

Glycom A/S

Kogle Allé 4, 2970 Hørsholm

CVR no. 28 51 24 57

Annual report 2022

The annual report was presented and approved at the
Company's annual general meeting

On 28 June 2023

DocuSigned by:

Kjeld Raunkjær Kjeldsen

Kjeld Kjeldsen

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Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Glycom A/S for the financial year 1 January – 31 December 2022.

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

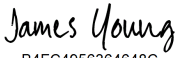
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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

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

Hørsholm, 28 June 2023

Executive Board:

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James Young

Board of Directors:

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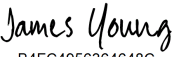
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Gareth Allan Barker
Chairman

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Niels Axel Stokholm Banke

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Kjeld Raunkjær Kjeldsen

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James Young

Independent auditor's report

To the shareholder of Glycom A/S

Opinion

We have audited the financial statements of Glycom A/S for the financial year 1 January – 31 December 2022 comprising 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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 responsibility 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, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 28 June 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Mikkel Trabjerg Knudsen
State Authorised
Public Accountant
mne34459



Niklas R. Filipen
State Authorised
Public Accountant
mne47781

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Management's review

Company details

Glycom A/S
Kogle Allé 4
2970 Hørsholm
Denmark

Telephone: +45 88 30 95 00
Website: www.glycom.com

CVR no. 28 51 24 57
Established: 22 March 2005
Registered office: Hørsholm
Financial year: 1 January – 31 December

Board of Directors

Gareth Allan Barker (Chairman)
Niels Axel Stokholm Banke
Kjeld Raunkjær Kjeldsen
James Young

Executive Board

James Young

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
DK-8000 Aarhus C
CVR no. 25 57 81 98

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Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Gross profit	170,758	195,042	123,707	160,268	112,838
Operating profit/loss	106,191	96,947	48,533	105,135	63,146
Loss from financial income and expenses	-4,476	-4,240	-27,711	-32,104	-65,260
Profit/loss for the year	80,026	72,821	10,605	30,534	-14,156
Total assets	880,539	747,724	730,001	761,630	722,910
Investments in property, plant and equipment	1,696	7,232	3,416	2,755	2,376
Equity	423,740	343,714	270,893	217,798	30,433
Return on assets	13.0%	13.1%	6.5%	14.2%	8.4%
Equity ratio	48.1%	46.0%	37.1%	28.6%	4.2%
Average number of full-time employees	50	47	49	48	50

The financial ratios have been calculated as follows:

Return on assets

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

Equity ratio

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

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Management's review

Operating review

Principal activities

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.

Development in activities and financial position

The income statement for 2022 shows a profit of DKK 80,026 thousand against a profit of DKK 72,821 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 423,740 thousand. Management considers the Company's financial performance in the year satisfactory when comparing to the financial outlook set in 2021 of a profit before tax in the range of DKK 85,000 to 90,000 thousand. The higher realisation is primarily coming from a reduction in the level of costs occurred throughout the financial year. A full year of operations under the current service level agreement and a successful integration with the group have been the two main components in this cost level reduction.

The Company is still party in a service level agreement on the continued development of HMO on behalf of the DSM group.

The Company has received a letter of support from the Parent company, DSM Finance B.V, stating that they will provide any necessary financial support to enable the Company to meet its financial obligations. The letter of support is effective for a period of 12 months starting the 24th of March 2023.

Outlook

The company's main activities will still be development, manufacture and sales of Human Milk oligosaccharides primarily for the infant formula industry. For the year 2023 the expected profit will be in the range of DKK 85,000 to DKK 90,000 thousand before tax.

Intellectual capital

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 to 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.

Environmental matters

Glycom's production takes place at its facility in Esbjerg, and is part of DSM.

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Operating review

In the fifth full year of operation, Glycom made several improvements within the environmental area during 2022. A focused multiple-year work continues on reducing the environmental footprint on both energy and water. Several projects related to reduction of water-usage and specific energy-consumption have been implemented, and more are planned for 2023.

Glycom continues to have a very positive and constructive dialog with all the relevant departments authorities around environmental matters.

Research and development activities

After the acquisition by DSM, Glycom A/S has entered into a service level agreement on the continued development of HMO on behalf of the DSM group. On this basis, the research and development activities continues, but the future intellectual property rights belongs with the customer. The past development activities and related intellectual capital rights remains with Glycom A/S and is maintained as part of the continuing activities of Glycom A/S.

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 Company's loans have variable interest rates. As such, an increase in the general interest level would negatively affect the Company.

Glycom does not have any active financial hedging as of December 31, 2022.

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Income statement

DKK'000	Note	2022	2021
Gross profit		170,758	195,042
Staff costs	2	-36,765	-42,426
Amortisation and depreciation of intangible assets and property, plant and equipment		-27,803	-25,597
Other operating costs		0	-30,072
Profit before financial income and expenses		106,191	96,947
Financial income		1,739	25
Financial expenses	3	-6,215	-4,265
Profit before tax		101,714	92,707
Tax on the profit for the year	4	-21,688	-19,886
Profit for the year	5	80,026	72,821

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Balance sheet

DKK'000	Note	2022	2021
ASSETS			
Fixed assets			
Intangible assets			
	6		
Completed development projects		203,458	222,604
Acquired patents		10,085	11,016
Software		6,287	8,877
Development projects in progress		19,320	19,320
		<u>239,150</u>	<u>261,817</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment	7	6,303	9,513
		<u>6,303</u>	<u>9,513</u>
Investments			
Investments in group entities	8	420,212	420,212
		<u>420,212</u>	<u>420,212</u>
Total fixed assets			
		<u>665,665</u>	<u>691,542</u>
Current assets			
Receivables			
Trade receivables		36,200	355
Receivables from group entities		169,851	48,132
Other receivables		3,787	4,130
Prepayments	9	597	372
		<u>210,435</u>	<u>52,989</u>
Cash at bank and in hand			
		<u>4,439</u>	<u>3,193</u>
Total current assets			
		<u>214,874</u>	<u>56,182</u>
TOTAL ASSETS			
		<u>880,539</u>	<u>747,724</u>

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Balance sheet

DKK'000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,790	1,790
Reserve for development cost		116,073	126,049
Retained earnings		305,877	215,875
Total equity		423,740	343,714
Provisions			
Provisions for deferred tax	10	23,629	15,219
Total provisions		23,639	15,219
Non-Current liabilities			
Deferred income	11	2,389	13,625
Total non-current liabilities		2,389	13,625
Current liabilities other than provisions			
Trade payables		3,539	4,894
Payables to group entities		404,050	336,106
Other payables		9,205	17,309
Deferred income	11	0	16,857
Corporation tax, joint taxation		13,987	0
		430,781	375,166
Total liabilities other than provisions		433,170	388,791
TOTAL EQUITY AND LIABILITIES		880,539	747,724
Accounting policies	1		
Contractual obligations, contingencies, etc.	12		
Related party disclosures	13		

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Financial statements 1 January – 31 December**Statement of changes in equity**

DKK'000

Equity at 1 January 2022

Profit appropriation

Transfer of reserves

Equity at 31 December 2022

	Contributed capital	Reserve for develop- ment cost	Retained earnings	Total equity
	1,790	126,049	215,875	343,714
	0	0	80,026	80,026
	0	-9,976	9,976	0
	<u>1,790</u>	<u>116,073</u>	<u>305,877</u>	<u>423,740</u>

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Notes

1 Accounting policies

The annual report of Glycom A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Minor reclassifications in the comparative financial statements have been incorporated to enhance presentation. The reclassifications have no effect on profit before tax, profit for the year or equity.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement for Koninklijke DSM N.V.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Glycom A/S and group entities are included in the consolidated financial statements of Koninklijke DSM N.V., Het Overloon 1, 6411 TE Heerlen, Netherlands.

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 the date of payment are recognised in the income statement as financial income or financial expenses.

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

Income statement

Revenue

Revenue from the sale of royalties is recognised as revenue in the statement provided that transfer of risk to the buyer has taken place before year end.

Revenue from the sale of services, comprising sales of R&D cost, is recognised on a straight-line basis in the income statement as the services are provided, and the costs are recognised in the income statement.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses comprise expenses related to administration, sales- and marketing, leases etc.

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1 Accounting policies (continued)

Gross profit

In accordance with section 32 of the Danish Financial Statements Act, revenue, other operating income and other external expenses have been aggregated into one item in the income statement called gross profit.

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

Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses from transactions denominated in foreign currencies etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

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

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

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1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets include development projects and other acquired intangible rights, including acquired patents, licenses and software. The intangible assets are jointly developed with DSM Nutritional Products AG. The amount recognized in the balance sheet of Glycom A/S represents the part of the intangible assets that are owned by Glycom A/S.

Development projects comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised 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 and development costs. Other development costs are recognised in the income statement as incurred.

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

The basis of amortisation is cost less any projected residual value after the end of the useful life. Amortisation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Completed development projects	15 years
Acquired patents	10 years
Software	3-5 years

Gains and losses on the sale of intangible assets are recognised 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.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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1 Accounting policies (continued)

Balance sheet

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in group entities

Investments in group entities are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Reserve for development costs

Reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

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1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

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

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

Leases

Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, contingencies, etc.

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2 Staff costs

DKK'000	2022	2021
Wages and salaries	35,648	41,099
Other social security costs	459	304
Other staff cost	658	1,023
	<u>36,765</u>	<u>42,426</u>
Average number of full-time employees	<u>50</u>	<u>47</u>

The remuneration to the Executive Board in 2022 was DKK 3,018 thousand. By reference to section 98b (3), (ii), of the Danish Financial statement Act, remuneration to the Executive Board is not disclosed for 2021. No remuneration has been paid to the Board of Directors in 2022 and 2021 for their roles as Board members.

3 Financial expenses

Interest expenses to group entities	6,014	4,140
Other interest expense	201	125
	<u>6,215</u>	<u>4,265</u>

4 Tax on profit for the year

Current tax for the year	13,985	0
Adjustment to deferred tax for the year	8,410	22,780
Adjustments to tax regarding previous years	-707	-2,894
	<u>21,688</u>	<u>19,886</u>

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5 Profit appropriation

DKK'000	2022	2021
Retained earnings	80,026	72821
	<u>80,026</u>	<u>72,821</u>

6 Intangible assets

DKK'000	Completed development projects	Acquired patents	Software	Development projects in progress	Total
Cost at 1 January 2022	286,976	13,918	11,260	19,320	331,474
Additions	0	0	230	0	230
Cost at 31 December 2022	<u>286,976</u>	<u>13,918</u>	<u>11,490</u>	<u>19,320</u>	<u>331,704</u>
Impairment losses and amortisation at 1 January 2022	64,372	2,902	2,383	0	69,657
Amortisation	<u>19,146</u>	<u>931</u>	<u>2,820</u>	<u>0</u>	<u>22,897</u>
Impairment losses and amortisation at 31 December 2022	<u>83,518</u>	<u>3,833</u>	<u>5,203</u>	<u>0</u>	<u>92,554</u>
Carrying amount at 31 December 2022	<u><u>203,458</u></u>	<u><u>10,085</u></u>	<u><u>6,287</u></u>	<u><u>19,320</u></u>	<u><u>239,150</u></u>

In completed development projects, interest of DKK 613 thousand has been recognised.

Completed development projects and development projects in progress relates to the development of different variants of Human Milk Oligosaccharides (HMO). All development projects contributes to the Company's commercial footprint and is expected to generate positive cash flows.

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7 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment
Cost at 1 January 2022	35,666
Additions	1,696
Cost at 31 December 2022	<u>37,362</u>
Depreciation and impairment losses at 1 January 2022	26,153
Depreciation	4,906
Depreciation and impairment losses at 31 December 2022	<u>31,059</u>
Carrying amount at 31 December 2022	<u><u>6,303</u></u>

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8 Investments in group entities

DKK'000	Investments in group entities
Cost at 1 January 2022	422,056
Cost at 31 December 2022	422,056
Impairment losses at 1 January 2022	-1,844
Impairment losses at 31 December 2022	-1,844
Carrying amount at 31 December 2022	420,212

Name/legal form	Registered office	Equity interest	Equity DKK'000	Profit/loss for the year DKK'000
Subsidiaries:				
Glycom Manufacturing A/S (2022)	Esbjerg Denmark	100%	493,321	-27,129
Glycom Inc (*)	Covinton, LA, USA	100%	0	0
Glycom GmbH (2021)	Hamburg, Germany	100%	46	-58

* Year figures in brackets indicate the year for the most recent published annual report. Subsidiaries marked with * there are no published annual reports.

9 Prepayments

Prepayments consists of expenses relating to the subsequent period.

10 Deferred tax

DKK'000	2022	2021
Deferred tax at 1 January	15,219	-7,564
Deferred tax adjustment for the year in the income statement	8,410	22,783
	23,629	15,219

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11 Deferred income

Deferred income of DKK 2,389 thousand (31 December 2021: DKK 30,482 thousand) comprise payments received from customers and funding received from research institutions that cannot be recognised until the subsequent financial years.

12 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with its parent, DSM Nutritional Products A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Glycom A/S is party to a few pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Company's financial position apart from what has already been recognised in the financial statements.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 5 years. The total rent and lease obligations are listed below.

DKK'000	2022	2021
Rent obligation	5,256	6,588
Lease obligation	247	246
	<u>5,503</u>	<u>6,834</u>

The amount of rent that are due within one year is DKK 5,256 thousand. The amount of lease that are due within one year is DKK 158 thousand.

13 Related party disclosures

Glycom A/S' related parties comprise the following:

Control

DSM Nutritional Products Denmark ApS holds all shares in the Company.

Glycom A/S is part of the consolidated financial statements of Koninklijke DSM N.V., Het Overloon 1, 6411 TE Heerlen, Netherlands which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Koninklijke DSM N.V. can be obtained by contacting the company at the above address.

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Related party transactions

DKK'000

2022

Sale of services to group entities

155,159

Purchase of services from group entities

15,369

Payables to and receivables from group entities are disclosed in the balance sheet and financial expenses are disclosed in note 3.

Remuneration to the Executive Board is disclosed in note 2