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# *Forward Pharma Operations ApS*

Strandvejen 125, DK-2900 Hellerup

## Annual Report for 2023

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CVR No. 38 75 75 04

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 30/5 2024

Frederik B. Hasling  
Chairman of the  
general meeting



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# Management's statement

The Executive Board has today considered and adopted the Annual Report of Forward Pharma Operations ApS for the financial year 1 January - 31 December 2023.

The Annual Report is 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 at 31 December 2023 of the Company and of the results of the Company operations for 2023.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Hellerup, 7 May 2024

**Executive Board**

Claus Bo Søndergaard Svendsen  
CEO

# Independent Auditor's report

To the shareholder of Forward Pharma Operations ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Forward Pharma Operations ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the 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 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 Company's internal control.

# Independent Auditor's report

- 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 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.

Hellerup, 7 May 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Bo Schou-Jacobsen

State Authorised Public Accountant

mne28703

Christian Bo Gjelstrup Pedersen

State Authorised Public Accountant

mne50612

## Company information

### **The Company**

Forward Pharma Operations ApS  
Strandvejen 125  
DK-2900 Hellerup

CVR No: 38 75 75 04

Financial period: 1 January - 31 December

Incorporated: 30 June 2017

Municipality of reg. office: Gentofte

### **Executive Board**

Claus Bo Søndergaard Svendsen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Revenue		546,952	724,020
Other external expenses		-2,888,555	-8,619,237
<b>Gross loss</b>		<b>-2,341,603</b>	<b>-7,895,217</b>
Income from investments in subsidiaries	2	-37,308	-19,399,610
Financial income	3	3,867,012	960,352
Financial expenses	4	-444,894	-687,940
<b>Profit/loss before tax</b>		<b>1,043,207</b>	<b>-27,022,415</b>
Tax on profit/loss for the year		0	0
<b>Net profit/loss for the year</b>		<b>1,043,207</b>	<b>-27,022,415</b>

### Distribution of profit

	2023	2022
	DKK	DKK
<b>Proposed distribution of profit</b>		
Retained earnings	1,043,207	-27,022,415
	<b>1,043,207</b>	<b>-27,022,415</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Investments in subsidiaries	5	0	39,284
<b>Fixed asset investments</b>		<b>0</b>	<b>39,284</b>
<b>Fixed assets</b>		<b>0</b>	<b>39,284</b>
Receivables from group enterprises		277,565,437	97,231,337
Other receivables		169,918	1,179,093
Prepayments		29,544	35,147
<b>Receivables</b>		<b>277,764,899</b>	<b>98,445,577</b>
<b>Cash at bank and in hand</b>		<b>24,348,842</b>	<b>206,623,925</b>
<b>Current assets</b>		<b>302,113,741</b>	<b>305,069,502</b>
<b>Assets</b>		<b>302,113,741</b>	<b>305,108,786</b>



# Balance sheet 31 December

## Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		50,000	50,000
Share premium account		0	373,034,312
Retained earnings		279,076,138	-95,001,381
<b>Equity</b>		<b>279,126,138</b>	<b>278,082,931</b>
Trade payables		552,803	400,685
Payables to group enterprises		22,434,800	26,625,170
<b>Short-term debt</b>		<b>22,987,603</b>	<b>27,025,855</b>
<b>Debt</b>		<b>22,987,603</b>	<b>27,025,855</b>
<b>Liabilities and equity</b>		<b>302,113,741</b>	<b>305,108,786</b>
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## Statement of changes in equity

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January 2023	50,000	373,034,312	-95,001,381	278,082,931
Transferred	0	-373,034,312	373,034,312	0
Net profit/loss for the year	0	0	1,043,207	1,043,207
<b>Equity at 31 December 2023</b>	<b>50,000</b>	<b>0</b>	<b>279,076,138</b>	<b>279,126,138</b>

	Share capital	Share premium account	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January 2022	50,000	373,034,312	-67,978,966	305,105,346
Net profit/loss for the year	0	0	-27,022,415	-27,022,415
<b>Equity at 31 December 2022</b>	<b>50,000</b>	<b>373,034,312</b>	<b>-95,001,381</b>	<b>278,082,931</b>

# Notes to the Financial Statements

## 1. Key activities

Forward Pharma Operations ApS (referred to herein as "Operations" or "the Company") is a limited liability company incorporated and domiciled in Denmark. Operations' registered office is located in Hellerup, Denmark. Operations is a wholly owned subsidiary of Forward Pharma A/S ("the Parent Company"). Operations' wholly owned subsidiary Forward Pharma GmbH ("FP GmbH") is under voluntary liquidation and has entered into debtor-in-possession proceedings. The Company's previous subsidiary Forward Pharma FA ApS ("FP FA") was voluntarily liquidated on 27 October 2023. The Parent Company and its directly and indirectly owned subsidiaries are referred to herein as the "Group".

## 2. Income from investments in subsidiaries

Impairment of investments in subsidiaries

	2023	2022
	DKK	DKK
	-37,308	-19,399,610
	<u>-37,308</u>	<u>-19,399,610</u>

## 3. Financial income

Interest received from group enterprises

Interest income

Exchange gains

	2023	2022
	DKK	DKK
	2,567,812	960,352
	1,105,974	0
	193,226	0
	<u>3,867,012</u>	<u>960,352</u>

## 4. Financial expenses

Interest paid to group enterprises

Other financial expenses

Exchange loss

	2023	2022
	DKK	DKK
	436,425	419,012
	2,910	145,081
	5,559	123,847
	<u>444,894</u>	<u>687,940</u>

## Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>5. Investments in subsidiaries</b>		
Cost at 1 January	330,193,536	330,193,536
Disposals for the year	<u>-700,000</u>	<u>0</u>
Cost at 31 December	<u>329,493,536</u>	<u>330,193,536</u>
Value adjustments at 1 January	-330,154,252	-310,754,642
Disposals for the year	698,024	0
Revaluations for the year, net	<u>-37,308</u>	<u>-19,399,610</u>
Value adjustments at 31 December	<u>-329,493,536</u>	<u>-330,154,252</u>
<b>Carrying amount at 31 December</b>	<u><b>0</b></u>	<u><b>39,284</b></u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership	Equity	Net profit/loss for the year
FP GmbH	Leipzig	100%	22,977,001	-455,235
			<u>22,977,001</u>	<u>-455,235</u>

FP GmbH, on 28 April 2022 submitted an application to the German insolvency court to enter into debtor in possession proceedings. As a result of FP GmbH entering into debtor-inpossession proceedings, the Company's investments in subsidiaries is recognised at zero.

# Notes to the Financial Statements

## 6. Contingent assets, liabilities and other financial obligations

### Contingent liabilities

The Company is part of a Danish joint tax group. Under Danish tax rules, the Company is jointly and severally liable, with other members of the Danish tax group, for the tax obligations of the Danish tax group. Any adjustments to the Danish tax group's taxable income could increase the Company's liability.

### Tax uncertainties

#### *Income tax audits in Denmark and Germany*

The Danish and German tax authorities conducted a joint income tax audit of the Group's Danish and German income tax returns covering multiple years through the year ended December 31, 2017. The joint income tax audit focused primarily on one intercompany transaction (the "Transaction") that occurred in 2017 between the Company and FP GmbH to ensure the Transaction was conducted at fair value as determined in accordance with generally accepted arm's length principles applicable to taxing cross-border transactions. The Danish and German tax authorities were unable to reach agreement as to whether the Transaction was conducted at fair value and terminated the joint income tax audit in the second quarter of 2021.

The income tax audit in Denmark concluded with no changes proposed to the Group's Danish tax filings. As discussed in more detail below, the German tax authorities disagree with FP GmbH's determination of the fair value of the Transaction, have taken the position that FP GmbH's 2017 taxable income was materially understated and have assessed additional taxes and interest that are material. An increase of FP GmbH's 2017 taxable income in Germany as discussed herein, without a corresponding offset to the Group's 2017 Danish tax filing, would result in double taxation.

FP GmbH is based in Leipzig (Germany) and therefore the German tax authorities have been represented by individuals from the local tax office in Leipzig and the German federal central tax office.

#### *Income tax audit in Germany*

During July 2022, FP GmbH received the tax audit report ("Report") from the German tax authorities in connection with the tax audit of FP GmbH's German tax filings covering multiple years through the year ended December 31, 2017. The Report represents the final findings of the German tax authorities. The Report alleges that the Transaction was not conducted at fair value (i.e., in line with the arm's length principle) and that FP GmbH's taxable income for the year ended December 31, 2017 was understated by 252.9 million EUR (1.9 billion DKK, based on the December 31, 2023 exchange rate). The tax obligation associated with an increase in FP GmbH's taxable income of 252.9 million EUR is 80.7 million EUR (601 million DKK, based on the December 31, 2023 exchange rate). The Company and FP GmbH disagree with the positions taken by the German tax authorities and assert that the Transaction was conducted at fair value, as determined in accordance with generally accepted arm's length principles, and no additional income taxes are due in Germany. FP GmbH, with the assistance from the Group's tax advisors, has responded to the Report arguing that the Transaction was conducted at fair value and why the positions taken in the Report by the German tax authorities are incorrect.

Subsequent to the receipt of the Report, FP GmbH received tax, interest and related municipality fee assessment notices (collectively, "Tax Levy") totaling 85.8 million EUR (639 million DKK, based on the December 31, 2023 exchange rate). The individual assessment notices were due and payable at various dates during the two-year period ended December 31, 2023.

# Notes to the Financial Statements

## 6. Contingent assets, liabilities and other financial obligations

In addition to the Tax Levy, beginning in July 2022, suspension interest charges will accrue on the Tax Levy at a rate of 0.5% per month. The amount of suspension interest that will accrue through the conclusion of the tax dispute in Germany cannot be estimated but could be material.

FP GmbH does not have sufficient liquidity or any other assets enabling it to pay the Tax Levy, accordingly, the Tax Levy was not paid when due and continues to accrue interest in accordance with the terms discussed above. FP GmbH submitted applications to the German tax authorities requesting suspension of payment of the Tax Levy and subsequently received notices (“Notices”) from the German tax authorities that such applications were accepted. The Notices provide FP GmbH with a temporary suspension of payment of the Tax Levy. The tax obligation computed based on the Report is significantly larger than the total assets of FP GmbH, accordingly, upon the receipt of the Report, FP GmbH was deemed insolvent. See below for the discussion regarding FP GmbH entering preliminary debtor-in-possession proceedings for more information about the insolvency of FP GmbH caused by the Tax Levy.

European, Danish and German tax regulations generally provide FP GmbH and the Company with several approaches to resolve their tax dispute with the German tax authorities. Such approaches include, initiating a Mutual Agreement Procedure (“MAP” (discussed further below)), submitting a formal objection (“Objection Proceeding”) to the assessment notices stemming from the Report to the Leipzig tax office’s administrative appeals tribunal, an independent body within the Leipzig tax office, and/or commence litigation against the German tax authorities (individually referred to as an “Approach”). Management intends to vigorously defend FP GmbH’s 2017 tax filing position and is prepared to take advantage of the most advantageous Approach to argue that the Transaction was conducted at fair value (i.e., at arm’s length) and no additional taxes are due in Germany.

An increase of FP GmbH’s 2017 taxable income in Germany as discussed above without a corresponding offset to the Danish joint tax groups’ 2017 Danish tax filing, would result in double taxation. Relief from double taxation can be obtained through entering into a MAP, comprising a government-to-government dispute resolution mechanism, a successful outcome from the Objection Proceeding or a successful outcome from litigation against the German tax authorities. If relief is sought through a MAP, double taxation will be eliminated; however, there is no assurance that a MAP would eliminate a net increase in the Danish joint tax group’s and FP GmbH’s combined total income tax expense. A net increase in the Group’s combined income tax expense could have a material negative effect on the Company’s financial position, results of operations and cash holdings.

A MAP application was submitted to the Danish and German tax authorities during July 2023 and the corresponding procedure was formally initiated on 20 September 2023, giving the Danish and German tax authorities until 20 September 2025 to resolve the double taxation through mutual agreement. If such mutual agreement is not reached by the deadline, which partly is at discretion of the authorities and taxpayers involved, an arbitration process is initiated involving mediators formally referred to as an advisory commission. This arbitration process will ultimately resolve the double taxation and is expected to last approximately one year.

After consultations with the Group’s tax advisors, management continues to believe that it is probable (i.e., more likely than not) that FP GmbH will not be required to pay additional income taxes to the German tax authorities upon the conclusion of the tax dispute with the German tax authorities. Such a determination is inherently subjective and, if it is incorrect, then FP GmbH may be subject to significant additional tax and other expenses that could have a material negative effect on FP GmbH.

# Notes to the Financial Statements

## 6. Contingent assets, liabilities and other financial obligations

At the conclusion of the tax dispute, if the German tax authorities are successful in enforcing the Tax Levy, in whole or in part, and if FP GmbH is unable to pay such obligation, there is the risk that the German tax authorities could commence litigation against the Group in Denmark to collect any unpaid portion of the Tax Levy. If such a claim were to be made against the Group, it would likely be time consuming to resolve, very costly to the Group to defend, and could have a material adverse effect on the Group's financial position, operating results and cash holdings.

Subject to the Danish joint tax group's ability to get relief from double taxation through a MAP, an increase in FP GmbH's taxable income would be taxed at the German effective tax rate of 31.9% while reducing the taxable income in Denmark that was taxed at 22.0%. FP GmbH has available tax loss carryforwards that could be used to partially mitigate an increase in FP GmbH's taxable income from a transfer pricing adjustment. Therefore, an increase in FP GmbH's taxable income, that is not covered by FP GmbH's tax loss carryforwards and not subject to minimum taxation rules in Germany, would result in a net increase in the combined income tax expense of FP GmbH and the Danish joint tax group at a rate of approximately 10 percentage points. Assuming FP GmbH's taxable income is increased by 252.9 million EUR, as set out in the Report, subject to the Danish joint tax group's ability to obtain relief from double taxation in Denmark of 55.6 million EUR (414 million DKK based on the December 31, 2023 exchange rate), it is estimated that the net increase in the Danish joint tax group's and FP GmbH's combined income tax expense, will be approximately 25.1 million EUR (187 million DKK based on the December 31, 2023 exchange rate) before applicable interest and/or penalties.

The cost to defend that the Transaction was conducted at fair value (at arm's length) and no additional taxes are due in Germany, individually, or in combination with any potential taxes, interest, and penalties due at the ultimate resolution of the tax dispute with the German tax authorities, could have a material adverse effect on the Group's financial position, operating results, and cash holdings.

The time period to ultimately settle the tax dispute with the German tax authorities discussed above, is currently unknown; however, management does not believe the dispute will conclude within the next twelve months and could be three years or longer before the matter is finally resolved.

### *FP GmbH enters preliminary debtor-in-possession proceedings*

In order to put the Group in the best position to defend the disputed tax filing position in Germany and protect the interests of the Company and FP GmbH, FP GmbH, on April 28, 2022, submitted an application to request that the German courts allow FP GmbH to enter into debtor-in-possession ("DIP") proceedings. DIP proceedings have been opened in a German insolvency court (the "Court") and are in the preliminary stage ("Preliminary DIP Proceedings") until the Court acts on FP GmbH's application to enter into DIP proceedings. At the time the Report was received, if FP GmbH was not in Preliminary DIP Proceedings, it was likely FP GmbH would have been forced into ordinary insolvency proceedings. While in Preliminary DIP Proceedings, FP GmbH's management continues to oversee the day-to-day operations of FP GmbH and retains the ability to manage a MAP, Objection Proceeding and/or litigation against the German tax authorities, while a Court-appointed representative ("Representative") monitors the activities of FP GmbH.

# Notes to the Financial Statements

## 6. Contingent assets, liabilities and other financial obligations

Management is unable to predict when or if the Court will approve FP GmbH's application to enter DIP proceedings ("Ordinary DIP Proceedings"). If FP GmbH enters into Ordinary DIP Proceedings, FP GmbH's management, under the supervision of the Representative, continues to oversee the day-to-day operations of FP GmbH; if Ordinary DIP Proceedings are rejected, FP GmbH would likely enter into ordinary insolvency proceedings, at which time a Court-appointed insolvency administrator would take over the day-to-day operations of FP GmbH and management would no longer have any oversight over FP GmbH. The loss of oversight over FP GmbH could negatively impact management's ability to defend FP GmbH's 2017 tax filing position and dispute the allegations made by the German tax authorities in the Report. Subject to the Court's determination regarding entry into Ordinary DIP Proceedings, management of FP GmbH intends to take all available steps to avoid entering into ordinary insolvency proceedings; however, the Court, in its sole discretion, will make the final determination whether or not FP GmbH's application to enter Ordinary DIP Proceedings is accepted. Avoidance of ordinary insolvency proceedings is not under the control of management.

At the conclusion of a MAP, Objection Proceeding and/or litigation against the German tax authorities, in the event FP GmbH is required and unable to pay a tax levy, FP GmbH would likely be deemed insolvent and insolvency proceedings would begin. Insolvency proceedings would likely lead to the orderly liquidation of FP GmbH and such proceedings would have a material negative effect on FP GmbH. In addition, as explained in more detail below, the insolvency of FP GmbH could expose the Group to claims made by a Court-appointed insolvency administrator and such claims could have a material negative effect on the Company's financial position, operating results, and cash holdings.

### *Financial reporting implications of FP GmbH entering into preliminary debtor-in-possession proceedings*

Under Preliminary DIP Proceedings and Ordinary DIP Proceedings, FP GmbH's management is obligated to put the interest of creditors before the interest of shareholders when overseeing the day-to-day operations of FP GmbH. In addition, while in Preliminary DIP Proceedings, or Ordinary DIP Proceedings, the Representative is assigned to supervise all the activities taken by FP GmbH's management while managing the affairs of FP GmbH. FP GmbH's management is obligated to consult with, and take advice from, the Representative when making operating decisions on behalf of FP GmbH. In the event FP GmbH's management fails to adhere to the advice of the Representative, FP GmbH's management can be held personally liable to the creditors of FP GmbH for damages that result from not adhering to the advice of the Representative. The threat of personal liability against FP GmbH's management safeguards the interest of FP GmbH's creditors and provides some assurance that FP GmbH's management will comply with the advice of the Representative. For financial reporting purposes, the prioritization of the interest of creditors in managing the affairs of FP GmbH, combined with the influence the Representative has on management's decision-making capabilities, in substance, limits management's decision-making ability resulting in the Group losing control over FP GmbH. As a consequence of management losing control of FP GmbH, upon FP GmbH entering Preliminary DIP Proceedings, Operations' investment in FP GmbH, totaling 19.4 million DKK, was deemed impaired resulting in Operations incurring a nonrecurring impairment loss of 19.4 million DKK ("Impairment Loss") in 2022.

## 7. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



# Notes to the Financial Statements

## 8. Accounting policies

The Annual Report of Forward Pharma Operations ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2023 are presented in DKK.

### Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

### Recognition and measurement

Revenues are recognised in the income statement as earned in accordance with International Financial Reporting Standard No.15 Revenues from Contracts with Customers. Furthermore, financial assets and liabilities are measured at fair value or amortized cost. Expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as adjustments related to changes in accounting estimates of amounts that have previously been recognised in the income statement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below under the caption "Balance Sheet."

### Translation policies

Transactions are measured in DKK

Transactions in foreign currencies are initially recorded by the Company using the spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated to DKK based on currency spot rates at each reporting date. Differences arising on settlement or translation of monetary items denominated in foreign currency are recognized in the income statement. The Company does not hedge foreign exchange transactions

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

## Income statement

### Revenue

#### Revenue

Revenue comprises of a Management fee charged to other Group entities. Management fee is recognized along with provision of the related services

### Other external expenses

Other external expenses comprise items of the main activities of the Company

# Notes to the Financial Statements

## Income from investments in subsidiaries

The item "Income from investments in subsidiaries" includes impairment of investments in subsidiaries.

## Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the result for the year is recognised in the income statement

The Company is part of a Danish joint taxation group with NB FP Investment General Partner ApS. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable income

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation or "uncertainty". An income tax position taken in a tax filing is reflected in determination of income taxes if it considered probable that the position can be sustained.

The Company's ability to generate taxable profits in the future is not assured; therefore, the Company's deferred tax assets at 31 December 2023 and 2022 do not meet the criteria for financial statement recognition.

## Balance sheet

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Prepayments

Prepayments include primarily prepaid insurance premiums.

### Deferred tax assets and liabilities

Deferred tax is provided based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized. Deferred tax assets and deferred tax liabilities of the same tax jurisdiction are offset if a legally enforceable right exists to set off

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

## Notes to the Financial Statements

Deferred tax relating to items recognized outside the profit or loss are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

### **Financial liabilities**

Other debts are measured at amortised cost, substantially corresponding to nominal value.