

Nordic Bioscience Holding A/S

Herlev Hovedgade 205
2730 Herlev

Central Business Registration
No 30511271

Annual report 2019

The Annual General Meeting adopted the annual report on 07.09.2020

Chairman of the General Meeting

Name: Henrik Bernt Sanders

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Entity details

Entity

Nordic Bioscience Holding A/S
Herlev Hovedgade 205
2730 Herlev

Central Business Registration No: 30511271
Founded: 29.06.2007
Registered in: Herlev
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Claus Henrik Christiansen, Chairman
Henrik Bernt Sanders
Bente Juel Christiansen

Executive Board

Morten Asser Karsdal, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of their operations and the Group's cash flows for the financial year 01.01.2019 - 31.12.2019.

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, 07.09.2020

Executive Board

Morten Asser Karsdal
Chief Executive Officer

Board of Directors

Claus Henrik Christiansen
Chairman

Henrik Bernt Sanders

Bente Juel Christiansen

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 01.01.2019 - 31.12.2019, 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 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 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 Group or 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

Independent auditor's report

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 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.

Independent auditor's report

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, 07.09.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jan Larsen
State Authorised Public Accountant
Identification number (MNE) mne16541

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Gross profit	280.764	245.141	119.930	132.882	38.416
Operating profit/loss	123.583	100.335	(1.201)	49.300	38.416
Net financials	(784)	(21.290)	17.782	3.165	12.201
Profit/loss for the year	110.982	38.255	3.215	33.128	40.440
Total assets	452.963	360.962	459.452	434.167	362.590
Investments in property, plant and equipment	29.529	11.436	44.807	21.413	6.870
Equity incl minority interests	283.355	237.840	316.661	310.479	278.755
Ratios					
Return on equity (%)	42,6	13,8	1,0	11,2	14,5
Equity ratio (%)	62,6	65,9	68,9	71,5	76,9

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Ratios
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity incl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity incl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The activities of the Parent Company comprise shareholdings in subsidiaries that carries 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 2018. The group reached a Gross Profit of 280,8 mDKK and an Operating Profit of 123,6 mDKK. Earnings Before Interest, Taxes, Depreciations and Amortizations (EBITDA) was 162,6 mDKK compared to 138,9 mDKK for the year 2018. The EBITDA development is as follows (mDKK):

	2019	2018	2017
R&D services provided	146,3	143,5	82,0
Biomarker-related one-time fee's	0,0	14,9	14,9
Pharmaceutical projects, Net	<u>16,3</u>	<u>-19,5</u>	<u>216,5</u>
SUM	162,6	138,9	313,4

The EBITDA from Pharmaceutical projects in 2017 was positively influenced by an upfront payment received from a partner during the year.

The result is in line with the expectations, which the management expressed in the Annual Report for 2018.

The management expects earnings from R&D activities for own and third parties to continue to increase in 2020. Furthermore, the management expects that earnings from R&D activities for own and third parties will be able to fully fund the Pharmaceutical projects, even without further milestones or upfront payments.

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 are activities focused on biochemical markers, which are typically used as aid in diagnosing or predicting disease development for various diseases. Nordic Bioscience Clinical Development are 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)

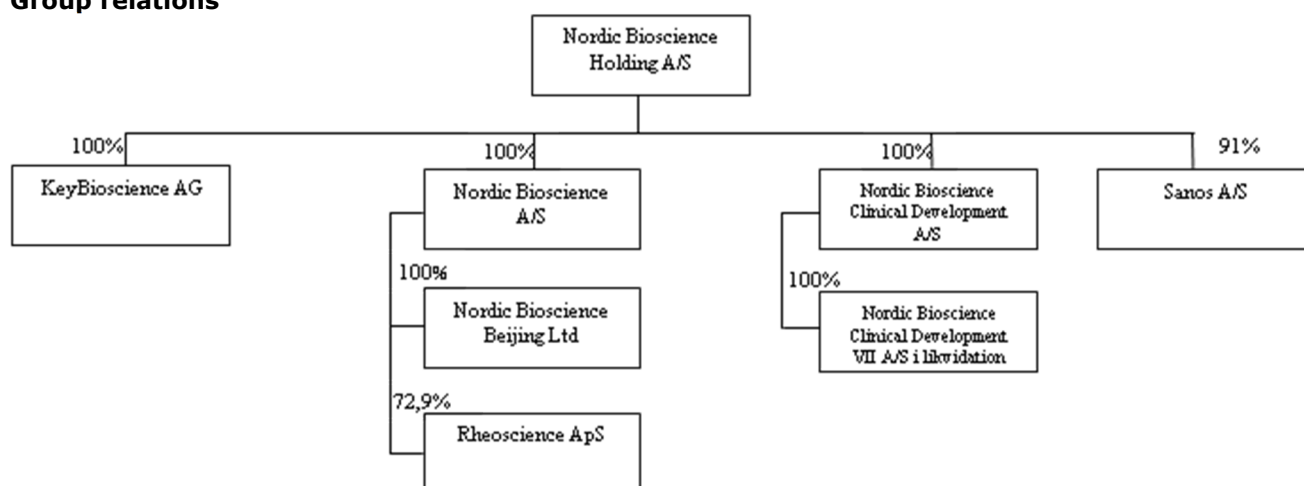
Management commentary

and developing diagnostic and therapeutic tools from our insights with our more than 190 employees, whereby more than 150 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 publishes more than 50 scientific publications a year in the highest ranked journals.

External environment

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.

Group relations



*All group enterprises are 100% owned, except Sanos A/S, which is owned by 91% and Rheoscience ApS, which is owned by 72,9%

Events after the balance sheet date

After the balance sheet date, the companies Nordic Bioscience Clinical Development A/S, Nordic Bioscience Clinical Development VII A/S and Sanos A/S have been carved out to create Sanos Group. The transaction was implemented as a dividend transaction where the shares were distributed to the shareholders of Nordic Bioscience Holding A/S. In the transaction a value of DKK 290,6 million was used for the three subsidiaries and declared as extraordinary dividend.

In addition to this, an extraordinary cash dividend was decided and paid out in March 2020.

In early 2020, the outbreak of the coronavirus disease (COVID-19) has escalated, and on 11 March 2020 the WHO declared it a worldwide pandemic. The outbreak has led to a number of precautions that affect the planning and execution of day-to-day operations, and the Group's vendors and customers may be affected as well. Their financial impact cannot be determined at this point in time. Until now COVID-19 has had no financial impact but the future long term financial impact cannot be determined at this point in time.

Management commentary

Aside from this, no material events have occurred after the balance sheet date which affect the annual report.

	<u>Number</u>	<u>Nominal value DKK</u>	<u>Share of contributed capital %</u>	<u>Purchase / (selling)- price DKK</u>
Treasury shares				
Treasury shares disposed of:				
Shares sold	87.058	87.058	0,9	3.047.030
	87.058	87.058	0,9	
Holding of treasury shares:				
Shares beginning of year	136.403	136.403	1,4	
Shares sold	(87.058)	(87.058)	(0,9)	
	49.345	49.345	0,5	

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		280.764.402	245.141.223
Research and development costs	1	(128.358.194)	(121.549.796)
Administrative costs		(28.823.509)	(23.255.946)
Operating profit/loss		123.582.699	100.335.481
Other financial income		6.196.495	0
Other financial expenses		(6.980.889)	(21.289.729)
Profit/loss before tax		122.798.305	79.045.752
Tax on profit/loss for the year	2	(11.816.264)	(40.790.802)
Profit/loss for the year	3	110.982.041	38.254.950

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Acquired intangible assets		8.325.717	38.347.818
Intangible assets	4	8.325.717	38.347.818
Land and buildings		109.314.917	92.614.459
Other fixtures and fittings, tools and equipment		24.860.872	18.998.423
Property, plant and equipment	5	134.175.789	111.612.882
Other investments		1.465.965	1.365.965
Deferred tax		8.865.143	2.052.792
Fixed asset investments	6	10.331.108	3.418.757
Fixed assets		152.832.614	153.379.457
Trade receivables		162.566.364	87.334.032
Contract work in progress	7	0	8.662.093
Other receivables		6.617.848	15.612.228
Receivables		169.184.212	111.608.353
Other investments		112.662.483	81.945.692
Other investments		112.662.483	81.945.692
Cash		18.283.506	14.028.339
Current assets		300.130.201	207.582.384
Assets		452.962.815	360.961.841

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		9.554.746	9.554.746
Retained earnings		202.800.582	152.241.917
Proposed dividend		70.034.541	76.043.208
Equity attributable to the Parent's owners		282.389.869	237.839.871
Share of equity attributable to minority interests		965.047	0
Equity		283.354.916	237.839.871
Mortgage debts		81.866.456	33.293.051
Non-current liabilities other than provisions	8	81.866.456	33.293.051
Current portion of long-term liabilities other than provisions	8	3.251.957	1.200.000
Trade payables		36.201.766	25.123.661
Payables to shareholders and management		3.576.260	235.865
Income tax payable		13.543.981	9.299.644
Other payables		9.252.371	31.795.566
Deferred income		21.915.108	22.174.183
Current liabilities other than provisions		87.741.443	89.828.919
Liabilities other than provisions		169.607.899	123.121.970
Equity and liabilities		452.962.815	360.961.841
Mortgages and securities	10		
Subsidiaries	11		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Share of equity attributable to minority interests DKK
Equity beginning of year	9.554.746	152.241.917	76.043.208	0
Purchase of treasury shares	0	3.047.030	0	0
Ordinary dividend paid	0	0	(76.043.208)	0
Other equity postings	0	7.634.212	0	(105.030)
Profit/loss for the year	0	39.877.423	70.034.541	1.070.077
Equity end of year	9.554.746	202.800.582	70.034.541	965.047
				Total DKK
Equity beginning of year				237.839.871
Purchase of treasury shares				3.047.030
Ordinary dividend paid				(76.043.208)
Other equity postings				7.529.182
Profit/loss for the year				110.982.041
Equity end of year				283.354.916

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Operating profit/loss		123.582.699	100.335.481
Amortisation, depreciation and impairment losses		38.976.467	19.300.072
Working capital changes	9	(65.123.165)	(101.396.470)
Cash flow from ordinary operating activities		97.436.001	18.239.083
Financial income paid		(784.394)	(21.289.729)
Income taxes refunded/(paid)		(15.319.952)	(21.083.016)
Cash flows from operating activities		81.331.655	(24.133.662)
Sale of intangible assets		(29.529.156)	0
Acquisition etc of property, plant and equipment		0	(11.436.195)
Acquisition of fixed asset investments		(100.000)	0
Cash flows from investing activities		(29.629.156)	(11.436.195)
Instalments on loans etc		0	(1.269.182)
Dividend paid		(76.043.208)	(403.172.558)
Sale of treasury shares		3.047.030	2.110.885
Mortgage debt raised		50.625.362	0
Cash flows from financing activities		(22.370.816)	(402.330.855)
Increase/decrease in cash and cash equivalents		29.331.683	(437.900.712)
Cash and cash equivalents beginning of year		95.971.031	527.685.067
Currency translation adjustments of cash and cash equivalents		5.643.275	6.189.676
Cash and cash equivalents end of year		130.945.989	95.974.031
Cash and cash equivalents at year-end are composed of:			
Cash		18.283.506	14.028.339
Securities		112.662.483	81.945.692
Cash and cash equivalents end of year		130.945.989	95.974.031

Notes to consolidated financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	77.774.486	75.264.854
Pension costs	4.711.384	3.980.637
Other social security costs	412.829	301.368
	82.898.699	79.546.859
Average number of employees	188	160
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Total amount for management categories	5.981.463	5.619.906
	5.981.463	5.619.906
	2019 DKK	2018 DKK
2. Tax on profit/loss for the year		
Tax on current year taxable income	19.956.863	15.215.602
Change in deferred tax for the year	(7.498.805)	23.221.106
Adjustment concerning previous years	(641.794)	2.354.094
	11.816.264	40.790.802
	2019 DKK	2018 DKK
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	70.034.541	76.043.208
Retained earnings	39.877.423	(37.788.258)
Minority interests' share of profit/loss	1.070.077	0
	110.982.041	38.254.950

Notes to consolidated financial statements

		Acquired intangible assets DKK
4. Intangible assets		
Cost beginning of year		72.225.815
Exchange rate adjustments		2.109.031
Cost end of year		74.334.846
Amortisation and impairment losses beginning of year		(33.877.997)
Exchange rate adjustments		(845.508)
Amortisation for the year		(31.285.624)
Amortisation and impairment losses end of year		(66.009.129)
Carrying amount end of year		8.325.717
	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment		
Cost beginning of year	101.998.459	36.299.823
Exchange rate adjustments	726.960	0
Additions	17.943.916	11.585.240
Cost end of year	120.669.335	47.885.063
Depreciation and impairment losses beginning of the year	(9.384.000)	(17.301.400)
Exchange rate adjustments	(2.366)	0
Depreciation for the year	(1.968.052)	(5.722.791)
Depreciation and impairment losses end of the year	(11.354.418)	(23.024.191)
Carrying amount end of year	109.314.917	24.860.872
	Other investments DKK	Deferred tax DKK
6. Fixed asset investments		
Cost beginning of year	1.365.965	2.052.792
Additions	100.000	6.812.351
Cost end of year	1.465.965	8.865.143
Carrying amount end of year	1.465.965	8.865.143

Notes to consolidated financial statements

	2019 DKK	2018 DKK
7. Contract work in progress		
Contract work in progress	0	8.662.093
	0	8.662.093

	Instalments within 12 months 2019 DKK	Instalments within 12 months 2018 DKK	Instalments beyond 12 months 2019 DKK
8. Liabilities other than provisions			
Mortgage debts	3.251.957	1.200.000	81.866.456
	3.251.957	1.200.000	81.866.456

	2019 DKK	2018 DKK
9. Change in working capital		
Increase/decrease in receivables	(59.583.969)	(20.287.104)
Increase/decrease in trade payables etc	4.717.378	(15.438.138)
Other changes	(10.256.574)	(65.671.228)
	(65.123.165)	(101.396.470)

10. Mortgages and securities

Mortgage debt is secured by way of mortgage on properties at a book value of DKK 109,3 million.

	Registered in	Corpo- rate form	Equity inte- rest %
11. Subsidiaries			
Nordic Bioscience A/S	Herlev, DK	A/S	100,0
Nordic Bioscience Clinical Development A/S	Herlev, DK	A/S	100,0
Nordic Bioscience Clinical Development VII A/S	Herlev, DK	A/S	100,0
Nordic Bioscience Beijing Ltd.	Beijing, CN	Ltd.	100,0
KeyBioscience AG	Stans, CH	AG	100,0
Rheoscience ApS	Herlev, DK	ApS	72,9
Sanos A/S	Herlev, DK	A/S	90,4

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit		0	0
Administrative costs	1	(1.360.449)	(2.683.080)
Operating profit/loss		(1.360.449)	(2.683.080)
Income from investments in group enterprises		110.082.998	54.760.799
Other financial income		6.707.560	12.138.599
Other financial expenses		(8.127.640)	(30.882.639)
Profit/loss before tax		107.302.469	33.333.679
Tax on profit/loss for the year	2	2.609.496	4.921.271
Profit/loss for the year	3	109.911.965	38.254.950

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Investments in group enterprises		367.623.351	326.546.141
Fixed asset investments	4	367.623.351	326.546.141
Fixed assets		367.623.351	326.546.141
Other receivables		9.743	173.649
Income tax receivable		5.633.702	7.630.160
Receivables		5.643.445	7.803.809
Other investments		112.662.483	81.945.692
Other investments		112.662.483	81.945.692
Cash		2.949.794	86.869.334
Current assets		121.255.722	176.618.835
Assets		488.879.073	503.164.976

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		9.554.746	9.554.746
Reserve for net revaluation according to the equity method		64.234.276	23.217.066
Retained earnings		138.566.310	129.024.851
Proposed dividend		70.034.541	76.043.208
Equity		<u>282.389.873</u>	<u>237.839.871</u>
Payables to group enterprises		205.876.000	249.777.725
Income tax payable		0	10.150.786
Other payables		613.200	5.396.594
Current liabilities other than provisions		<u>206.489.200</u>	<u>265.325.105</u>
Liabilities other than provisions		<u>206.489.200</u>	<u>265.325.105</u>
Equity and liabilities		<u>488.879.073</u>	<u>503.164.976</u>
Contingent liabilities	5		
Transactions with related parties	6		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	9.554.746	23.217.066	129.024.851	76.043.208
Sale of treasury shares	0	0	3.047.033	0
Ordinary dividend paid	0	0	0	(76.043.208)
Other equity postings	0	7.634.212	0	0
Dividends from group enterprises	0	(76.700.000)	76.700.000	0
Profit/loss for the year	0	110.082.998	(70.205.574)	70.034.541
Equity end of year	9.554.746	64.234.276	138.566.310	70.034.541
				Total DKK
Equity beginning of year				237.839.871
Sale of treasury shares				3.047.033
Ordinary dividend paid				(76.043.208)
Other equity postings				7.634.212
Dividends from group enterprises				0
Profit/loss for the year				109.911.965
Equity end of year				282.389.873

Notes to parent financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	1.183.750	2.602.001
	1.183.750	2.602.001
Average number of employees	2	2
	Pension liabilities 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Total amount for management categories	1.183.750	2.602.001
	1.183.750	2.602.001
	2019 DKK	2018 DKK
2. Tax on profit/loss for the year		
Tax on current year taxable income	(1.967.702)	(4.648.160)
Adjustment concerning previous years	(641.794)	(273.111)
	(2.609.496)	(4.921.271)
	2019 DKK	2018 DKK
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	70.034.541	76.043.208
Transferred to reserve for net revaluation according to the equity method	110.082.998	(12.167.898)
Retained earnings	(70.205.574)	(25.620.360)
	109.911.965	38.254.950
Dividend distributed after the balance sheet date		
Extraordinary dividend	388.496.929	0

Notes to parent financial statements

	Investments in group enterprises DKK
4. Fixed asset investments	
Cost beginning of year	303.329.075
Additions	60.000
Cost end of year	303.389.075
Revaluations beginning of year	23.217.066
Share of profit/loss for the year	110.082.998
Dividend	(76.700.000)
Other adjustments	7.634.212
Revaluations end of year	64.234.276
Carrying amount end of year	367.623.351

5. Contingent liabilities

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed companies and from 01.07.2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

6. Transactions with related parties

Referring to section 98c(7) of the Danish Financial Statements Act, Nordic Bioscience Holding A/S has not disclosed any transactions with related parties.

Accounting policies

Reporting class

This annual report has been presented 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 cost of sales.

Accounting policies

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

Administrative costs

Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as 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 internal profits or losses.

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

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 gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as 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 losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

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 Entity is jointly taxed with all Danish subsidiaries. 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 over their remaining duration, and licences are amortised 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 as well as 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.

Accounting policies

Investments in group enterprises

Investments in group enterprises are recognised and measured 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 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 is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

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 under equity.

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

Other investments

Other investments comprise unlisted equity instruments measured at cost. Unlisted equity instruments are written down to any lower net realisable value.

Deferred tax

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Accounting policies

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Other investments

Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

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.

Minority interests

Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% 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.

Income tax receivable or payable

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

Deferred income

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

Accounting policies

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as 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 income taxes paid.

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, 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.