



Nordic Bioscience A/S

Herlev Hovedgade 205
2730 Herlev
CVR No. 30799968

Annual report 2021

The Annual General Meeting adopted the
annual report on 25.05.2022

Thomas Nielsen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2021	9
Balance sheet at 31.12.2021	10
Statement of changes in equity for 2021	12
Notes	13
Accounting policies	16

Entity details

Entity

Nordic Bioscience A/S
Herlev Hovedgade 205
2730 Herlev

Business Registration No.: 30799968
Date of foundation: 13.08.2007
Registered office: Herlev
Financial year: 01.01.2021 - 31.12.2021
Phone number: +45 44 52 52 52
E-mail: info@nordicbio.com

Board of Directors

Claus Henrik Christiansen
Bente Juel Christiansen
Thomas Nielsen

Executive Board

Morten Asser Karsdal

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nordic Bioscience 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations 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, 25.05.2022

Executive Board

Morten Asser Karsdal

Board of Directors

Claus Henrik Christiansen

Bente Juel Christiansen

Thomas Nielsen

Independent auditor's report

To the shareholders of Nordic Bioscience A/S

Opinion

We have audited the financial statements of Nordic Bioscience 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

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

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

- Identify and assess the risks of material misstatement of the 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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, 25.05.2022

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	271,014	252,312	212,800	223,964	157,062
Operating profit/loss	128,715	114,038	94,280	117,367	73,590
Net financials	(882)	(1,553)	(5,474)	(1,697)	(13,449)
Profit/loss for the year	104,796	93,354	74,292	76,336	51,068
Total assets	265,898	269,219	265,577	228,917	192,657
Investments in property, plant and equipment	3,962	7,124	22,044	5,028	3,452
Equity	117,731	113,378	120,093	104,801	78,446
Ratios					
EBIT margin (%)	47.49	45.20	44.30	52.40	46.85
Net margin (%)	38.67	37.00	34.91	34.08	32.51
Return on equity (%)	90.69	79.97	66.07	83.31	96.52
Equity ratio (%)	44.28	42.11	45.22	45.78	40.72

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

EBIT margin (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

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

Return on equity (%):

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

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The object of the Company is to operate within biotechnology and other related businesses, including to own subsidiaries and related investments.

Development in activities and finances

The Company's income statement for the year ended 31.12.2021 shows a profit of DKK 104,795,685 while the balance sheet shows equity of DKK 117,730,734 at 31.12.2021.

Profit/loss for the year in relation to expected developments

Profit before tax for the year ended 31.12.2021 was DKK 127,489,943 compared to DKK 112,155,978 the year before.

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

Outlook

The Company expects increased activities in 2022, resulting in increased revenue and earnings.

Knowledge resources

The key to the Company's success is our 25 years of research in the ECM (Extracellular Matrix). Our staff counts more than 150 employees, of whom more than 120 are directly engaged in the research and development activities. We seek 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-ranked 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 Company carries out research and development within the pharmaceutical sector. The activities are focused on biomarkers, with the vast majority being either formation or degradation of different collagens. The biomarkers are typically used to help diagnose or predict the development of various diseases.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Revenue		271,013,538	252,312,445
Production costs		(31,872,870)	(29,151,274)
Gross profit/loss		239,140,668	223,161,171
Research and development costs		(80,740,546)	(82,933,972)
Administrative expenses		(31,464,865)	(28,837,122)
Other operating income		1,780,035	2,647,536
Operating profit/loss		128,715,292	114,037,613
Income from investments in group enterprises		(343,440)	(328,238)
Other financial income	2	111	2,594
Other financial expenses		(882,020)	(1,555,991)
Profit/loss before tax		127,489,943	112,155,978
Tax on profit/loss for the year	3	(22,694,258)	(18,801,519)
Profit/loss for the year	4	104,795,685	93,354,459

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Land and buildings		68,290,566	69,345,145
Other fixtures and fittings, tools and equipment		9,427,900	10,467,600
Leasehold improvements		0	0
Property, plant and equipment	5	77,718,466	79,812,745
Investments in group enterprises		0	0
Financial assets	6	0	0
Fixed assets		77,718,466	79,812,745
Raw materials and consumables		7,615,023	0
Inventories		7,615,023	0
Trade receivables		72,092,633	118,444,702
Contract work in progress		2,521,900	2,607,668
Receivables from group enterprises		36,343,222	48,103,856
Other receivables		9,929,629	1,348,986
Prepayments	7	217,078	0
Receivables		121,104,462	170,505,212
Cash		59,459,735	18,900,839
Current assets		188,179,220	189,406,051
Assets		265,897,686	269,218,796

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		10,000,000	10,000,000
Retained earnings		7,730,734	3,378,479
Proposed dividend		100,000,000	100,000,000
Equity		117,730,734	113,378,479
Deferred tax	8	821,185	594,669
Provisions		821,185	594,669
Mortgage debt		45,351,185	48,636,704
Other payables		0	6,192,323
Non-current liabilities other than provisions	9	45,351,185	54,829,027
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		6,908,514	4,676,797
Payables to group enterprises		0	13,519,520
Joint taxation contribution payable		22,668,102	18,591,707
Other payables	10	20,121,279	12,263,449
Current liabilities other than provisions		101,994,582	100,416,621
Liabilities other than provisions		147,345,767	155,245,648
Equity and liabilities		265,897,686	269,218,796
Staff costs	1		
Contingent liabilities	11		
Assets charged and collateral	12		
Non-arm's length related party transactions	13		
Group relations	14		

Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	10,000,000	3,378,479	100,000,000	113,378,479
Ordinary dividend paid	0	0	(100,000,000)	(100,000,000)
Exchange rate adjustments	0	(443,430)	0	(443,430)
Profit/loss for the year	0	4,795,685	100,000,000	104,795,685
Equity end of year	10,000,000	7,730,734	100,000,000	117,730,734

Notes

1 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	77,591,236	71,667,503
Pension costs	4,961,144	4,144,166
Other social security costs	695,272	70,187
Other staff costs	3,545,115	1,762,978
	86,792,767	77,644,834
Average number of full-time employees	150	136

	Remuneration of Management 2020 DKK
Total amount for management categories	5,501,967
	5,501,967

Referring to section 98b (3) of the Danish Financial Statements Act, the Entity has decided not to disclose remuneration for Management etc in 2021.

2 Other financial income

	2021 DKK	2020 DKK
Other interest income	111	2,594
	111	2,594

3 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	22,668,102	18,591,707
Change in deferred tax	226,516	209,812
Adjustment concerning previous years	(200,360)	0
	22,694,258	18,801,519

4 Proposed distribution of profit and loss

	2021 DKK	2020 DKK
Ordinary dividend for the financial year	100,000,000	100,000,000
Retained earnings	4,795,685	(6,645,541)
	104,795,685	93,354,459

5 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	77,732,225	27,031,718	1,725,785
Additions	617,600	3,344,001	0
Disposals	0	(2,188,016)	(145,580)
Cost end of year	78,349,825	28,187,703	1,580,205
Depreciation and impairment losses beginning of year	(8,387,080)	(16,564,118)	(1,725,785)
Depreciation for the year	(1,672,179)	(4,383,701)	0
Reversal regarding disposals	0	2,188,016	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 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	43,005,669
Cost end of year	43,005,669
Impairment losses beginning of year	(43,005,669)
Exchange rate adjustments	(443,430)
Share of profit/loss for the year	(343,440)
Investments with negative equity value depreciated over receivables	786,870
Impairment losses end of year	(43,005,669)
Carrying amount end of year	0

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Nordic Bioscience Beijing Ltd.	Beijing, CN	Ltd.	100,0
Rheoscience ApS	Herlev, DK	ApS	72,9

7 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

8 Deferred tax

	2021 DKK	2020 DKK
Changes during the year		
Beginning of year	594,669	384,857
Recognised in the income statement	226,516	209,812
End of year	821,185	594,669

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

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	2,382,259	269,326
	20,121,279	12,263,449

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Nordic Bioscience Holding A/S serves as the administration company. 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Assets charged and collateral

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

13 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.

14 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Nordic Bioscience Holding A/S, Herlev

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 annual report has been presented applying the accounting policies consistent with last year.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

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. Property, plant and equipment, intangible assets, inventories and other nonmonetary assets that have been purchased in foreign currencies are translated using historical rates.

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 write-down. 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 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 write-down 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 costs comprise expenses 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.

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, net capital or exchange 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 or exchange 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.

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 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

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 according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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 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.

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

Prepayments

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

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.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been 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.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, the Entity has not prepared any cash flow statement, as such statement is included in the annual report of Nordic Bioscience Holding A/S.