

# Nordic Biotech Opportunity Fund K/S

Østergade 24 A, 1. tv., 1100 Copenhagen K

CVR no. 31 26 24 88

## Annual report 2022

Approved at the Company's annual general meeting

Chair of the meeting:

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*Lars Møller Andersen*

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## Statement by the General Partner

The General Partner has today discussed and approved the annual report of Nordic Biotech Opportunity Fund K/S for the financial year 1 January - 31 December 2022.

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

It is my opinion that the financial statements give a true and fair view of the Limited Partnership's financial position at 31 December 2022 and of the results of the Limited Partnership's operations for the financial year 1 January - 31 December 2022.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 30 May 2023

On behalf of the general partner, Nordic Biotech General Partner ApS:

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Florian Schönharting

## Independent auditor's report

To the Limited Partners and the General Partner of Nordic Biotech Opportunity Fund K/S

### Opinion

We have audited the financial statements of Nordic Biotech Opportunity Fund K/S for the financial year 1 January - 31 December 2022, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Limited Partnership at 31 December 2022 and of the results of the Limited Partnership's operations for the financial year 1 January - 31 December 2022 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Limited Partnership 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.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

## Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Limited Partnership'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 Limited Partnership'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 Limited Partnership to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 30 May 2023  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Peter Jensen  
State Authorised  
Public Accountant  
mne33246

## Management's review

### Limited Partnership details

Name	Nordic Biotech Opportunity Fund K/S
Address, zip code, city	Østergade 24 A, 1. tv., 1100 Copenhagen K
CVR no.	31 26 24 88
Registered office	Copenhagen
Financial year	1 January - 31 December
General Partner	Nordic Biotech General Partner ApS
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea
Lawyer	Mazanti-Andersen Amaliegade 10, 1256 Copenhagen, Denmark

## Management's review

### Operating review

#### Principal activities

The Limited Partnership was established on 31 January 2008 as a venture capital limited partnership focusing exclusively on follow-on investments in portfolio companies of Nordic Biotech K/S.

At 31 December 2022, the portfolio of the Limited Partnership included two investments not yet disposed of by the Limited Partnership. This is further described below.

#### Recognition and measurement uncertainties

The Limited Partnership measures all of its investments at fair value in accordance with the valuation guidelines recommended by Invest Europe (currently the IPEV valuation guidelines). The valuations in the annual report are subject to inherent uncertainty because they, among others, are based on assumptions that are to a wide extent judgmental.

The Limited Partnership's investment in Forward Pharma A/S has been valued based on the stock price of publicly traded ADSs representing shares in Forward Pharma A/S. The ADSs in Forward Pharma A/S have been delisted from Nasdaq New York on 28 December 2022 and now trades on an over-the-counter market.

#### Financial review

The income statement for 2022 shows a loss of DKK 38,875 thousand against a loss of DKK 5,233 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 21,756 thousand.

The activities for the year are significantly impacted by the negative fair value adjustment of the Limited Partnership's investment in Forward Pharma A/S amounting to DKK 38,752 thousand.

#### Operations

Nordic Biotech General Partner ApS participates in the Limited Partnership as a general partner and manages the Limited Partnership in this capacity. Further, the Limited Partnership has concluded an advisory agreement with Nordic Biotech Advisors ApS pursuant to which Nordic Biotech Advisors ApS attends to the daily operation of the Limited Partnership.

#### Investments

##### Forward Pharma A/S

Forward Pharma is a Danish biopharmaceutical company that commenced development in 2005 of FP187®, a proprietary formulation of DMF for the treatment of inflammatory and neurological indications. Forward Pharma granted to Biogen an irrevocable license to all of its IP through the Settlement and License Agreement and received from Biogen a non-refundable cash fee of \$1.25 billion in February 2017, with the return of EUR 917.7 million to shareholders through a capital reduction in September 2017.

##### Rose Pharma Inc

In connection with the final dissolution of Rose Pharma A/S the Limited Partnership received shares in NV Rose LLC, a company incorporated and domiciled in Bermuda. These shares were subsequently exchanged for shares in Rose Pharma Inc, a company incorporated and domiciled in the United States. The activities of Rose Pharma Inc comprise the development of a medical product that will improve the lives of irritable bowel syndrome sufferers by developing targeted treatments for acute pain.

## **Management's review**

### **Operating review**

#### **Outlook**

The Limited Partnership intends to continue its efforts to realise its remaining assets at optimal value.

#### **Events after the balance sheet date**

Subsequent to 31 December 2022, no events have occurred that would significantly impact the financial statements.

#### **Commercial and financial risks**

The Limited Partnership is, among others, dependent on the continued services of Nordic Biotech General Partner ApS and Nordic Biotech Advisors ApS.



## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK'000	2022	2021
	Other external costs	-115	-112
2	Fair value adjustment of investments in group entities and participating interests	-38,752	-5,110
	<b>Operating profit/loss</b>	<b>-38,867</b>	<b>-5,222</b>
	Financial expenses	-8	-11
	<b>Profit/loss for the year</b>	<b>-38,875</b>	<b>-5,233</b>
	<b>Recommended appropriation of profit/loss</b>		
	Distributions during the year	0	0
	Retained earnings	-38,875	-5,233
		<b>-38,875</b>	<b>-5,233</b>

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK'000	2022	2021
	<b>ASSETS</b>		
	Fixed assets		
2	Investments		
	Investments in participating interests	20,540	59,292
		20,540	59,292
	<b>Total fixed assets</b>	20,540	59,292
	<b>Non-fixed assets</b>		
	Cash in bank	1,282	1,413
	<b>Total non-fixed assets</b>	1,282	1,413
	<b>TOTAL ASSETS</b>	21,822	60,705
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
3	Limited partnership capital	102,680	102,680
	Retained earnings	-80,916	-42,041
	<b>Total equity</b>	21,764	60,639
	<b>Liabilities</b>		
	<b>Current liabilities</b>		
	Other payables	58	66
		58	66
	<b>Total liabilities</b>	58	66
	<b>TOTAL EQUITY AND LIABILITIES</b>	21.822	60,705

- 1 Accounting policies
- 4 Collateral
- 5 Related parties' transactions

## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK'000	Limited Partnership capital	Retained earnings	Total
Balance at 1 January 2021	102,680	-36,808	65,872
Distributions during the year	0	0	0
Profit/loss for the year	0	-5,233	-5,233
<b>Balance at 1 January 2022</b>	102,680	-42,041	60,639
Distributions during the year	0	0	0
Profit/loss for the year	0	-38,875	-38,875
<b>Balance at 31 December 2022</b>	102,680	-80,916	21,764

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Nordic Biotech Opportunity Fund K/S for 2022 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

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

#### Reporting currency

The financial statements are presented in Danish kroner.

#### Foreign currency translation

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

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

#### Income statement

##### Other external expenses

Other external expenses include fees to the General Partner (Nordic Biotech General Partner ApS), audit fees and other costs.

##### Dividend from equity investments in group entities and participating interests

Dividend from equity investments in group entities and participating interests (which solely include associates) are recognised at the time when the dividends are declared.

##### Fair value adjustment of equity investments in group entities and participating interests

Fair value adjustment of equity investments in group entities and participating interests (which solely include associates) are recognised in profit and loss as long as the fair value adjustments does not exceed the original cost price. Fair value adjustments in excess of the original cost price are recognised on a separate reserve on equity.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

As the individual limited partners include their profit or loss from the Limited Partnership in their respective income statements, the financial statements do not include taxes.

##### Fair Value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

##### Balance sheet

##### Equity investments in in group entities and participating interests

On initial recognition, equity investments in group entities and participating interests (which solely include associates) are measured at cost, and subsequently measured at fair value. Negative fair value adjustments for the year are recognised in the income statement under "Fair value adjustment of investments in group entities and participating interests", positive fair value adjustments are recognised on a separate reserve on equity.

The fair value is based on stock exchange quotation or principles corresponding to those recommended by Invest Europe (currently the IPEV valuation guidelines).

##### Cash in bank

Cash comprises bank balances.

##### Other payables

Other payables are measured at net realisable value.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 2 Investments

DKK'000	Investments in participating interests
Cost at 1 January 2022	1,334,971
Cost at 31 December 2022	1,334,971
Value adjustments at 1 January 2022	-1,275,679
Value adjustments for the year	-38,752
Value adjustments at 31 December 2022	-1,314,431
<b>Carrying amount at 31 December 2022</b>	<b>20,540</b>

The Limited Partnership's investment in Forward Pharma A/S has been valued based on the stock price of publicly traded ADSs representing shares in Forward Pharma A/S. The ADSs in Forward Pharma A/S have been delisted from Nasdaq New York on 28 December 2022 and now trades on an over-the-counter market.

The Limited Partnership's investment in Rose Pharma Inc has been valued at DKK 0 thousand due to uncertainty about the future earnings of the company.

#### Fair value disclosures

DKK	Unlisted shares, non-current assets
Fair value at year end	20,540
Value adjustments in the income statement	-38,752
Fair value level	3

DKK'000	2022	2021
<b>3 Limited partnership capital</b>		
The Limited Partnership capital consists of the following:		
101,652,720 A-kommanditist shares of DKK 1.00 each	101,653	101,653
1,026,795 B-kommanditist shares of DKK 1.00 each	1,027	1,027
	<u>102,680</u>	<u>102,680</u>

#### 4 Collateral

No collateral has been provided in any of the Limited Partnership's assets.

#### 5 Related parties transactions

The limited partnership has paid DKK 25 thousand to the General Partner, Nordic Biotech General Partner ApS, for the services provided by the General Partner.

# PENNEO

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"By my signature I confirm all dates and content in this document."

## The name is withheld

On behalf of the General Partner, Nordic Bioech General Partner ApS

Serial number: 3773be29-790b-4cbe-91d2-75bbfb9eddc

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2023-05-30 12:21:13 UTC



## Peter Jensen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:60017354

IP: 176.21.xxx.xxx

2023-05-30 12:24:58 UTC



## Lars Andersen

Chair of the meeting

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