

Glycom A/S

Kogle Allé 4, 2970 Hørsholm

CVR no. 28 51 24 57

Annual report 2020

Approved at the Company's annual general meeting on 2 July 2021

Chair of the meeting:

.....
Anders Glargaard





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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 2020.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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

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

Hørsholm, 2 July 2021
Executive Board:

.....
Jesper Mørk

Board of Directors:

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Gareth Allan Barker
Chair

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James Young

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Anders Glargaard

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Jesper Mørk

Independent auditor's report

To the shareholders of Glycom A/S

Opinion

We have audited the financial statements of Glycom A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the 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 financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 2 July 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised Public Accountant
mne21332

Søren Gammelgaard
State Authorised Public Accountant
mne31403



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	Gareth Allan Barker, Chair James Young Anders Glargaard Jesper Mørk
Executive Board	Jesper Mørk
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Gross profit	123,707	160,268	112,838	23,944	10,786
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	66,985	99,537	76,587	4,271	-2,377
Operating profit/loss	48,533	105,135	63,146	-530	-7,178
Net financials	-27,711	-32,104	-65,260	-45,658	-21,626
Profit for the year	10,605	30,534	-14,156	-39,845	-24,228
Balance sheet					
Non-current assets	708,002	700,560	705,854	677,527	392,492
Current assets	21,999	61,070	17,056	96,358	9,061
Total assets	730,001	761,630	722,910	773,885	401,553
Share capital	1,790	1,736	1,509	1,482	1,384
Equity	270,893	217,798	30,433	30,942	21,887
Non-current liabilities	10,210	24,640	540,780	570,944	358,778
Current liabilities	448,898	519,192	151,696	171,999	20,888
Financial ratios					
Return on assets	6.5%	14.2%	8.4%	-0.1%	-3.6%
Equity ratio	37.1%	28.6%	4.2%	4.0%	5.5%
Operational metrics					
Average number of employees	49	48	50	44	43

For terms and definitions, please see the accounting policies.

Management's review

Business review

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.

2020 was an exciting year for Glycom A/S, as we progressed well on all strategic parameters.

In 2020 the Glycom Group was acquired by DSM International B.V.

Financial review

The income statement for 2020 shows a profit of DKK 10,605 thousand against a profit of DKK 30,534 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 270,893 thousand. Management considers the Company's financial performance in the year satisfactory.

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 Hfarsholm 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.

Financial risks and use of financial instruments

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 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 third 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 implemented and documented during 2020. Noise measurements have been completed with positive results and the company's waste-sorting has been improved significantly with several waste fractions for recycling. Air pollution control has been completed with positive outcome.

The company's water and energy consumption were mapped for the entire production by process in order to get focus on improvement opportunities. Projects related to recycling of water from the largest consumption areas has intense focus and an energy project related to one of our biggest energy-consuming processes has been started. Glycom continues to have a very positive and constructive dialogue with all the relevant departments of The Danish Environmental Protection Agency about possible continuous improvements.

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 2020 for all 6 HMOs in our second generation. First commercial deliveries of second generation took place in 1H 2020.

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 6 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.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Gross profit	123,707	160,268
2	Staff costs	-53,384	-40,997
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-21,790	-14,136
	Other operating expenses	-3,338	-19,734
	Profit before net financials	45,195	85,401
4	Financial income	721	1,144
5	Financial expenses	-28,432	-33,248
	Profit before tax	17,484	53,297
6	Tax for the year	-6,879	-22,763
	Profit for the year	10,605	30,534

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Non-current assets		
7	Intangible assets		
	Completed development projects	241,813	145,480
	Acquired patents	11,949	12,876
	Acquired licences	635	583
	Development projects in progress and prepayments for intangible assets	19,320	114,827
		<u>273,717</u>	<u>273,766</u>
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	6,509	4,738
		<u>6,509</u>	<u>4,738</u>
9	Financial assets		
	Investments in group enterprises	420,212	422,056
13	Deferred tax assets	7,564	0
		<u>427,776</u>	<u>422,056</u>
	Total non-current assets	<u>708,002</u>	<u>700,560</u>
	Current assets		
	Inventories		
	Finished goods and goods for resale	0	7,663
		<u>0</u>	<u>7,663</u>
	Receivables		
	Trade receivables	1,655	0
	Receivables from group enterprises	14,003	0
	Receivables from associates	0	27,040
	Other receivables	3,837	1,833
10	Prepayments	42	143
		<u>19,537</u>	<u>29,016</u>
	Cash	2,462	24,391
	Total current assets	<u>21,999</u>	<u>61,070</u>
	TOTAL ASSETS	<u><u>730,001</u></u>	<u><u>761,630</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	1,790	1,736
	Reserve for development costs	136,057	166,254
	Retained earnings	133,046	49,808
	Total equity	270,893	217,798
	Liabilities		
12	Non-current liabilities		
13	Deferred tax	0	1,668
14	Deferred revenue	10,210	22,972
	Total non-current liabilities	10,210	24,640
	Current liabilities		
	Bank debt	120	161,530
	Prepayments received from customers	70,690	109,536
	Trade payables	13,002	19,424
	Payables to group enterprises	334,892	201,781
	Joint taxation contribution payable	0	1,556
	Other payables	19,984	17,707
14	Deferred revenue	10,210	7,658
	Total current liabilities	448,898	519,192
		459,108	543,832
	TOTAL EQUITY AND LIABILITIES	730,001	761,630

- 1 Accounting policies
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Related parties
- 18 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
	Equity at				
	1 January 2020	1,736	166,254	49,808	217,798
	Capital increase	54	0	26,325	26,379
18	Transfer, see "Appropriation of profit"	0	-30,197	40,802	10,605
	Tax on items recognised directly in equity	0	0	16,111	16,111
	Equity at 31 December 2020	1,790	136,057	133,046	270,893

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Glycom A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Omission of a cash flow statement

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

Reporting currency

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

Foreign currency translation

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

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

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.

Gross profit

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses 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.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/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
Fixtures and fittings, other plant and equipment	3-10 years
Buildings	10-20 years
Plant and machinery	10-15 years

Land is not depreciated.

Financial income and expenses

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

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

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

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 licences, distribution rights and development projects.

Development costs 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, 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 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.

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 are recognised in the income statement as other operating income or other operating 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 recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

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

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

Receivables

Receivables are measured at amortised cost.

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

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Prepayments

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Reserve for development costs

The 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.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2020	2019
2 Staff costs		
Wages/salaries	61,697	51,853
Other social security costs	317	333
Other staff costs	-8,630	-11,189
	<u>53,384</u>	<u>40,997</u>
The other staff cost at parent level represent costs capitalized as development costs.		
Average number of full-time employees	<u>49</u>	<u>48</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	20,145	12,776
Depreciation of property, plant and equipment	1,645	1,360
	<u>21,790</u>	<u>14,136</u>
4 Financial income		
Interests arising from affiliate companies	280	509
Exchange gain	441	635
	<u>721</u>	<u>1,144</u>
5 Financial expenses		
Interests arising from affiliate companies	20,854	3,197
Interest expenses, associates	0	6,992
Capitalized financial expenses	-613	-2,111
Exchange losses	1,854	689
Financial fees & charge	35	429
Other financial expenses	6,302	24,052
	<u>28,432</u>	<u>33,248</u>
6 Tax for the year		
Estimated tax charge for the year	0	2,622
Deferred tax adjustments in the year	6,846	18,815
Tax adjustments, prior years	33	1,326
	<u>6,879</u>	<u>22,763</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Completed development projects	Acquired patents	Acquired licences	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2020	171,535	13,918	1,629	114,827	301,909
Additions	614	0	162	19,320	20,096
Transferred	114,827	0	0	-114,827	0
Cost at 31 December 2020	286,976	13,918	1,791	19,320	322,005
Impairment losses and amortisation at 1 January 2020	26,055	1,042	1,046	0	28,143
Amortisation for the year	19,108	927	110	0	20,145
Impairment losses and amortisation at 31 December 2020	45,163	1,969	1,156	0	48,288
Carrying amount at 31 December 2020	241,813	11,949	635	19,320	273,717
Recognised interest	613	0	0		
Amortised over	15 years	10 years	3-5 years		

8 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment
Cost at 1 January 2020	25,018
Additions	3,416
Cost at 31 December 2020	28,434
Impairment losses and depreciation at 1 January 2020	20,280
Depreciation	1,645
Impairment losses and depreciation at 31 December 2020	21,925
Carrying amount at 31 December 2020	6,509
Depreciated over	3-10 years

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9 Financial assets

DKK'000	Investments in group enterprises
Cost at 1 January 2020	422,056
Cost at 31 December 2020	422,056
Value adjustments at 1 January 2020	0
Impairment losses	-1,844
Value adjustments at 31 December 2020	-1,844
Carrying amount at 31 December 2020	420,212

Name	Domicile	Interest
Subsidiaries		
Glycom Manufacturing A/S	Esbjerg, Denmark	100.00%
Glycom Inc.	Covington, LA, USA	100.00%
Glycom GmbH	Hamburg, Germany	100.00%
Associates		
Glyc Optim Biotechnologiai Kft.	Debrecen, Hungary	20.00%

10 Prepayments

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

DKK'000	2020	2019
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11 Share capital

Analysis of the share capital:

454,303 A shares of DKK 1.00 nominal value each	454	406
136,542 B shares of DKK 1.00 nominal value each	137	137
572,568 C shares of DKK 1.00 nominal value each	573	646
626,454 D shares of DKK 1.00 nominal value each	626	547
	1,790	1,736

As of 31 December 2020, no warrants were outstanding (31 December 2019: 62.008 warrants).

Analysis of changes in the share capital over the past 5 years:

DKK'000	2020	2019	2018	2017	2016
Opening balance	1,736	1,509	1,383	1,382	1,292
Capital increase	54	227	1,383	1,382	1,292
Capital reduction	0	0	99	0	0
	1,790	1,736	2,865	2,764	2,584

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12 Non-current liabilities

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred revenue	20,420	10,210	10,210	0
	<u>20,420</u>	<u>10,210</u>	<u>10,210</u>	<u>0</u>

DKK'000	2020	2019
13 Deferred tax		
Deferred tax at 1 January	1,668	-17,235
Deferred tax adjustment for the year	-9,284	18,815
Deferred tax adjustment prior year	0	88
	52	0
Deferred tax at 31 December	<u>-7,564</u>	<u>1,668</u>
Deferred tax relates to:		
Intangible assets	57,504	52,615
Property, plant and equipment	-2,046	-2,567
Liabilities	-4,492	-6,739
Tax loss	-58,530	-41,641
	<u>-7,564</u>	<u>1,668</u>

14 Deferred revenue

Deferred income, DKK 20,420 thousand (2019: DKK 30,630 thousand), consists of payments received from customers that may not be recognised until the subsequent financial year.

15 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its parent, DSM Nutritional Products Denmark ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2020 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

Rent and lease liabilities vis-à-vis the parent company and its other subsidiaries:

DKK'000	2020	2019
Rent and lease liabilities	<u>7,006</u>	<u>8,215</u>

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

16 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

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17 Related parties

Glycom A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
DSM Nutritional Products Denmark ApS	Kirkebjerg Allé 88, 1., 2605 Brøndby, Denmark	Parent
Glycom Manufacturing A/S	Limtjordsvej 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

Related party transactions

Glycom A/S was engaged in the below related party transactions:

DKK'000	2020	2019
Revenue from associates	0	208,755
Financial income from associates	0	36,992
Financial expenses to associates	0	-6,692
Revenue from group companies	1,260	1,287
Fees from subsidiaries	7,450	7,450
Financial revenue from subsidiaries	280	509
Financial expenses to group companies	-20,854	-3,197
Prepayment from associates	0	-109,536
Receivables from associates	0	33,337
Receivables from group companies	14,003	3,573
Deffered revenue from associates	0	-31,247
Payables to subsidiaries	-169,620	-206,632
Payables to group companies	-165,272	0

18 Appropriation of profit

Recommended appropriation of profit		
Other reserves	-30,197	15,414
Retained earnings	40,802	15,120
	<u>10,605</u>	<u>30,534</u>