

Glycom Manufacturing A/S

Limfjordsvej 4, 6715 Esbjerg N

CVR no. 37 20 77 13

Annual report 2020

Approved at the Company's annual general meeting on 2 July 2021

Chair of the meeting:

.....
Anders Glargaard





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Glycom Manufacturing A/S for the financial year 1 January - 31 December 2020.

The annual report is 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 Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Esbjerg, 2 July 2021
Executive Board:

.....
Jesper Mørk

Board of Directors:

.....
Joseph Maria Antonius
Arets
Chairman

.....
Anders Glargaard

.....
Jesper Mørk

Independent auditor's report

To the shareholder of Glycom Manufacturing A/S

Opinion

We have audited the financial statements of Glycom Manufacturing A/S for the financial year 1 January - 31 December 2020, which comprise 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 Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 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 the 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 Company in accordance with the International Ethics Standards Board for 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 rules and requirements.

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 Company'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 Company 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 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 the 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.

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 Company'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 Company'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 Company 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 Statement Act. We did not identify any material misstatement of the Management's review.

Esbjerg, 2 July 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised Public Accountant
mne21332

Søren Jensen
State Authorised Public Accountant
mne32733



Management's review

Company details

Name	Glycom Manufacturing A/S
Address, Postal code, City	Limfjordsvej 4, 6715 Esbjerg N
CVR no.	37 20 77 13
Established	5 November 2015
Financial year	1 January - 31 December
	Joseph Maria Antonius Arets, Chairman Anders Glargaard Jesper Mørk
Executive Board	Jesper Mørk
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Management's review

Financial highlights

DKK'000	2020 12 months	2019 12 months	2018 12 months	2017 12 months	2015/16 14 months
Key figures					
Gross profit	168,693	230,351	126,690	-19,998	-3,193
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	97,469	161,918	62,756	-59,629	-7,640
Operating profit/loss	41,157	107,044	11,064	-47,172	-6,659
Net financials	-9,562	-14,885	-19,746	-5,133	-1,031
Profit for the year	31,248	72,741	-6,158	-40,622	-5,998
Non-current assets	598,331	597,491	625,326	664,400	410,968
Current assets	282,766	293,319	75,225	28,727	25,474
Total assets	881,097	890,810	700,551	693,127	436,442
Share capital	111,516	111,516	111,516	111,516	74,350
Equity	471,417	440,169	367,428	354,978	179,127
Non-current liabilities	15,369	307,796	176,332	81,967	87,939
Current liabilities	394,311	142,845	156,791	256,182	169,376
Financial ratios					
Return on assets	4.6%	13.5%	1.6%	-8.4%	-1.5%
Equity ratio	53.5%	49.4%	52.4%	51.2%	41.0%
Average number of employees	97	91	85	73	47

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

Glycom Manufacturing A/S is part of the Glycom Group.

Glycom is dedicated to the scientific, clinical and commercial development of Human Milk Oligosaccharides (HMOs) for a broad range of health applications. Glycom is the world's leading HMO supplier and the only fully integrated HMO player with its own product development, preclinical and clinical development, regulatory team and large-scale production.

2020 was an exciting year for Glycom Manufacturing A/S, as we progressed well on all strategic parameters, not least the maturing of our production facility in Esbjerg, reaching higher than planned output, while achieving the expected production cost reductions a maturing organization can strive for. Product quality met or exceeded all applicable quality standards.

In 2020 the Glycom Group was acquired by DSM International B.V.

Financial review

The income statement for 2020 shows a profit of DKK 31,248 thousand against a profit of DKK 72,741 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 471,417 thousand. Management considers the Company's financial performance in the year satisfactory.

Knowledge resources

Glycom Manufacturing employs several highly skilled team members and retention of key employees and employee satisfaction are therefore important, and so is being able to attract new highly skilled employees.

Within Glycom Manufacturing production, the company relies on several technicians, engineers and other highly skilled employees, which are key to the running and continuous optimization of the production processes, and for the quality of our product. Across the production departments, employee surveys are regularly held to ensure a high level of employee satisfaction. At the latest employee satisfaction survey, a high employee satisfaction score was observed. Generally, a very low employee turnover rate has been maintained in Glycom Manufacturing.

Financial risks and use of financial instruments

Operational risks

Glycom Manufacturing's operational risk is mainly connected to its production facility in order to meet supply orders. To this end, it will be important to ensure that any process issues are efficiently resolved, and that there is minimum unplanned downtime in the factory. In terms of equipment failure risk, the vast majority of the equipment remain newly acquired or renovated during the reconfiguration of the plant. Strategic spare parts are also kept in stock should a failure occur. Appropriate service agreements and insurances are also maintained.

Financial risks

Given that the majority of Glycom Manufacturing's sale is made to customers abroad, the company's earnings, cash-flows and equity is influenced by the development in other currencies. The vast majority of the currency exposure is towards the euro, which is pegged to the Danish krone. For this reason, Glycom Manufacturing does not hedge against currency fluctuation as these are immaterial at current.

Furthermore, Glycom Manufacturing has significant exposure to the general interest rate as the majority of the company's loans have variable interest rates. As such, an increase in the general interest level would negatively affect the company.

Management's review

Impact on the external environment

Glycom Manufacturing's production takes place at its facility in Esbjerg. In the third full year of operation, Glycom Manufacturing A/S made several improvements within the environmental area. All the terms contained in the approvals related to Glycom Manufacturing A/S has been implemented and documented in 2020. Noise measurements have been completed with positive results and the company's waste-sorting has improved significantly with several waste fractions for recycling. Air pollution control has been completed with positive outcome.

The company's water and energy consumption were mapped for the entire production by process in order to get focus on improvement opportunities. Projects related to recycling of water from the largest consumption areas has intense focus and an energy project related to one of our biggest energy-consuming processes has been started. Glycom continues to have a very positive and constructive dialog with the all the relevant departments of The Danish Environmental Protection Agency about possible continuous improvements.

Research and development activities

Next generation HMO developments

Our expanded second-generation pipeline, which consist of 6 new HMOs has progressed significantly. Tech transfer from the lab to production in Esbjerg was completed in all material aspects as of 2020 for all 6 HMOs in our second generation. First commercial deliveries of second generation took place in 1H 2020.

Looking forward, the Glycom R&D team has already identified pathways to HMOs accounting for most of the HMO content in Human Milk. In the coming years we will continue to commercialize additional HMOs beyond our second-generation platform.

Non-infant HMO application development

Over the last 6 years Glycom has invested in clinical and preclinical studies to investigate the potential value of HMOs for use in ages above infants. The results of an extensive preclinical program have demonstrated that HMOs have a substantial opportunity to contribute to health in many new areas. Select application areas have been prioritized and Glycom's clinical trials in our first therapeutic area for HMOs, Irritable Bowel Syndrome, has shown substantial improvements for the patients.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Gross profit	168,693	230,351
2	Staff costs	-71,224	-68,433
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-56,312	-54,783
	Profit before net financials	41,157	107,135
4	Financial income	6,375	3,262
5	Financial expenses	-15,937	-18,147
	Profit before tax	31,595	92,250
6	Tax for the year	-347	-19,509
	Profit for the year	31,248	72,741

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Non-current assets		
7	Intangible assets		
	Acquired intangible assets	132	329
		132	329
8	Property, plant and equipment		
	Land and buildings	175,187	174,244
	Plant and machinery	360,809	395,596
	Fixtures and fittings, other plant and equipment	4,398	5,845
	Property, plant and equipment under construction	57,805	21,477
		598,199	597,162
	Total non-current assets	598,331	597,491
	Current assets		
	Inventories		
	Raw materials and consumables	14,042	13,050
	Work in progress	0	30,089
	Finished goods	41,338	0
		55,380	43,139
	Trade receivables	17,475	1,106
	Receivables from group enterprises	161,106	204,820
	Receivables from associates	0	33,637
	Other receivables	38,265	9,070
9	Prepayments	7,357	0
		224,203	248,633
	Cash	3,183	1,547
	Total current assets	282,766	293,319
	TOTAL ASSETS	881,097	890,810

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	111,516	111,516
	Retained earnings	359,901	328,653
	Total equity	<u>471,417</u>	<u>440,169</u>
	Liabilities		
	Non-current liabilities		
11	Deferred tax	15,369	15,022
	Mortgage debt	0	292,774
	Total non-current liabilities	<u>15,369</u>	<u>307,796</u>
	Current liabilities		
	Mortgage debt	0	24,259
	Bank debt	15	68,334
	Trade payables	32,797	32,077
	Payables to group enterprises	341,188	0
	Corporation tax payable	0	2,386
	Other payables	20,311	15,789
	Total current liabilities	<u>394,311</u>	<u>142,845</u>
		<u>409,680</u>	<u>450,641</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>881,097</u></u>	<u><u>890,810</u></u>

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties
- 14 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2020	111,516	328,653	440,169
14	Transfer, see "Appropriation of profit"	0	31,248	31,248
	Equity at 31 December 2020	<u>111,516</u>	<u>359,901</u>	<u>471,417</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Glycom Manufacturing A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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 Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Koninklijke DSM N.V.

Reporting currency

The financial statements are presented in thousand Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3-5 years
Buildings	10-20 years
Plant and machinery	10-15 years
Fixtures and fittings, other plant and equipment	3-10 years

Land is not depreciated.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with the parent company. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost, including finance expenses, less accumulated amortisation and impairment losses. Gains and losses on the sale of intangible assets are recognized in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains or losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The cost of self constructed assets includes the cost of direct materials and indirect materials, wages and salaries as well as finance expenses relating to specific and general borrowing directly attributable to the construction of the individual asset.

Gains and losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment is recognised in the income statement as "Other operating income" or "Other operating expenses".

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined considering marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost price.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.



Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2020	2019
2 Staff costs		
Wages/salaries	65,133	62,570
Pensions	5,372	4,918
Other social security costs	719	945
	<u>71,224</u>	<u>68,433</u>
The other staff cost at parent level represent costs capitalized as fixed assets.		
Average number of full-time employees	<u>97</u>	<u>91</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	197	274
Depreciation of property, plant and equipment	56,115	54,509
	<u>56,312</u>	<u>54,783</u>
4 Financial income		
Interest receivable, group entities	5,918	3,146
Exchange gain	457	116
	<u>6,375</u>	<u>3,262</u>
5 Financial expenses		
Interest expenses, group entities	2,567	136
Other interest expenses	11,447	13,320
Exchange losses	588	880
Financial fees and charges	1,335	3,811
	<u>15,937</u>	<u>18,147</u>
6 Tax for the year		
Estimated tax charge for the year	0	2,386
Deferred tax adjustments in the year	317	17,356
Tax adjustments, prior years	30	-233
	<u>347</u>	<u>19,509</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Acquired intangible assets
Cost at 1 January 2020	958
Cost at 31 December 2020	958
Impairment losses and amortisation at 1 January 2020	629
Amortisation for the year	197
Impairment losses and amortisation at 31 December 2020	826
Carrying amount at 31 December 2020	132

8 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2020	197,847	489,110	9,702	21,477	718,136
Additions	4,464	9,303	828	42,715	57,310
Disposals	0	-350	-15	0	-365
Transferred	6,387	0	0	-6,387	0
Cost at 31 December 2020	208,698	498,063	10,515	57,805	775,081
Impairment losses and depreciation at 1 January 2020	23,603	93,514	3,857	0	120,974
Depreciation	9,908	43,940	2,267	0	56,115
Reversal of accumulated depreciation and impairment of assets disposed	0	-200	-7	0	-207
Impairment losses and depreciation at 31 December 2020	33,511	137,254	6,117	0	176,882
Carrying amount at 31 December 2020	175,187	360,809	4,398	57,805	598,199

9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including compensation for consumption taxes, DKK 7,357 thousand.

10 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK'000	2020	2019	2018	2017	2015/16
Opening balance	111,516	111,516	111,516	74,350	500
Capital increase	0	0	0	37,166	73,850
	111,516	111,516	111,516	111,516	74,350

Financial statements 1 January - 31 December

Notes to the financial statements

11 Deferred tax

Deferred tax at 1 January	15,022	-3,306
Deferred tax adjustment for the year	317	17,356
Deferred tax adjustment prior year	30	972
Deferred tax at 31 December	<u>15,369</u>	<u>15,022</u>

Deferred tax relates to:

Intangible assets	29	72
Property, plant and equipment	25,584	19,814
Securities and investments	0	1,155
Inventories	90	0
Liabilities	0	-1,677
Tax loss	-10,334	-4,342
	<u>15,369</u>	<u>15,022</u>

12 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, DSM Nutritional Products Denmark ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2020 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

The Company has liabilities under operating leases for IT equipment and trucks totalling 221 tDKK, with remaining contract terms of 0-4 years.

13 Related parties

Glycom Manufacturing A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Glycom A/S	2970 Hørsholm, Denmark	100% Shareholder
DSM Nutritional Products Danmark ApS	2605 Brøndby, Denmark	Parent Company
DSM International B.V.	6411TE Herleen, Netherlands	Ultimate Parent Company

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
DSM International B.V.	6411TE Herleen, Netherlands	www.cvr.dk

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Notes to the financial statements

13 Related parties (continued)

Related party transactions

Glycom Manufacturing A/S was engaged in the below related party transactions:

DKK'000	2020	2019
Income from associate	0	343,998
Income from parent	6,960	6,325
Financial expenses to parent	-2,567	-136
Fees to parent	-7,450	-7,450
Financial expenses to associate	0	-190
Financial income from parent	5,918	3,146
Receivables from associates	0	33,637
Receivables from parent	161,106	204,820
Payables to parent	347,132	0

14 Appropriation of profit

Recommended appropriation of profit
Retained earnings

31,248	72,741
<u>31,248</u>	<u>72,741</u>