



NB Herlev Holding ApS

Herlev Hovedgade 205
2730 Herlev
CVR No. 37126306

Annual report 2020

The Annual General Meeting adopted the
annual report on 26.07.2021

Thomas Nielsen

Chairman of the General Meeting

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Entity details

Entity

NB Herlev Holding ApS
Herlev Hovedgade 205
2730 Herlev

Business Registration No.: 37126306
Date of foundation: 20.09.2015
Registered office: Herlev
Financial year: 01.01.2020 - 31.12.2020

Executive Board

Thomas Nielsen, direktør

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of NB Herlev Holding ApS for the financial year 01.01.2020 - 31.12.2020

The annual report is presented in accordance with the Danish Financial Statements Act.

In my 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Herlev, 26.07.2021

Executive Board

Thomas Nielsen

direktør

Independent auditor's report

To the shareholders of NB Herlev Holding ApS

Report on the audit of the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of NB Herlev Holding ApS for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the 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 and 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.

Report on other legal and regulatory requirements**Violation of the provisions of the Danish Companies Act and the Danish Withholding Tax Act governing loan to shareholders and members of management**

Contrary to the Danish Companies Act, the Company has granted a loan to the shareholder by which Management may be held responsible. The loan with the addition of interest according to section 215 of the Danish Companies Act was fully repaid in 2021.

Upon payment, the Company did not comply with the Danish Withholding Tax Act by which Management may be held responsible.

Copenhagen, 26.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jan Larsen

State Authorised Public Accountant
Identification No (MNE) mne16541

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Gross profit/loss	324,212	280,764	222,652	(13)	(13)
Operating profit/loss	143,247	123,525	81,728	(13)	(13)
Net financials	671,123	(9,671)	(14,291)	0	0
Profit/loss for the year	753,375	70,817	5,403	(13)	(13)
Profit for the year excl. minority interests	738,011	49,538	(525)	(13)	(13)
Balance sheet total	1,080,711	570,263	514,289	79,466	75,750
Investments in property, plant and equipment	40,197	29,529	114,920	79,466	75,750
Equity	956,086	199,812	134,861	79,411	75,738
Equity excl. minority interests	931,732	146,914	91,146	79,411	75,738
Ratios					
Return on equity (%)	136.84	41.62	(0.62)	(0.02)	0.00
Equity ratio (%)	86.21	25.76	17.72	99.93	99.98

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

Return on equity (%):

Profit/loss for the year excl. minority interests * 100

Average equity excl. minority interests

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The activities of the Parent Company comprise shareholdings in other companies and related activity. The most material investment is in Nordic Bioscience Holding A/S which carry out research and development within the pharmaceutical sector.

The group's business activities

The Group was established in 2018 when the Company acquired the majority interest in Nordic Bioscience Holding A/S.

The main activities of the group are research and development within the pharmaceutical sector. The research and development are performed both for own and for third parties on contract basis and consist of both clinical and preclinical research.

For a more detailed description we refer to the consolidated financials of Nordic Bioscience Holding A/S

Profit/loss for the year in relation to expected developments

The Parent Company's income statement for the year ended 31.12.2020 shows a profit of DKK 738,101,546 and the balance sheet shows equity of DKK 931,732,456 at 31.12.2020. The result for the year is affected by the sale of the subsidiaries NBCD A/S and Sanos A/S.

The Group's income statement for the year ended 31.12.2020 shows a profit of DKK 753,374,807 and the balance sheet shows equity of DKK 956,086,371 at 31.12.2020.

The management expects earnings to be positive in 2021.

Uncertainty relating to recognition and measurement

Contained in the item "other investments with a total value of DKK 91,612,166 are investments in unlisted companies whose activities are related to a research and development project for medicine for osteoarthritis.

The investment is valued at cost.

Depending on the outcome of the development project, the value of this investment may differ in both positive and negative direction.

It is the management's assessment, that the development in the research and development project in the investment substantiates the book value per 31.12.2020.

Environmental performance

In our activities, we use a very limited number of products, and limited quantities hereof, which could potentially damage the external environment. We find it very important to be in compliance with or exceed all applicable environmental regulations and have a good and close relationship with the relevant authorities overseeing such activities.

Research and development activities

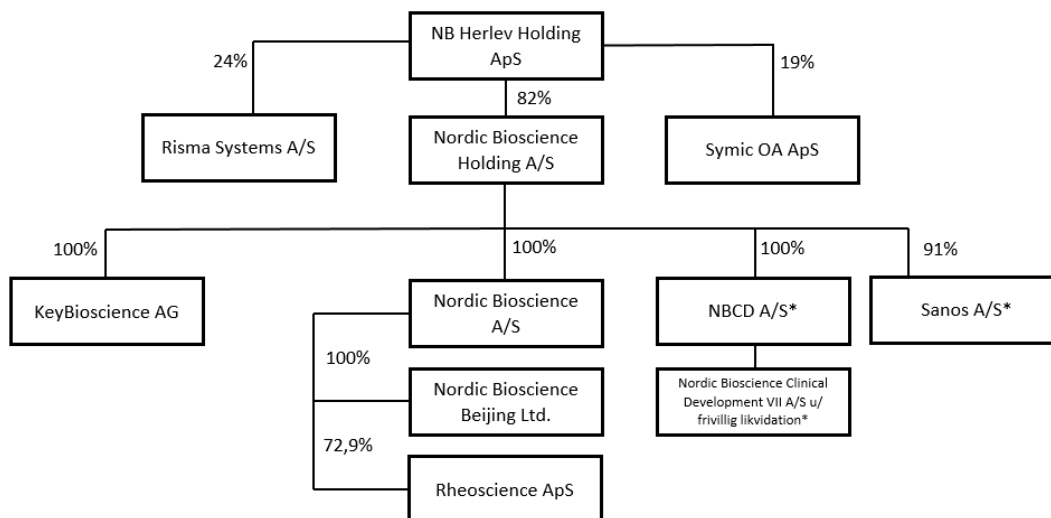
The Group carries out research and development within the pharmaceutical sector for own and third parties.

The activities of the division Nordic Bioscience Biomarkers & Research are activities focused on biochemical markers, which typically are used as aid in diagnosing or predicting disease development for various diseases.

The activities of NBCD A/S are focused on pharmaceutical projects aimed at developing.

The key to the Group's success is our 25 years of research in the ECM (Extracellular Matrix) and developing diagnostic and therapeutic tools from our insights with our more than 190 employees, whereby more than 150 are directly engaged in research and development activities. The Group seeks to foster a unique and competitive environment with freedom to explore scientific ideas. We believe in publishing our scientific results and publish more than 50 scientific publications a year in the highest ranked journals.

Group relations



NBCD A/S and Sanos A/S has with effect from december 10, 2020 been sold.

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.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		324,212,216	280,764,402
Research and development costs		(153,023,584)	(128,358,194)
Administrative expenses		(27,941,375)	(28,880,885)
Operating profit/loss		143,247,257	123,525,323
Income from investments in group enterprises		(36,017,567)	(33,188,738)
Income from other fixed asset investments		691,885,691	0
Other financial income	3	29,173,610	6,196,495
Other financial expenses	4	(49,936,779)	(15,867,613)
Profit/loss before tax		778,352,212	80,665,467
Tax on profit/loss for the year	5	(24,977,405)	(9,848,562)
Profit/loss for the year	6	753,374,807	70,816,905

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired intangible assets		0	8,325,717
Goodwill		81,039,526	117,057,093
Intangible assets	7	81,039,526	125,382,810
Land and buildings		69,345,635	109,314,917
Other fixtures and fittings, tools and equipment		10,467,111	24,860,872
Property, plant and equipment	8	79,812,746	134,175,789
Investments in associates		35,101,412	0
Other investments		91,612,166	1,465,965
Deferred tax	10	0	8,865,143
Financial assets	9	126,713,578	10,331,108
Fixed assets		287,565,850	269,889,707
Trade receivables		125,131,256	162,566,364
Other receivables		12,007,553	6,617,848
Receivables from owners and management	11	71,558,525	0
Receivables		208,697,334	169,184,212
Other investments		513,634,735	112,662,483
Investments		513,634,735	112,662,483
Cash		70,812,594	18,526,893
Current assets		793,144,663	300,373,588
Assets		1,080,710,513	570,263,295

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		2,167,035	2,167,035
Retained earnings		929,565,422	144,747,049
Equity belonging to Parent's shareholders		931,732,457	146,914,084
Equity belonging to minority interests		24,353,914	52,898,384
Equity		956,086,371	199,812,468
Deferred tax	10	594,669	0
Provisions		594,669	0
Mortgage debt		48,891,046	81,866,456
Non-current liabilities other than provisions	12	48,891,046	81,866,456
Current portion of non-current liabilities other than provisions	12	3,275,000	3,251,957
Trade payables		10,767,420	38,154,672
Payables to owners and management		0	204,363,984
Tax payable		525,555	11,576,279
Other payables		13,784,537	9,322,371
Deferred income	13	46,785,915	21,915,108
Current liabilities other than provisions		75,138,427	288,584,371
Liabilities other than provisions		124,029,473	370,450,827
Equity and liabilities		1,080,710,513	570,263,295
Uncertainty relating to recognition and measurement	1		
Staff costs	2		
Transactions with related parties	15		
Subsidiaries	16		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Equity belonging to Parent's shareholders DKK	Equity belonging to minority interests DKK	Total DKK
Equity beginning of year	2,167,035	144,747,049	146,914,084	52,898,384	199,812,468
Effect of divestments of entities etc.	0	46,807,824	46,807,824	0	46,807,824
Purchase of treasury shares	0	0	0	1,621,146	1,621,146
Ordinary dividend paid	0	0	0	(45,529,874)	(45,529,874)
Profit/loss for the year	0	738,010,549	738,010,549	15,364,258	753,374,807
Equity end of year	2,167,035	929,565,422	931,732,457	24,353,914	956,086,371

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		143,247,257	123,525,323
Amortisation, depreciation and impairment losses		(19,118,443)	38,976,470
Working capital changes	14	(251,368,045)	(118,618,403)
Cash flow from ordinary operating activities		(127,239,231)	43,883,390
Financial income received		(13,919,210)	(9,671,118)
Taxes refunded/(paid)		(30,563,065)	(3,506,689)
Cash flows from operating activities		(171,721,506)	30,705,583
Acquisition etc. of intangible assets		(345,901)	0
Acquisition etc. of property, plant and equipment		3,129,424	(29,529,156)
Acquisition of fixed asset investments		(127,026,736)	(100,000)
Acquisition of enterprises		(1,978,614)	0
Sale of group enterprises		820,436,608	0
Cash flows from investing activities		694,214,781	(29,629,156)
Free cash flows generated from operations and investments before financing		522,493,275	1,076,427
Dividend paid		(45,529,874)	(13,662,680)
Mortgage debt raised		(21,271,640)	50,625,362
Cash flows from financing activities		(66,801,514)	36,962,682
Increase/decrease in cash and cash equivalents		455,691,761	38,039,109
Cash and cash equivalents beginning of year		131,189,376	96,226,257
Currency translation adjustments of cash and cash equivalents		(2,433,808)	(3,075,990)
Cash and cash equivalents end of year		584,447,329	131,189,376

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

Cash	70,812,594	18,526,893
Securities	513,634,735	112,662,483
Cash and cash equivalents end of year	584,447,329	131,189,376

Notes to consolidated financial statements

1 Uncertainty relating to recognition and measurement

Contained in the item "other investments with a total value of DKK 91,612,166 are investments in unlisted companies whose activities are related to a research and development project for medicine for osteoarthritis.

The investment is valued at cost.

Depending on the outcome of the development project, the value of this investment may differ in both positive and negative direction.

It is the management's assessment, that the development in the research and development project in the investment substantiates the book value per 31.12.2020.

2 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	79,698,355	77,774,486
Pension costs	4,819,474	4,711,384
Other social security costs	393,164	412,829
	84,910,993	82,898,699
Average number of full-time employees	219	188

By reference to section 98b(3),(ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

3 Other financial income

	2020 DKK	2019 DKK
Fair value adjustments	29,173,610	6,196,495
	29,173,610	6,196,495

4 Other financial expenses

	2020 DKK	2019 DKK
Fair value adjustments	49,936,779	15,867,613
	49,936,779	15,867,613

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	31,876,798	17,989,161
Change in deferred tax	(8,668,680)	(7,498,805)
Adjustment concerning previous years	1,769,287	(641,794)
	24,977,405	9,848,562

6 Proposed distribution of profit/loss

	2020 DKK	2019 DKK
Retained earnings	738,010,549	49,537,938
Minority interests' share of profit/loss	15,364,258	21,278,967
	753,374,807	70,816,905

7 Intangible assets

	Acquired intangible assets DKK	Goodwill DKK
Cost beginning of year	49,645,725	180,087,835
Cost end of year	49,645,725	180,087,835
Amortisation and impairment losses beginning of year	(41,320,008)	(63,030,742)
Amortisation for the year	(8,325,717)	(36,017,567)
Amortisation and impairment losses end of year	(49,645,725)	(99,048,309)
Carrying amount end of year	0	81,039,526

8 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	112,567,531	33,567,056
Additions	15,094,295	25,102,308
Disposals	(50,629,751)	(26,599,324)
Cost end of year	77,032,075	32,070,040
Depreciation and impairment losses beginning of year	(3,252,614)	(8,706,184)
Depreciation for the year	(6,568,459)	(22,042,779)
Reversal regarding disposals	2,134,633	9,146,034
Depreciation and impairment losses end of year	(7,686,440)	(21,602,929)
Carrying amount end of year	69,345,635	10,467,111

9 Financial assets

	Investments in associates DKK	Other investments DKK	Deferred tax DKK
Cost beginning of year	0	1,465,965	8,270,474
Additions	35,101,412	91,612,166	0
Disposals	0	(1,465,965)	(8,270,474)
Cost end of year	35,101,412	91,612,166	0
Carrying amount end of year	35,101,412	91,612,166	0

Associates	Registered in	Ownership %
Risma Systems A/S	Herlev	24,0

Other investments	Registered in	Corporate form
Symic OA ApS	Herlev	ApS

10 Deferred tax

	2020 DKK	2019 DKK
Changes during the year		
Beginning of year	8,865,143	2,052,792
Recognised in the income statement	(9,459,812)	6,812,351
End of year	(594,669)	8,865,143

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

11 Receivables from owners and management

As of 31 December 2020, the receivable consist of a receivable against a shareholder of DKK 71,558 thousand. The receivable came after an error in settlement mid December 2020 of the payable which per 31. December 2019 amounted to DKK 202.741 thousand. The receivable carry an interest of 10,05% p.a. according to the applicable law. Interest charged for the year amounts to DKK 448 thousand. The balance has been fully repaid in 2021 when the error was identified.

12 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK
Mortgage debt	3,275,000	3,251,957	48,891,046
	3,275,000	3,251,957	48,891,046

Mortgage debt is secured by way of mortgage on properties at a book value of DKK 50.9 million.

13 Deferred income

Deferred income comprises income received for recognition in subsequent financial years.

14 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in receivables	(42,576,374)	(59,652,564)
Increase/decrease in trade payables etc.	(244,643,579)	(50,667,514)
Other changes	35,851,908	(8,298,325)
	(251,368,045)	(118,618,403)

15 Transactions with related parties

During the financial year, related party transactions have been conducted on an arm's length basis in addition to the above transactions.

16 Subsidiaries

	Registered in	Corporate form	Ownership %
Nordic Bioscience Holding A/S	Herlev	A/S	81,6

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Administrative expenses		(59,531)	(57,376)
Operating profit/loss		(59,531)	(57,376)
Income from investments in group enterprises		28,305,455	53,685,507
Income from other fixed asset investments		691,885,693	2,828,829
Other financial income	2	29,173,608	0
Other financial expenses	3	(5,961,775)	(8,886,723)
Profit/loss before tax		743,343,450	47,570,237
Tax on profit/loss for the year	4	(5,332,901)	1,967,702
Profit/loss for the year	5	738,010,549	49,537,939

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Investments in group enterprises		193,469,740	347,513,626
Investments in associates		35,101,412	0
Other investments		91,612,166	0
Financial assets	6	320,183,318	347,513,626
Fixed assets		320,183,318	347,513,626
Receivables from group enterprises		1,967,702	0
Other receivables		36,159,767	0
Tax receivable		0	1,967,702
Receivables from owners and management	7	71,558,525	0
Receivables		109,685,994	1,967,702
Other investments		504,069,908	0
Investments		504,069,908	0
Cash		3,196,138	243,388
Current assets		616,952,040	2,211,090
Assets		937,135,358	349,724,716

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		2,167,035	2,167,035
Retained earnings		929,565,422	144,747,049
Equity		931,732,457	146,914,084
Payables to owners and management		0	202,740,632
Joint taxation contribution payable		5,332,901	0
Other payables		70,000	70,000
Current liabilities other than provisions		5,402,901	202,810,632
Liabilities other than provisions		5,402,901	202,810,632
Equity and liabilities		937,135,358	349,724,716
Staff costs	1		
Contingent liabilities	8		
Transactions with related parties	9		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2,167,035	144,747,049	146,914,084
Effect of divestments of entities etc.	0	46,807,824	46,807,824
Profit/loss for the year	0	738,010,549	738,010,549
Equity end of year	2,167,035	929,565,422	931,732,457

Notes to parent financial statements

1 Staff costs

	2020 DKK	2019 DKK
Average number of full-time employees	0	0

2 Other financial income

	2020 DKK	2019 DKK
Fair value adjustments	29,173,608	0
	29,173,608	0

3 Other financial expenses

	2020 DKK	2019 DKK
Other interest expenses	5,961,775	8,886,723
	5,961,775	8,886,723

4 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	5,332,901	(1,967,702)
	5,332,901	(1,967,702)

5 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	738,010,549	49,537,939
	738,010,549	49,537,939

6 Financial assets

	Investments in group enterprises DKK	Investments in associates DKK	Other investments DKK
Cost beginning of year	672,398,061	0	0
Additions	18,722,214	35,101,412	91,612,166
Disposals	(15,000,000)	0	0
Cost end of year	676,120,275	35,101,412	91,612,166
Impairment losses beginning of year	(324,884,435)	0	0
Amortisation of goodwill	(36,017,567)	0	0
Share of profit/loss for the year	64,323,022	0	0
Dividend	(186,071,555)	0	0
Impairment losses end of year	(482,650,535)	0	0
Carrying amount end of year	193,469,740	35,101,412	91,612,166

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

Investments in associates	Registered in	Corporate form	Ownership %	Equity DKK	Profit/loss DKK
Risma Systems A/S	Herlev	A/S	24,0	1,572,000	(7,055,000)

Other investments	Registered in	Corporate form
Symic OA ApS	Herlev	ApS

7 Receivables from owners and management

As of 31 December 2020, the receivable consists of a receivable against the shareholder of DKK 71,558 thousand. The receivable came after an error in settlement mid December 2020 of the payable which per 31. December 2019 amounted to DKK 202.741 thousand. The receivable carry an interest of 10,05% p.a. according to the applicable law. Interest charged for the year amounts to DKK 448 thousand. The balance has been fully repaid in 2021 when the error was identified.

8 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

9 Transactions with related parties

During the financial year, related party transactions have been conducted on an arm's length basis in addition to the above transactions.

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).

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue from contracts concluded on performance of clinical studies as well as sale of other services is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year-end.

Contracts concluded on performance of clinical studies running over several financial years are recognised under the percentage-of-completion method as the studies progress.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Research and development costs

Research and development costs 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.

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.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

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

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

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.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other financial costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-7 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

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.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

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.

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.

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.

Deferred income

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

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.