31 December 2019	(20.280)
8 Carrying amount at 31 December 2019	4.738

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000		Parent	
		2019	
Cost at 1 January 2019		422.056	
9	Investment in subsidiaries, carrying amount at 31 December 2019	422.056	
Parent company			
Subsidiaries			
<i>Name</i>	<i>Domicile</i>	<i>Interest</i>	
Glycom Manufacturing A/S	Limfjordsvej 4, 6700 Esbjerg, Denmark	100%	
Glycom Inc.	1331 Ochsner Blvd, Suite 200, Covington, LA 70433, USA	100%	
Glycom GmbH	Ericusspitze 4, 20457 Hamburg, Germany	100%	
Associated companies			
<i>Name</i>	<i>Domicile</i>	<i>Interest</i>	
Glyc Optim Biotechnológiai Kft.	Debrechen, Hungary	20%	

	Group		Parent	
	2019	2018	2019	2018
Deferred tax at 1 January	12.685	26.445	17.235	28.506
Deferred tax adjustment for the year	(35.449)	(13.688)	(18.815)	(11.060)
Deferred tax adjustment prior year	(1.060)	(72)	(88)	(211)
FX movements	18	-	-	-
10 Deferred tax at 31 December	(23.806)	12.685	(1.668)	17.235
Deferred tax relate to:				
Intangible assets	(52.687)	(43.883)	(52.615)	(43.750)
Property, plant and equipment	(25.131)	(4.416)	2.567	3.443
Non-fixed assets	(1.155)	(8.036)	-	-
Liabilities	8.416	8.973	6.739	7.394
Tax loss carry forwards	46.751	60.047	41.641	50.148
10 Total deferred tax at 31 December	(23.806)	12.685	(1.668)	17.235

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

11 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years, including rent.

Parent company

Prepayments include accrual of expenses relating to subsequent financial years, including rent.

12 Share capital

DKK'000	Parent	
	2019	2018
Analysis of the share capital:		
406.295 A Shares of DKK 1.00 nominal value each	406	384
136.542 B Shares of DKK 1.00 nominal value each	137	137
645.832 C Shares of DKK 1.00 nominal value each	646	441
547.056 D Shares of DKK 1.00 nominal value each	547	547
12 Share capital	1.736	1.509

As of 31 December 2019, a total of 62.008 warrants were outstanding (31 December 2018: 65.450 warrants).

DKK'000	2019	2018	2017	2016	2015
Analysis of changes in the share capital over the past 5 years:					
Opening balance	1.509	1.482	1.383	1.382	1.292
Capital increase	227	27	99	1	90
Capital reduction	-	-	-	-	-
	1.736	1.509	1.482	1.383	1.382

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent	
	2019	2018	2019	2018
Less than one year				
Debt to credit institutions	24.257	13.984	-	15.723
Borrowings	232.784	114.757	161.530	-
Trade payables	55.285	28.477	-	-
Deferred revenue	7.658	-	19.424	9.529
Intercompany liabilities	-	-	7.658	-
Liabilities to associated companies	-	24.929	201.781	33.718
Corporation tax	3.926	-	-	24.929
Other non-current liabilities	31.142	20.557	1.556	6.285
Other credit institutions	-	15.723	17.706	10.966
Prepayments from customers	109.539	50.546	109.536	50.546
13 Total current liabilities	464.591	268.973	519.191	151.696
Between 1 and 5 years				
Debt to credit institutions	92.526	176.332	-	339.709
Borrowings	-	339.709	-	-
Liabilities to associated companies	-	172.893	-	172.893
Deferred income	22.972	28.178	22.972	28.178
Total between 1 and 5 years	115.498	717.113	22.972	540.780
More than 5 years				
Debt to credit institutions	197.381	-	-	-
Total more than 5 years	197.381	-	-	-
13 Total non-current liabilities	312.879	717.113	22.972	540.780

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Group		Parent	
	2019	2018	2019	2018
Statutory audit	605	615	345	295
Other assurance services	85	62	85	62
Tax and VAT services	199	72	146	39
Other services	564	90	503	39
14 Total fees to auditor	1.453	839	1.079	435

Other assurance services

Relates to statements relating to capital increases and other assurance statements.

Tax and VAT services

Mainly relate to compliance work.

Other services

Comprise among other things assistance in 2019 relating to the ongoing process regarding new owners, assistance with compilation of financial statements and advice in respect of interpretations of new accounting standards.

15 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	Group		Parent	
	2019	2018	2019	2018
Rent and lease liabilities	8.704	9.959	8.215	9.393

Group

Rent and lease agreements are interminable in 0-5 years.

Parent

Rent and lease agreements are interminable in 0-3 years.

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes for the income years 2016 and onwards and withholding taxes falling due for payment in the group of jointly taxed entities.

Pending legal proceedings

Glycom A/S and Glycom Manufacturing A/S are involved in a few legal proceedings, including patent disputes. In the opinion of Management, the outcome of these proceedings will neither have a material impact on the Group's financial position nor cash flows.

16 Collateral

Group

The group has secured short-term bank debt of DKK 68 million and long-term bank debt of DKK 164 million. Collateral for these loans are security through a corporate mortgage in the parent company Glycom A/S (virksomhedspant) of DKK 10 million. The group has provided security for its mortgage debt of DKK 317 million in land and buildings, as well as a mortgagee declaration in the insurance of the property. The total carrying amount of the assets is DKK 174 million.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Parent company

As security for the Company's long-term bank debt of DKK 164 million, and the subsidiaries short-term bank debt of DKK 68 million, the Company has provided collateral in its shares in subsidiaries and through a corporate mortgage (virksomhedspant) of DKK 10 million.

The Company has a joint and several guarantee (selvskyldnerkaution), covering the mortgage debt in Glycom Manufacturing A/S.

17 Related parties

Group

Glycom A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Glycom A/S	Kogle Allé 4, 2970 Hørsholm, Denmark	Parent
Glycom Manufacturing A/S	Limfjordsvej 4, 6700 Esbjerg, Denmark	Subsidiary
Glycom Inc.	1331 Ochsner Blvd, Suite 200, Covington, LA 70433, USA	Subsidiary
Glycom GmbH	Ericusspitze 4, 20457 Hamburg, Germany	Subsidiary

DKK'000	2019	2018
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Related party transactions

Group

Revenue from associates	552.753	364.523
Financial income from associates	36.992	-
Financial expenses to associates	(240)	(29.924)
Receivables from associates	60.676	1.286
Deferred revenue from associates	(31.247)	(28.073)
Long term loan from associates	-	(172.893)
Prepayment from associates	(109.536)	(50.546)

Parent Company

Revenue from associates	208.755	131.661
Financial income from associates	36.992	-
Financial expenses to associates	(6.692)	(29.924)
Revenue from subsidiaries	1.287	4.462
Fees from subsidiaries	7.450	7.450
Financial revenue from subsidiaries	509	1.577
Financial expenses to subsidiaries	(3.197)	(48)
Prepayment from associates	(109.536)	(50.546)
Receivables from associates	33.637	-
Receivables from subsidiaries	3.573	7.232
Deferred revenue from associates	(31.247)	(28.073)
Long term loan from associates	-	(172.893)
Payables to subsidiaries	(206.632)	(40.002)

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Group

Besides remuneration to Management and the board members as set out in note 3 there has been no transactions with Management and the board members except for consultancy expenses of total DKK 378 thousand (2018: DKK 927 thousand)

Parent

Besides remuneration to Management and the board members as set out in note 3 there has been no transactions with Management and the board members except for consultancy expenses of total DKK 33 thousand (2018: DKK 460 thousand)

Parent company

Parties exercising control

<i>Related party</i>	<i>Domicile</i>	<i>Basis for control</i>
Glycom A/S	Kogle Allé 4, 2970 Hørsholm, Denmark	Parent
Glycom Manufacturing A/S	Limfjordsvej 4, 6700 Esbjerg, Denmark	Subsidiary
Glycom Inc.	1331 Ochsner Blvd, Suite 200, Covington, LA 70433, USA	Subsidiary
Glycom GmbH	Ericusspitze 4, 20457 Hamburg, Germany	Subsidiary

DKK'000	Parent	
	2019	2018
Recommended appropriation of profit/loss:		
Other reserves	15.414	27.119
Retained earnings/accumulated loss	15.120	(41.275)
18 Appropriation of profit/loss	30.534	(14.156)

DKK'000	Group	
	2019	2018
Amortization, depreciation and impairment losses	72.301	67.683
Financial income	(751)	(1.151)
Financial expenses	48.137	86.273
Tax for the year	1.042	(5.500)
Deferred tax	35.449	13.761
Adjustment to result, non cash	(26.126)	-
19 Total adjustments	130.052	161.066