

NB Public Equity K/S

Østergade 24A, 1. tv., 1100 Copenhagen

CVR no. 31761786

Annual report 2021

Approved at the Company's annual general meeting on 31th May 2022

Chair of the meeting:

Frederik Bernd Hasling
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Frederik B. Hasling

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Statement by General Partner

The General Partner has today discussed and approved the annual report of NB Public Equity K/S for the financial year 1 January - 31 December 2021.

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

In my opinion, the financial statements give a true and fair view of the financial position of the limited partnership at 31 December 2021 and of the results of the limited partnership's operations for the financial year 1 January - 31 December 2021.

Further, in my opinion, the Management's commentary gives a fair view of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

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

Copenhagen, 20th May 2022

On behalf of the general partner, NB Public Equity Komplementar ApS:



Vibeke Bisgaard Ackermann

Internal auditor's report

To the Limited Partners and General Partner of NB Public Equity K/S

Opinion

We have audited the financial statements of NB Public Equity K/S for the financial year 1 January - 31 December 2021, comprising the Income statement, balance sheet, statement of changes in equity and notes, including the 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 company's financial position at 31 December 2021 and of its financial performance for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statement Act.

Basis of opinion

We conducted our audit in accordance with the Financial Supervisory Authority's executive order on auditing of the Danish Labour Market Supplementary Pension Scheme, AES - the Labour Market Occupational Diseases Fund, LID - the Employees' Capital Pension Fund (LD) and in accordance with international auditing standards as well as additional requirements applicable in Denmark. These require that we comply with ethical requirements and plan and perform our audit to obtain a high degree of certainty that the financial statements are free from material misstatement.

The audit is planned and executed such that we have assessed the business processes and internal control procedures, including the risk management established by management relevant to the reporting process and significant business risks.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures performed depend on the auditor's judgement, including an assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making these risk assessments, we consider internal controls relevant to the company's preparation of the financial statements that give a true and fair view. The Purpose is to design auditing procedures that are appropriate for the circumstances. An audit also includes evaluating the appropriateness of the accounting policies determined by management, the reasonableness of the management's accounting estimates, and the overall presentation of the financial statements.

Our audit has covered the material aspects and areas of risk, and we believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management's commentary.

Our opinion on the financial statements does not cover the management's commentary, and we do not express any form of opinion on the management's commentary.

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

Furthermore, it is our responsibility to consider whether the management's commentary includes the information required in accordance with the Danish Financial Statements Act.

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Based on the work performed, we conclude that the management's commentary is in accordance with the Danish Financial Statements Act and that the information contained in the management's review is consistent with the financial statements. We have not identified any material misstatement in the management's commentary.

Copenhagen, 20th May 2022

A handwritten signature in black ink, appearing to read 'P U' followed by a long horizontal stroke that curves upwards at the end.

Per Graabæk Ventzel
Chief Audit Executive

Independent auditor's report

To the Limited Partners and General Partner of NB Public Equity K/S

Opinion

We have audited the financial statements of NB Public Equity K/S for the financial year 1 January - 31 December 2021, which comprise 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 December 2021 and of its financial performance for the financial year 1 January - 31 December 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.

General Partner's responsibilities for the financial statements

The General Partner 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 the General Partner 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, the General Partner 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 the General Partner 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 the General Partner.
- 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's commentary

The General Partner 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, 20th May 2022

Deloitte,

Statsautoriseret Revisionspartnerselskab

Central Business Registration no. 33963556



Bill Haudal Pedersen

State Authorised Public Accountant

Identification No (MNE) mne30131

Management's review

Company details

Name	NB Public Equity K/S
Address, postal code, city	Østergade 24A, 1. Tv., 1100 København K
CVR no.	31761786
Established	04.09.2008
Financial year	1 January - 31 December
Auditors	DELOITTE STATS AUTORISERET REVISIONSPARTNERSELSKAB Weidekampsgade 6, 2300 København S

Management commentary

Financial highlights

In '000 DKK	2021	2020	2019	2018	2017
Key figures					
Revenue	0	0	0	0	0
Operating profit/loss	-274,551	117,038	232,940	-5,298	175,746
Profit/loss before net financials	-767	-191	-88	-752	-400
Profit/loss for the year	-275,318	116,847	232,852	-6,050	175,346
Balance sheet total					
Total assets	991,937	1,267,251	145,383	358,871	900,730
Investments in property, plant and equipment	0	0	0	0	0
Equity	991,910	1,267,228	145,381	358,866	900,716
Financial ratios					
Return on equity	- 24%	17%	92%	-1%	21%
Average number of full-time employees					
Average number of full-time employees	0	0	0	0	0

Management commentary

Principal activities

NB Public Equity K/S (a limited partnership) was established on 4 September 2008 with the purpose of investing in publicly listed biotech companies that are involved in the development and/or sale of drugs or receive royalties or other payments related to such sales.

Financial review

The income statement for 2021 shows a loss of DKK 275,317,760 against a profit of DKK 116,847,081 last year, and the balance sheet at 31 December 2021 shows equity of DKK 991,909,966.

NB Public Equity K/S primary source of income is realised and unrealised gains on its investments.

The year 2021 turned out to be a turning point for biotech investments as the more than 10 year long bull market came to an end, as the monetary policy in most important currencies changed to a new and more contractive regime. This adjustment has been accelerated by rising inflationary pressure and is expected to continue into 2022 and 2023. Consequentially the positive refinancing and IPO market has come to a halt and an ongoing adjustment at company level is taking place broadly speaking. The portfolio of the limited partnership was partly hit by this trend and affected the limited exposure to cash flow negative investments. These investments have been terminated and per end of 2021 the limited partnership is almost entirely exposed to cash flow positive companies, with significant pipeline triggers as upside. The total exposure compared to the maximum draw down potential is low and remains below 50%, awaiting further significant downward corrections in the development intensive and cash consuming part of biotech before re-engaging in this segment of the biotech sector.

Operations

NB Public Equity Komplementar ApS participates in the limited partnership as a General Partner and is also the manager of the limited partnership.

Investments

The limited partnership has traded shares in a number of publicly listed companies.

Events after the balance sheet date

No events have occurred after the financial year end which could significantly affect the limited partnership's financial position

Commercial and financial risks

The limited partnership is focused on identifying rare investment opportunities that promise a return with limited loss potential. Returns are expected over the course of 2-4 years; hence it is too early to comment on recent additions. However, the long-term experience of this strategy has paid off with very limited losses realized over the period from inception of 2008 to date, and returns far in excess of the risk adjusted alternatives.

The limited partnership is exposed to general capital market fluctuations that affect the biopharmaceutical sector. Individual portfolio companies are furthermore subject to risks in the form of failure of key clinical development programs, disappointing product sales, disappointing royalties or other income streams, expiry of patents and generic competition, dilution of ownership by refinancing in poor capital markets, failure of management to be diligent while prudent and other general sector risks.

There is also a foreign exchange risk as the investments are in foreign currencies and as such subject to currency fluctuations

Management commentary

Estimated results for 2022

Biotech and pharma stock markets continue to be volatile; however, the expected long-term returns are expected to be positive. For 2022 there are many sources of volatility in the environment such as political stability or lack thereof, health care reform, price regulation, continuation of the covid pandemic and similar. In general, the degree of innovation that is able to produce strong clinical data and outcome, will determine the long-term returns and thus also affect 2022 positively.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2021	2020
	Fair value adjustments of other securities and investments	-274,551,266	117,037,807
	Operating profit/loss	-274,551,266	117,037,807
	Financial expenses	-766,494	-190,726
	Profit/loss for the year	<u>-275,317,760</u>	<u>116,847,081</u>
	Proposed profit appropriation/distribution of loss		
	Retained earnings	-275,317,760	116,847,081
		<u>-275.317.760</u>	<u>116,847,081</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	ASSETS		
	Current assets		
	Receivables		
	Receivables from NB Public Equity Komplementar ApS	20,741	23,000
	Dividend tax	713,973	0
		<u>734,714</u>	<u>23,000</u>
	Securities		
	Other securities and investments	662,409,525	1,266,695,127
	Cash in bank	328,792,428	532,599
	Total current assets	<u>991,936,667</u>	<u>1,267,250,726</u>
	TOTAL ASSETS	<u>991,936,667</u>	<u>1,267,250,726</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	3,885,000,000	3,885,000,000
	Distributions	-3,850,459,473	-3,850,459,473
	Retained earnings	957,369,439	1,232,687,199
	Total equity	991,909,966	1,267,227,726
	Liabilities		
	Current liabilities		
	Other payables	26,701	23,000
	Total current liabilities	26,701	23,000
	Total liabilities	26,701	23,000
	TOTAL EQUITY AND LIABILITIES	991,936,667	1,267,250,726

- 1 Accounting policies
- 2 Number of employees
- 3 Appropriation of profit/loss
- 4 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Called capital</u>	<u>Distributions</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2020	2,880,000,000	-3,850,459,473	1,115,840,118	145,380,645
Paid through cash calls	1,005,000,000	0	0	0
Transfer, see "Appropriation of profit/loss"	0	0	116,847,081	116,847,081
Equity at 1 January 2021	3,885,000,000	-3,850,459,473	1,232,687,199	1,267,227,726
Paid through cash calls	0	0	0	0
Transfer, see "Appropriation of profit/loss"	0	0	-275,317,760	-275,317,760
Equity at 31 December 2021	<u>3,885,000,000</u>	<u>-3,850,459,473</u>	<u>957,369,439</u>	<u>991,909,966</u>

Financial statements 1 January - 31 December

Notes

1 Accounting policies

The annual report of NB Public Equity K/S for 2021 has been prepared in accordance with the provisions applying to medium-sized reporting class C entities under the Danish Financial Statements Act.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, ATP.

Presentation currency

The financial statements are presented in Danish Kroner (DKK).

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 the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, 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 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

Fair value adjustment of other securities and investments

The item includes the year's fair value adjustment of other securities and investments.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. The items comprise interest realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies and interest income and expenses.

Tax for the year

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.

Financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective evidence that a receivable has been impaired.

Other securities and investments

On initial recognition, securities and investments are measured at cost. Securities and investments are subsequently measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

Cash in bank

Cash comprises bank balances.

Other payables

Other payables are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on equity	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
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Financial statements 1 January - 31 December

Notes

2 Number of employees

The entity has no employees (2020: 0 employees).

3 Appropriation of profit/loss

DKK	2021	2020
Retained earnings	-275,317,760	116,847,081
	<u>-275.317.760</u>	<u>116,847,081</u>

4 Related parties

NB Public Equity K/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Arbejdsmarkedets Tillægspension (ATP)	Denmark	Interest in Limited Partnership
NB Public Equity Komplementar ApS	Denmark	General Partner of the Limited Partnership

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Arbejdsmarkedets Tillægspension (ATP)	Denmark	www.atp.dk

Transactions with related parties

In accordance with the Limited Partnership agreement, the General Partner pays for certain administrative expenses, such as deposit fees, audit and legal fees, etc. on behalf of the limited partnership. During the year, the expenses amounted to DKK 315,604 (2020: DKK 293,334).

Called capital and distributions made to the limited partners are included in the statement of changes in equity.