



Nordic Bioscience Holding A/S

Herlev Hovedgade 205
2730 Herlev
CVR No. 30511271

Annual report 2021

The Annual General Meeting adopted the
annual report on 31.05.2022

Henrik Sanders

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: 01.01.2021 - 31.12.2021

Board of Directors

Claus Henrik Christiansen, Chairman

Anders Bengt Martin Borg

Kugan Sathiyandarajah

Bente Juel Christiansen

Henrik Bernt Sanders

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 01.01.2021 - 31.12.2021.

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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 31.05.2022

Executive Board

Morten Asser Karsdal

Board of Directors

Claus Henrik Christiansen
Chairman

Anders Bengt Martin Borg

Kugan Sathyanandarajah

Bente Juel Christiansen

Henrik Bernt Sanders

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 01.01.2021 - 31.12.2021, 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 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's 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 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, 31.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen

State-Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue - Core	249,101	237,938	226,157	241,809	422,606
Revenue - Group	249,101	319,772	356,836	303,603	493,894
Gross profit/loss	217,229	255,911	280,764	245,141	445,887
Operating profit/loss	76,205	105,089	123,583	100,335	293,398
Net financials	(5,603)	(2,062)	(784)	17,782	22,305
Profit/loss for the year	52,284	79,632	110,982	38,255	289,728
Balance sheet total	252,515	288,570	452,963	360,962	800,473
Investments in property, plant and equipment	3,962	15,247	29,529	44,807	44,807
Equity	118,494	137,127	283,355	237,840	597,473
Equity excl. minority interests	118,494	136,416	282,390	237,840	597,473
Average number of employees	152	219	188	160	147
Ratios					
Net margin (%)	Infinity	Infinity	Infinity	Infinity	Infinity
Return on equity (%)	37,88	42.59	13.80	1,03	634.00
Equity ratio (%)	46.93	47.27	62.34	65.89	74.64

The financial highlights, include the activities of NBCD A/S and Sanos A/S in the period before 30 June 2020.

Revenue - Core, include revenue from Nordic Bioscience A/S and KeyBioscience AG.

Revenue - Group, include revenue from Nordic Bioscience A/S, KeyBioscience AG including the revenue from NBCD A/S and Sanos A/S in the period before 30 June 2020.

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

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Revenue

Return on equity (%):

$\frac{\text{Profit/loss for the year excl. minority interests} * 100}{\text{Average equity excl. minority interests}}$

Average equity excl. minority interests

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The Parent's activities comprise shareholding in subsidiaries that carry out R&D services, diagnostics, and drug development within the pharmaceutical sector.

The R&D service business provides pre-clinical and clinical data analysis in the Nordic Bioscience CLIA/CAP certified lab.

The diagnostics business is based on the unique biomarkers of Nordic Bioscience.

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.

In June 2020, the Group sold two legal entities conducting clinical research services. Consequently, the comparative figures for 2020 include six months of operations from these entities.

Development in activities and finances

The Group has continued its activities with an increased level of activity compared to 2020. As a result, the Group reached a gross profit of DKK 217.2 million and an operating profit of DKK 76.2 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) was DKK 82.3 million compared to DKK 121.0 million in 2020. The EBITDA development is specified as follows (DKKm):

	2021	2020	2019
R&D services provided	133,0	119,5	98,6
R&D services provided (entities sold June 30, 2020)	0,0	22,3	47,7
Biomarker-related one-time fee	0,0	0,0	0,0
Pharmaceutical projects, Net	<u>-50,7</u>	<u>-20,8</u>	<u>16,6</u>
SUM	82,3	121,0	162,6

Profit/loss for the year in relation to expected developments

The results are in line with the expectations that Management expressed in the annual report for 2020.

Outlook

Management expects the increase in earnings from core activities to continue in 2022. Furthermore, Management expects that earnings from own and third-party R&D activities will be able to fund the pharmaceutical projects entirely, even without further milestones or upfront payments.

Knowledge resources

The key to the Group's success is our +25 years of research in the ECM (Extracellular Matrix) and the development of diagnostic and therapeutic tools from insights of our more than 151 employees, whereby more than 140 are directly engaged in research and development activities. The Group seeks to foster a unique and competitive environment with the freedom to explore scientific ideas. We believe in publishing our scientific results and publish more than 50 scientific articles a year in the highest-ranking specialist journals.

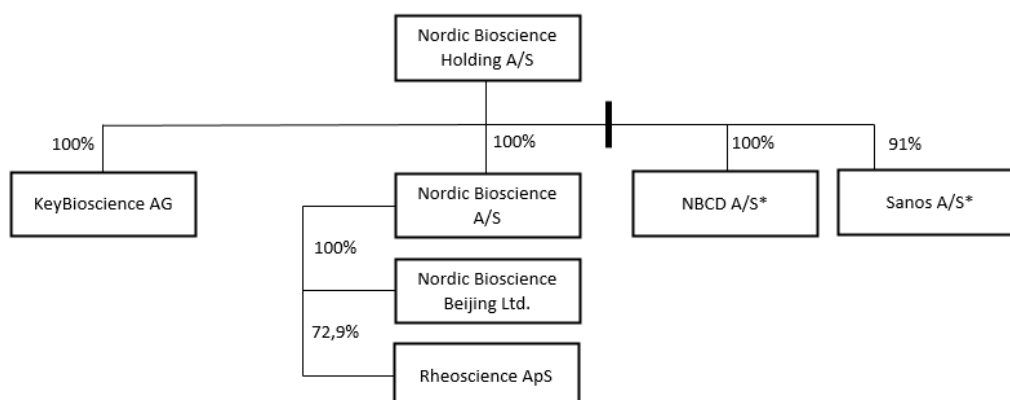
Environmental performance

We use a minimal number of products in our activities and limited quantities hereof, which could potentially damage the external environment. We find it very important to comply 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 for own and third parties within the pharmaceutical sector. The core activities are carried out in the entities Nordic Bioscience A/S and in KeyBioscience AG. The biochemical markers developed and commercialized in Nordic Bioscience A/S are typically used as aid in diagnosing or predicting disease development for various diseases, including response to various therapies. In KeyBioscience AG, the focus are on pharmaceutical projects with the aim to develop better treatments.

Group relations



* NBCD A/S and Sanos A/S were sold with effect from 30 June 2020.

Events after the balance sheet date

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

Parent treasury shares

	Number	Nominal value DKK	Share of contributed capital %	Purchase/ (selling) price DKK
Shares sold	22,714	22,714	0.40	1,410,991
Investments disposed of	22,714	22,714	0.40	
Shares beginning of year	22,714	22,714	0.40	
Shares sold	(22,714)	(22,714)	(0.40)	
Holding of treasury shares	0	0	0.00	

The above number of shares is before the share split of 1:100 done in March 2021.

Consolidated income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue		249,101,475	319,771,635
Production costs		(31,872,869)	(63,860,526)
Gross profit/loss		217,228,606	255,911,109
Research and development costs		(108,996,365)	(125,015,254)
Administrative expenses		(33,807,386)	(28,454,822)
Other operating income		1,780,035	2,647,536
Operating profit/loss		76,204,890	105,088,569
Other financial income		1,959,907	4,544,836
Other financial expenses		(7,563,120)	(6,607,139)
Profit/loss before tax		70,601,677	103,026,266
Tax on profit/loss for the year	2	(18,317,517)	(23,393,990)
Profit/loss for the year	3	52,284,160	79,632,276

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Acquired intangible assets		0	0
Intangible assets	4	0	0
Land and buildings		68,290,566	69,345,635
Other fixtures and fittings, tools and equipment		9,427,900	10,467,111
Leasehold improvements		0	0
Property, plant and equipment	5	77,718,466	79,812,746
Fixed assets		77,718,466	79,812,746
Raw materials and consumables		7,615,023	0
Inventories		7,615,023	0
Trade receivables		72,092,633	125,131,256
Contract work in progress		2,521,900	2,607,668
Other receivables		21,812,408	997,091
Joint taxation contribution receivable		3,528,485	2,839,645
Prepayments	6	217,078	0
Receivables		100,172,504	131,575,660
Other investments		0	9,564,827
Investments		0	9,564,827
Cash		67,009,217	67,616,455
Current assets		174,796,744	208,756,942
Assets		252,515,210	288,569,688

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		10,616,384	9,554,746
Retained earnings		52,877,375	126,861,212
Proposed dividend for the financial year		55,000,000	0
Equity belonging to Parent's shareholders		118,493,759	136,415,958
Equity belonging to minority interests		0	710,879
Equity		118,493,759	137,126,837
Deferred tax	7	821,185	594,669
Provisions		821,185	594,669
Mortgage debt		45,351,185	48,891,046
Other payables	8	0	6,192,323
Non-current liabilities other than provisions	9	45,351,185	55,083,369
Current portion of non-current liabilities other than provisions	9	3,275,000	3,275,000
Prepayments received from customers		49,021,687	48,090,148
Trade payables		14,868,551	11,727,989
Other payables	10	20,683,843	32,671,676
Current liabilities other than provisions		87,849,081	95,764,813
Liabilities other than provisions		133,200,266	150,848,182
Equity and liabilities		252,515,210	288,569,688
Staff costs	1		
Transactions with related parties	12		
Group relations	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2021

	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	126,861,212	0	136,415,958	710,879
Increase of capital	1,061,638	(1,061,638)	0	0	0
Sale of treasury shares	0	1,410,991	0	1,410,991	0
Extraordinary dividend paid	0	(75,004,747)	0	(75,004,747)	0
Exchange rate adjustments	0	2,848,477	0	2,848,477	0
Other entries on equity	0	538,920	0	538,920	(710,879)
Profit/loss for the year	0	(2,715,840)	55,000,000	52,284,160	0
Equity end of year	10,616,384	52,877,375	55,000,000	118,493,759	0

	Total DKK
Equity beginning of year	137,126,837
Increase of capital	0
Sale of treasury shares	1,410,991
Extraordinary dividend paid	(75,004,747)
Exchange rate adjustments	2,848,477
Other entries on equity	(171,959)
Profit/loss for the year	52,284,160
Equity end of year	118,493,759

Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		76,204,890	105,088,569
Operating profit/loss from discontinued operations		0	823,064
Amortisation, depreciation and impairment losses		6,055,881	15,465,837
Working capital changes	11	10,213,990	42,313,458
Sale of group enterprises (dividend)		0	57,608,976
Cash flow from ordinary operating activities		92,474,761	221,299,904
Financial income received		1,959,907	0
Financial expenses paid		(7,563,120)	(3,542,946)
Taxes refunded/(paid)		(19,490,718)	(25,588,118)
Cash flows from operating activities		67,380,830	192,168,840
Acquisition etc. of property, plant and equipment		(3,961,601)	7,676,510
Acquisition of fixed asset investments		0	(525,407)
Acquisition of enterprises		0	(6,112,517)
Cash flows from investing activities		(3,961,601)	1,038,586
Free cash flows generated from operations and investments before financing		63,419,229	193,207,426
Dividend paid		(75,004,747)	(226,849,555)
Sale of treasury shares		1,410,991	932,089
Mortgage debt raised/paid		(3,375,515)	(21,135,712)
Cash flows from financing activities		(76,969,271)	(247,053,178)
Increase/decrease in cash and cash equivalents		(13,550,042)	(53,845,752)
Cash and cash equivalents beginning of year		77,181,282	130,945,989
Currency translation adjustments of cash and cash equivalents		3,377,977	81,045
Cash and cash equivalents end of year		67,009,217	77,181,282

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

Cash	67,009,217	67,616,455
Securities	0	9,564,827
Cash and cash equivalents end of year	67,009,217	77,181,282

Notes to consolidated financial statements

1 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	78,831,237	103,189,817
Pension costs	4,961,144	5,420,184
Other social security costs	695,272	70,188
Other staff costs	3,545,114	2,039,061
	88,032,767	110,719,250
Average number of full-time employees	152	219

	Remuneration of Manage- ment 2021 DKK	Remuneration of Manage- ment 2020 DKK
Total amount for management categories	5,439,613	6,055,719
	5,439,613	6,055,719

2 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	18,283,584	21,414,891
Change in deferred tax	226,516	209,812
Adjustment concerning previous years	(192,583)	1,769,287
	18,317,517	23,393,990

3 Proposed distribution of profit/loss

	2021	2020
	DKK	DKK
Ordinary dividend for the financial year	55,000,000	0
Retained earnings	(2,715,840)	79,886,444
Minority interests' share of profit/loss	0	(254,168)
	52,284,160	79,632,276

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	(74,334,846)
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	Leasehold improvements DKK
Cost beginning of year	77,032,075	32,070,040	0
Transfers	700,150	(2,425,935)	1,725,785
Additions	617,600	3,344,001	0
Disposals	0	(4,800,403)	(145,580)
Cost end of year	78,349,825	28,187,703	1,580,205
Depreciation and impairment losses beginning of year	(7,686,440)	(21,602,930)	0
Transfers	(700,640)	2,426,425	(1,725,785)
Depreciation for the year	(1,672,179)	(4,383,701)	0
Reversal regarding disposals	0	4,800,403	145,580
Depreciation and impairment losses end of year	(10,059,259)	(18,759,803)	(1,580,205)
Carrying amount end of year	68,290,566	9,427,900	0

6 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

7 Deferred tax

	2021 DKK	2020 DKK
Intangible assets	0	(53,878)
Property, plant and equipment	1,261,185	1,088,547
Liabilities other than provisions	(440,000)	(440,000)
Deferred tax	821,185	594,669

Changes during the year	2021 DKK	2020 DKK
Beginning of year	594,669	(8,865,143)
Recognised in the income statement	226,516	209,812
Other adjustments	0	9,250,000
End of year	821,185	594,669

8 Other payables

	2021 DKK	2020 DKK
Holiday pay obligation	0	6,192,323
	0	6,192,323

9 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Mortgage debt	3,275,000	3,275,000	45,351,185	32,462,803
	3,275,000	3,275,000	45,351,185	32,462,803

Mortgage debt is secured by way of mortgage on properties at a book value of DKK 68,290,566.

10 Other payables

	2021 DKK	2020 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	9,168,089	9,070,987
Holiday pay obligation	8,570,931	2,923,136
Other costs payable	2,944,823	20,677,553
	20,683,843	32,671,676

11 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in inventories	(7,615,023)	0
Increase/decrease in receivables	37,263,553	40,269,136
Increase/decrease in trade payables etc.	(12,932,131)	(30,371,793)
Other changes	(6,502,409)	32,416,115
	10,213,990	42,313,458

12 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were carried out in the financial year.

13 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

14 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, CH	AG	100.0
Rheoscience ApS	Herlev, DK	ApS	72.90

Parent income statement for 2021

	Notes	2021 DKK	2020 DKK
Administrative expenses		(1,453,512)	(238,963)
Operating profit/loss		(1,453,512)	(238,963)
Income from investments in group enterprises		67,829,245	87,608,654
Other financial income	2	6,832,684	1,088,927
Other financial expenses	3	(25,297,487)	(8,479,403)
Profit/loss before tax		47,910,930	79,979,215
Tax on profit/loss for the year	4	4,373,230	(92,771)
Profit/loss for the year	5	52,284,160	79,886,444

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Investments in group enterprises		264,112,491	293,994,948
Financial assets	6	264,112,491	293,994,948
Fixed assets		264,112,491	293,994,948
Receivables from group enterprises		5,088,007	12,954,439
Other receivables		0	9,743
Tax receivable		26,021,922	19,375,516
Receivables		31,109,929	32,339,698
Other investments		0	9,564,827
Investments		0	9,564,827
Cash		5,172,296	0
Current assets		36,282,225	41,904,525
Assets		300,394,716	335,899,473

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		10,616,384	9,554,746
Translation reserve		2,905,588	57,111
Reserve for net revaluation according to equity method		0	3,445,298
Retained earnings		49,971,787	123,358,807
Proposed dividend for the financial year		55,000,000	0
Equity		118,493,759	136,415,962
Bank loans		0	569,476
Payables to group enterprises		181,842,957	167,279,702
Other payables		58,000	31,634,333
Current liabilities other than provisions		181,900,957	199,483,511
Liabilities other than provisions		181,900,957	199,483,511
Equity and liabilities		300,394,716	335,899,473

Staff costs	1
Contingent liabilities	7
Related parties with controlling interest	8
Transactions with related parties	9

Parent statement of changes in equity for 2021

	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	57,111	3,445,298	123,358,808	0
Increase of capital	1,061,638	0	0	(1,061,638)	0
Sale of treasury shares	0	0	0	1,410,991	0
Extraordinary dividend paid	0	0	0	(75,004,747)	0
Exchange rate adjustments	0	2,848,477	0	0	0
Other entries on equity	0	0	0	538,915	0
Profit/loss for the year	0	0	(3,445,298)	729,458	55,000,000
Equity end of year	10,616,384	2,905,588	0	49,971,787	55,000,000

	Total DKK
Equity beginning of year	136,415,963
Increase of capital	0
Sale of treasury shares	1,410,991
Extraordinary dividend paid	(75,004,747)
Exchange rate adjustments	2,848,477
Other entries on equity	538,915
Profit/loss for the year	52,284,160
Equity end of year	118,493,759

Notes to parent financial statements

1 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	1,240,001	110,002
	1,240,001	110,002

Average number of full-time employees	1	1
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	Remuneration of Manage- ment 2021 DKK	Remuneration of Manage- ment 2020 DKK
Total amount for management categories	1,240,001	110,002
	1,240,001	110,002

2 Other financial income

	2021 DKK	2020 DKK
Other interest income	6,832,684	910,991
Exchange rate adjustments	0	177,936
	6,832,684	1,088,927

3 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from group enterprises	18,905,623	7,965,700
Other interest expenses	6,380,847	513,703
Exchange rate adjustments	11,017	0
	25,297,487	8,479,403

4 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	(4,381,007)	(1,676,516)
Adjustment concerning previous years	7,777	1,769,287
	(4,373,230)	92,771

5 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Ordinary dividend for the financial year	55,000,000	0
Retained earnings	(2,715,840)	79,886,444
	52,284,160	79,886,444

6 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	300,116,897
Disposals	(514,001)
Cost end of year	299,602,896
Revaluations beginning of year	(6,121,949)
Exchange rate adjustments	2,848,477
Share of profit/loss for the year	67,829,245
Dividend	(100,000,000)
Other adjustments	(46,178)
Revaluations end of year	(35,490,405)
Carrying amount end of year	264,112,491

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

7 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.

8 Related parties with controlling interest

NB Herlev Holding ApS, Herlev

9 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were carried out in the financial year.

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).

Changes in accounting policies

The presentation of a few comparative figures has been restated. However, the restatement does neither affect the Company's results nor its equity.

Apart from the areas mentioned above, 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.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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).

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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, other fixtures and fittings, tools and equipment as well as leasehold improvements 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
Leasehold improvements	10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

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

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

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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

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

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

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.

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.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

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.