



Nordic Bioscience Holding A/S

Herlev Hovedgade 205
2730 Herlev
CVR No. 30511271

Annual report 2020

The Annual General Meeting adopted the
annual report on 30.06.2021

Thomas Nielsen

Chairman of the General Meeting

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Entity details

Entity

Nordic Bioscience Holding A/S
Herlev Hovedgade 205
2730 Herlev

Business Registration No.: 30511271
Date of foundation: 29.06.2007
Registered office: Herlev
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Claus Henrik Christiansen, Chairman
Bente Juel Christiansen
Henrik Bernt Sanders
Anders Bengt Martin Borg
Kugan Sathiyandarajah

Executive Board

Morten Asser Karsdal

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordic Bioscience Holding A/S for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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

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

Herlev, 30.06.2021

Executive Board

Morten Asser Karsdal

Board of Directors

Claus Henrik Christiansen
Chairman

Bente Juel Christiansen

Henrik Bernt Sanders

Anders Bengt Martin Borg

Kugan Sathiyandarajah

Independent auditor's report

To the shareholders of Nordic Bioscience Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Nordic Bioscience Holding A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and 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 commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Copenhagen, 30.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen

State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Gross profit/loss	286,313	280,764	245,141	119,930	132,882
Operating profit/loss	105,089	123,583	100,335	(1,200)	49,300
Net financials	(2,062)	(784)	(21,290)	17,782	3,165
Profit/loss for the year	79,632	110,982	38,255	3,215	33,128
Balance sheet total	288,570	452,963	360,962	459,452	434,167
Investments in property, plant and equipment	15,247	29,529	11,436	44,807	21,413
Equity	137,127	283,355	237,840	316,661	310,479
Equity excl. minority interests	136,416	282,390	237,840	316,661	310,479
Ratios					
Return on equity (%)	37,88	42,59	13,80	1,03	11,20
Equity ratio (%)	47.27	62.34	65.89	68.92	71.51

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year excl. minority interests * 100

Average equity excl. minority interests

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The activities of the Parent Company comprise shareholdings in subsidiaries that carry out R&D Services, Diagnostics and Drug Development within the pharmaceutical sector.

The R&D Service business provides preclinical and clinical data analysis in Nordic Biosciences CLIA/CAP certified lab.

The diagnostics business is based on Nordic Biosciences unique biomarkers.

The drug development business has strong drug candidates in early and late development stages with strong partners. In addition to this, the group has several pharmaceutical projects in both pre-clinical and clinical development.

Development in activities and finances

The Group have continued the activities with an increased activity level compared to the year 2019. The group reached a Gross Profit of 286,3 mDKK and an Operating Profit of 105,4 mDKK. Earnings Before Interest, Taxes, Depreciations and Amortizations (EBITDA) was 121,0 mDKK compared to 162,6 mDKK for the year 2019. The EBITDA development is as follows (mDKK):

	2020	2019	2018
R&D services provided	119,5	98,6	123,8
R&D services provided (entities sold June 30, 2020)	22,3	47,7	19,7
Biomarker-related one-time fee	0,0	0,0	14,9
Pharmaceutical projects, Net	<u>-20,8</u>	<u>16,6</u>	<u>-19,5</u>
SUM	121,0	162,6	138,9

The result is in line with the expectations, which the management expressed in the Annual Report for 2019.

The management expects earnings from R&D activities continue to increase in 2021. Furthermore, the management expects that earnings from R&D activities will be able to fully fund the Pharmaceutical projects, even without further milestones or upfront payments.

Group restructuring

With effect from June 30, 2020 the group made a group restructuring. The legal entities related to the Clinical Research Services; Nordic Bioscience Clinical Development A/S and Sanos A/S, were distributed as dividend to the shareholders of Nordic Bioscience Holding A/S. The transaction is included on the shareholders equity with the carried value of the subsidiaries per June 30, 2020, DKK 56.975.354.

The consolidated income statement for 2020 include 6 months activity for the divested entities and the comparative numbers for 2019 include 12 months.

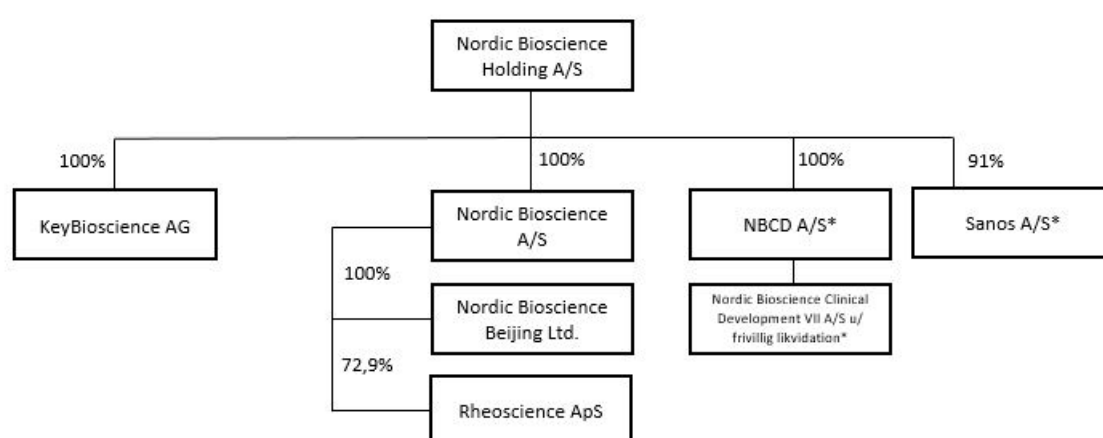
Environmental performance

In our activities, we are using a very limited number of products, and limited quantities hereof, with could potentially damage the external environment. We find it very important to be in compliance with or exceed all applicable environmental regulations and have a good and close relationship with the relevant authorities overseeing such activities.

Research and development activities

The Group carries out research and development within the pharmaceutical sector for own and third parties. The division Nordic Bioscience Biomarkers & Research focused on biochemical markers, which are typically used as an aid in diagnosing or predicting disease development for various diseases. Nordic Bioscience Clinical Development is activities focused on pharmaceutical projects with the aim to develop better treatments. The key to the Group's success is our 25 years of research in the ECM (Extracellular Matrix) and developing diagnostic and therapeutic tools from our insights with our more than 160 employees, whereby more than 130 are directly engaged in research and development activities. The Group seeks to foster a unique and competitive environment with freedom to explore scientific ideas. We believe in publishing our scientific results and will publish more than 50 scientific publications a year in the highest ranked journals.

Group relations



NBCD A/S, Sanos A/S and Nordic Bioscience Clinical Development VII A/S under frivillig likvidation has with effect from June 30, 2020 been sold.

Events after the balance sheet date

No events have occurred after the balance sheet date which could significantly affect the Group's and the Parent Company's financial position.

Parent treasury shares

	Number	Nominal value DKK	Share of contributed capital %	Purchase/ (selling) price DKK
Shares sold	26,631	26,631	0.3	932,089
Investments disposed of	26,631	26,631	0.30	
Shares beginning of year	49,345	49,345	0.5	
Shares sold	(26,631)	(26,631)	(0.3)	
Holding of treasury shares	22,714	22,714	0.20	

The income statement for 2020 only include 6 months activity related to Clinical Research Services. Please see the

management commentary for further comments.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		286,313,013	280,764,402
Research and development costs		(152,769,622)	(128,358,194)
Administrative expenses		(28,454,822)	(28,823,509)
Operating profit/loss		105,088,569	123,582,699
Other financial income		4,544,836	6,196,495
Other financial expenses		(6,607,139)	(6,980,889)
Profit/loss before tax		103,026,266	122,798,305
Tax on profit/loss for the year	2	(23,393,990)	(11,816,264)
Profit/loss for the year	3	79,632,276	110,982,041

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired intangible assets		0	8,325,717
Intangible assets	4	0	8,325,717
Land and buildings		69,345,635	113,023,337
Other fixtures and fittings, tools and equipment		10,467,111	21,152,452
Property, plant and equipment	5	79,812,746	134,175,789
Other investments		0	1,465,965
Deferred tax	7	0	8,865,143
Financial assets	6	0	10,331,108
Fixed assets		79,812,746	152,832,614
Trade receivables		125,131,256	162,566,364
Other receivables		3,604,759	6,617,848
Joint taxation contribution receivable		2,839,645	0
Receivables		131,575,660	169,184,212
Other investments		9,564,827	112,662,483
Investments		9,564,827	112,662,483
Cash		67,616,455	18,283,506
Current assets		208,756,942	300,130,201
Assets		288,569,688	452,962,815

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		9,554,746	9,554,746
Retained earnings		126,861,212	202,800,582
Proposed dividend for the financial year		0	70,034,541
Equity belonging to Parent's shareholders		136,415,958	282,389,869
Equity belonging to minority interests		710,879	965,047
Equity		137,126,837	283,354,916
Deferred tax	7	594,669	0
Provisions		594,669	0
Mortgage debt		48,891,046	81,866,456
Non-current liabilities other than provisions	8	48,891,046	81,866,456
Current portion of non-current liabilities other than provisions	8	3,275,000	3,251,957
Trade payables		39,362,961	36,201,766
Payables to owners and management		3,574,918	3,576,260
Tax payable		0	13,543,981
Other payables		8,958,342	9,252,371
Deferred income	9	46,785,915	21,915,108
Current liabilities other than provisions		101,957,136	87,741,443
Liabilities other than provisions		150,848,182	169,607,899
Equity and liabilities		288,569,688	452,962,815
Staff costs	1		
Transactions with related parties	11		
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Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK
Equity beginning of year	9,554,746	202,800,582	70,034,541	282,389,869	965,047
Purchase of treasury shares	0	932,089	0	932,089	0
Ordinary dividend paid	0	0	(70,034,541)	(70,034,541)	0
Extraordinary dividend paid	0	(99,839,660)	0	(99,839,660)	0
Value adjustments	0	57,111	0	57,111	0
Other entries on equity	0	(56,975,354)	0	(56,975,354)	0
Profit/loss for the year	0	79,886,444	0	79,886,444	(254,168)
Equity end of year	9,554,746	126,861,212	0	136,415,958	710,879

	Total DKK
Equity beginning of year	283,354,916
Purchase of treasury shares	932,089
Ordinary dividend paid	(70,034,541)
Extraordinary dividend paid	(99,839,660)
Value adjustments	57,111
Other entries on equity	(56,975,354)
Profit/loss for the year	79,632,276
Equity end of year	137,126,837

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		105,088,569	123,582,699
Operating profit/loss from discontinued operations		823,064	0
Amortisation, depreciation and impairment losses		15,465,837	38,976,467
Working capital changes	10	42,313,458	(65,123,165)
Sale of group enterprises		57,608,976	0
Cash flow from ordinary operating activities		221,299,904	97,436,001
Financial expenses paid		(3,542,946)	(784,394)
Taxes refunded/(paid)		(25,588,118)	(15,319,952)
Cash flows from operating activities		192,168,840	81,331,655
Acquisition etc. of property, plant and equipment		7,676,510	(29,529,156)
Acquisition of fixed asset investments		(525,407)	(100,000)
Acquisition of enterprises		(6,112,517)	0
Cash flows from investing activities		1,038,586	(29,629,156)
Free cash flows generated from operations and investments before financing		193,207,426	51,702,499
Dividend paid		(226,849,555)	(76,043,208)
Acquisition of treasury shares		932,089	3,047,030
Mortgage debt raised		(21,135,712)	50,625,362
Cash flows from financing activities		(247,053,178)	(22,370,816)
Increase/decrease in cash and cash equivalents		(53,845,752)	29,331,683
Cash and cash equivalents beginning of year		130,945,989	95,971,031
Currency translation adjustments of cash and cash equivalents		81,045	5,643,275
Cash and cash equivalents end of year		77,181,282	130,945,989

Cash and cash equivalents at year-end are composed of:

Cash	67,616,455	18,283,506
Securities	9,564,827	112,662,483
Cash and cash equivalents end of year	77,181,282	130,945,989

Notes to consolidated financial statements

1 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	82,943,423	77,774,486
Pension costs	4,130,785	4,711,384
Other staff costs	484,164	412,829
	87,558,372	82,898,699

Average number of full-time employees	219	188
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	Remuneration of manage- ment 2019 DKK
Total amount for management categories	5,981,463
	5,981,463

2 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Current tax	21,414,891	19,956,863
Change in deferred tax	209,812	(7,498,805)
Adjustment concerning previous years	1,769,287	(641,794)
	23,393,990	11,816,264

3 Proposed distribution of profit/loss

	2020	2019
	DKK	DKK
Ordinary dividend for the financial year	0	70,034,541
Retained earnings	79,886,444	39,877,423
Minority interests' share of profit/loss	(254,168)	1,070,077
	79,632,276	110,982,041

4 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	74,334,846
Cost end of year	74,334,846
Amortisation and impairment losses beginning of year	(66,009,129)
Amortisation for the year	(8,325,717)
Amortisation and impairment losses end of year	(74,334,846)
Carrying amount end of year	0

5 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	121,127,284	45,414,536
Additions	2,629,211	12,617,405
Disposals	(46,724,420)	(25,961,901)
Cost end of year	77,032,075	32,070,040
Depreciation and impairment losses beginning of year	(7,734,534)	(24,262,095)
Exchange rate adjustments	0	(4,331)
Depreciation for the year	(1,877,022)	(5,263,098)
Reversal regarding disposals	1,925,116	7,926,595
Depreciation and impairment losses end of year	(7,686,440)	(21,602,929)
Carrying amount end of year	69,345,635	10,467,111

6 Financial assets

	Other investments DKK	Deferred tax DKK
Cost beginning of year	1,465,965	8,865,143
Disposals	(1,465,965)	(8,865,143)
Cost end of year	0	0
Carrying amount end of year	0	0

7 Deferred tax

	2020	2019
	DKK	DKK
Changes during the year		
Beginning of year	8,865,143	2,052,792
Recognised in the income statement	(9,459,812)	6,812,351
End of year	(594,669)	8,865,143

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

8 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after
	months	months	more than 12
	2020	2019	months
	DKK	DKK	2020
	DKK	DKK	DKK
Mortgage debt	3,275,000	3,251,957	48,891,046
	3,275,000	3,251,957	48,891,046

Mortgage debt is secured by way of mortgage on properties at a book value of DKK 50,896,137

9 Deferred income

Deferred income comprises income received for recognition in subsequent financial years.

10 Changes in working capital

	2020	2019
	DKK	DKK
Increase/decrease in receivables	40,269,136	(59,583,969)
Increase/decrease in trade payables etc.	(30,371,793)	4,717,378
Other changes	32,416,115	(10,256,574)
	42,313,458	(65,123,165)

11 Transactions with related parties

During the financial year, related party transactions have been conducted on an arm's length basis in addition to the above transactions.

12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
NB Herlev Holding ApS, Herlev

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
NB Herlev Holding ApS, Herlev

13 Subsidiaries

	Registered in	Corporate form	Ownership %
Nordic Bioscience A/S	Herlev, DK	A/S	100.0
Nordic Bioscience Beijing Ltd.	Beijing, CN	Ltd.	100.0
KeyBioscience AG	Stans, CN	AG	100.0
Rheoscience ApS	Herlev, DK	ApS	72.90

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Administrative expenses		(238,963)	(1,360,449)
Operating profit/loss		(238,963)	(1,360,449)
Income from investments in group enterprises		87,608,654	110,082,998
Other financial income	2	1,088,928	6,707,560
Other financial expenses		(8,479,404)	(8,127,640)
Profit/loss before tax		79,979,215	107,302,469
Tax on profit/loss for the year	3	(92,771)	2,609,496
Profit/loss for the year	4	79,886,444	109,911,965

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Investments in group enterprises		293,994,948	367,623,351
Financial assets	5	293,994,948	367,623,351
Fixed assets		293,994,948	367,623,351
Receivables from group enterprises		40,291,498	0
Other receivables		9,743	9,743
Tax receivable		19,375,516	5,633,702
Receivables		59,676,757	5,643,445
Other investments		9,564,827	112,662,483
Investments		9,564,827	112,662,483
Cash		0	2,949,794
Current assets		69,241,584	121,255,722
Assets		363,236,532	488,879,073

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		9,554,746	9,554,746
Translation reserve		57,111	0
Reserve for net revaluation according to the equity method		3,445,298	64,234,276
Retained earnings		123,358,807	138,566,310
Proposed dividend for the financial year		0	70,034,541
Equity		136,415,962	282,389,873
Bank loans		27,906,534	0
Payables to group enterprises		167,279,702	205,876,000
Other payables		31,634,334	613,200
Current liabilities other than provisions		226,820,570	206,489,200
Liabilities other than provisions		226,820,570	206,489,200
Equity and liabilities		363,236,532	488,879,073

Staff costs	1
Contingent liabilities	6
Related parties with controlling interest	7
Transactions with related parties	8

Parent statement of changes in equity for 2020

	Contributed capital DKK	Translation reserve DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK
Equity beginning of year	9,554,746	0	64,234,276	138,566,310	70,034,541
Effect of divestments of entities etc.	0	0	(53,021,990)	53,021,990	0
Sale of treasury shares	0	0	0	932,089	0
Ordinary dividend paid	0	0	0	0	(70,034,541)
Extraordinary dividend paid	0	0	0	(99,839,660)	0
Exchange rate adjustments	0	57,111	0	0	0
Other entries on equity	0	0	9,624,358	(66,599,712)	0
Dividends from group enterprises	0	0	(105,000,000)	105,000,000	0
Profit/loss for the year	0	0	87,608,654	(7,722,210)	0
Equity end of year	9,554,746	57,111	3,445,298	123,358,807	0
					Total DKK
Equity beginning of year					282,389,873
Effect of divestments of entities etc.					0
Sale of treasury shares					932,089
Ordinary dividend paid					(70,034,541)
Extraordinary dividend paid					(99,839,660)
Exchange rate adjustments					57,111
Other entries on equity					(56,975,354)
Dividends from group enterprises					0
Profit/loss for the year					79,886,444
Equity end of year					136,415,962

The entry of DKK 56,975,354 is the carried value of the subsidiaries distributed as dividend during the year.

Notes to parent financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	110,002	1,183,750
	110,002	1,183,750

Average number of full-time employees	1	2
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	Remuneration of manage- ment 2019 DKK
Total amount for management categories	1,183,750
	1,183,750

2 Other financial income

	2020 DKK	2019 DKK
Other interest income	910,992	6,877,874
Exchange rate adjustments	0	(4,871,490)
Fair value adjustments	177,936	4,636,407
Other financial income	0	64,769
	1,088,928	6,707,560

3 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(1,676,516)	(1,967,702)
Adjustment concerning previous years	1,769,287	(641,794)
	92,771	(2,609,496)

4 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Ordinary dividend for the financial year	0	70,034,541
Retained earnings	79,886,444	39,877,424
	79,886,444	109,911,965

Dividend distributed after the balance sheet date

Extraordinary dividend	0	388,496,929
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5 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	303,389,075
Disposals	(3,272,178)
Cost end of year	300,116,897
Revaluations beginning of year	64,234,276
Exchange rate adjustments	57,111
Share of profit/loss for the year	87,608,654
Dividend	(105,000,000)
Reversal regarding disposals	(53,021,990)
Revaluations end of year	(6,121,949)
Carrying amount end of year	293,994,948

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

6 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

7 Related parties with controlling interest

NB Herlev Holding ApS, Herlev

8 Transactions with related parties

During the financial year, related party transactions have been conducted on an arm's length basis in addition to the above transactions.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from contracts concluded on performance of clinical studies as well as sale of other services is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year-end.

Contracts concluded on performance of clinical studies running over several financial years are recognised under the percentage-of-completion method as the studies progress.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Research and development costs

Research and development costs comprise research costs, costs of development projects not qualifying for recognition in the balance sheet, and amortisation and impairment losses relating to development projects.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning

tax losses).

Balance sheet

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement, but over no more than 20 years. The amortisation of patents and licences begins after regulatory approval has been obtained.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-7 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Other investments (current assets)

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date, and unlisted investments measured at the lower of cost and net realisable value.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Treasury shares

Acquisition and selling prices and dividends of treasury shares are classified directly as equity under retained earnings. Gains and losses from sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to their nominal value.

Minority interests

Minority interests comprise the minority interests' share of subsidiaries' equity in which the subsidiary is not wholly owned by the Parent.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.