
FWP-fonden

Ole Bruuns Vej 8, DK-2920 Charlottenlund

Annual Report for 1 January - 31 December 2020

CVR No 39 07 47 88

The Annual Report was
presented and adopted at
the board of directors
Meeting on 21/4 2021

Morten Skjønnemand
Chairman of the General
Meeting



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Foundation Information	
Foundation Information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	14
Balance Sheet 31 December	15
Statement of Changes in Equity	17
Notes to the Financial Statements	18

Management's Statement

The Board of Directors has today considered and adopted the Annual Report of FWP-fonden 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 at 31 December 2020 of the Foundation and of the results of the Foundations operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

Charlottenlund, 21 April 2021

Board of Directors

Morten Skjønnemand
Chairman

Jann Saxtorph Haagaard

Jakob Mosegaard Larsen

Independent Auditor's Report

To the Board of Directors of FWP-fonden and Fondsmyndigheden

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Foundation at 31 December 2020 and of the results of the Foundations operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of FWP-fonden for the financial year 1 January - 31 December 2020, 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' 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

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

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 mis-

Independent Auditor's Report

statement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Foundations 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 Foundation 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 Foundations 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 Foundations 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the

Independent Auditor's Report

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, 21 April 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen

State Authorised Public Accountant

mne28703

Foundation Information

The Foundation

FWP-fonden
Ole Bruuns Vej 8
DK-2920 Charlottenlund

CVR No: 39 07 47 88
Financial period: 1 January - 31 December
Incorporated: 9 November 2017
Financial year: 3rd financial year
Municipality of reg. office: Gentofte

Board of Directors

Morten Skjønnemand, Chairman
Jann Saxtorph Haagaard
Jakob Mosegaard Larsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

The purpose of the Foundation

The object of the Foundation is - alone or through subsidiaries - to do business with ownership, administration, purchase, sale, licensing etc. of intellectual property rights, including through acquisitions of companies and other businesses with similar objects.

In connection with, or in continuation of, the incorporation of the Foundation, the Foundation shall through its wholly owned subsidiary FWP HoldCo ApS, fulfill the objects clause set out in article 3.1, using its base capital, acquire all outstanding shares in FWP IP ApS from the Founder. FWP IP ApS owns certain intellectual property rights licensed to Biogen Swiss Manufacturing GmbH and Biogen International Holding Ltd. ("Biogen") and Forward Pharma Operations ApS and the Founder's other fully owned subsidiaries. The Foundation shall at all times ensure that FWP HoldCo ApS and FWP IP ApS fulfil the obligations, which these companies have under the agreements, which these companies enter into.

Development in the year

The income statement of the Foundation for 2020 shows a loss of DKK 150,569, and at 31 December 2020 the balance sheet of the Foundation shows equity of DKK 4,483.727.

Recommendations on foundation governance

In the following the Board of Directors has commented on the specific recommendations from the Danish Committee on Foundation Governance.

Recommendation	The foundation complies	The foundation does not comply and explains
1. Transparency and communication		
1.1. It is recommended that the board of directors adopt guidelines for external communication, including who can make public statements on behalf of the foundation and on what matters. The guidelines should address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.	X	

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
2. Tasks and responsibilities of the board of directors		
2.1 Overall tasks and responsibilities		
2.1.1 It is recommended that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, at least once a year the board of directors take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.	X	
2.2 Chairman and vice-chairman of the board of directors		
2.2.1 It is recommended that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members individually and collectively.	X	
2.2.2 It is recommended that if, in addition to the position as chairman, in exceptional circumstances, the chairman of the board of directors is requested to perform specific operating functions for the commercial foundation, a board resolution be passed which ensures that the board of directors retains its independent, overall management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.	X	
2.3 Composition and organization of the board of directors		
2.3.1 It is recommended that the board of directors regularly assess and stipulate the competences that the board of directors is to possess in order to perform the tasks incumbent upon the board of directors as well as possible.	X	
2.3.2 It is recommended that, with due respect of any right in the articles of association to make appointments, the board of directors ensures a structured, thorough and transparent process for selection	X	

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
and nomination of candidates for the board of directors.		
<p>2.3.3 It is recommended that members of the board of directors are appointed on the basis of their personal qualities and competences taking into account the collective competences of the board and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity is considered in relation to commercial and grants experience, age and gender.</p> <p>2.3.4 It is recommended that in the management review in the annual report and on the commercial foundation's website, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:</p> <ul style="list-style-type: none"> •the name and position of the member, •the age and gender of the member, •date of original appointment to the board whether the member has been reelected, and expiry of the current election period, •any special competences possessed by the member, •other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks, •whether the member has been appointed by authorities/providers of grants etc., and •whether the member is considered independent. <p>2.3.5 It is recommended that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.</p>	<p>X</p> <p>X</p>	<p>The board members are also board members of the fully owned direct subsidiary FWP HoldCo ApS, CVR No. 39 10 47 84 and the fully owned indirect subsidiary FWP IP ApS, CVR No. 38 75 83 57. The board considers this well-founded in view of the purpose and operations of the foundation and its subsidiaries.</p>

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
2.4 Independence		
<p>2.4.1 It is recommended that an appropriate proportion of the board of directors be independent.</p> <p>If the board of directors (excluding employee representatives) is composed of up to four members, at least one member should be independent. If the board of directors is composed of between five and eight members, at least two members should be independent. If the board of directors is composed of nine to eleven members, at least three members should be independent, and so on.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> •be or within the past three years have been member of the executive board, or senior employee in the foundation, or a subsidiary or associated company to the foundation, •within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation, •within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company of the foundation, •be or within the past three years have been employed or partner at the external auditor, •have been a member of the board of directors or executive board of the foundation for more than 12 years, •have close relatives with persons who are not considered as independent, •is the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or •a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years have received significant donations from the foundation. 	X	

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
2.5 Appointment period		
<p>2.5.1 It is recommended that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.</p> <p>2.5.2 It is recommended that an age limit for members of the board of directors be set, which is published in the management review or on the foundation's website.</p>	X	<p>The members of the board of directors are in their first four-year election period. No current board member would be subject to any age limit that the board of directors would consider relevant before expiry of the current and the next election period prescribed by the articles of association of the foundation.</p>
2.6 Evaluation of the performance of the board of directors and the executive board		
<p>2.6.1 It is recommended that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually and the result is discussed by the board of directors.</p> <p>2.6.2 It is recommended that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.</p>	<p>X</p> <p>X</p>	

Management's Review

Recommendation	The foundation complies	The foundation does not comply and explains
3. Remuneration of management		
<p>3.1.1 It is recommended that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of a possible executive board be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.</p>	X	
<p>3.1.2 It is recommended that the annual financial statements provide information about the full remuneration received by each member of the board of directors and executive board (if relevant) from the commercial foundation and from other enterprises in the group. Furthermore there should be information on any other remuneration which members of the board of directors, except for employee representatives, have received for performing tasks for the foundation, subsidiaries of the foundation or enterprises in the same group as the foundation.</p>	X	

Management's Review

Strategy

Jakob Mosegaard Larsen

Gender: Male

Age: 48

Title: Lawyer

Board member of Nordic Biotech Advisors ApS, Health and Happiness Research Fonden, Advokatanpartsselskabet Mazanti-Andersen, Mazanti-Andersen Advokatpartnerselskab, Forward Pharma A/S and Forward Pharma FA ApS

Appointed by the founder, cf. clause 6.1 (a) of the articles of association. Not considered independent

Remunerated by the foundation and the subsidiaries: DKK 0

Jann Saxtorph Haagaard

Gender: Male

Age: 43

Title: Corporate Counsel

Appointed by Biogen, cf. clause 6.1 (b) of the articles of association. Independent

Remunerated by the foundation and the subsidiaries: DKK 0

Morten Skjønnemand, chairman

Gender: Male

Age: 57

Title: Lawyer

Appointed by the board of directors in accordance with clause 6.1 (c) of the articles of association.

Independent

Remunerated by the foundation and the subsidiaries: DKK 75,000 excluding VAT

All members were appointed at formation of the foundation effective 9 November 2017 for the four year election period provided by the articles of association.

Management's Review

Distributions

The Foundations annual profits, if any, as calculated pursuant to the Annual Accounts Act, with addition of distributable reserves and after deduction of mandatory reservations pursuant to the Annual Accounts Act and following a reasonable consolidation of the Foundation, shall be used for the following distribution purposes:

- a. To support independent research in prevention, diagnostics and treatment of chronic diseases in the nervous system, including multiple sclerosis and other neurodegenerative diseases.
- b. To support activities in Danish and foreign patient associations that are active in relation to chronic diseases in the nervous system, including multiple sclerosis and other neurodegenerative diseases.
- c. To support education of medical staff within chronic diseases in the nervous system, including multiple sclerosis and other neurodegenerative diseases.
- d. In limited part to support the establishment of early biotech companies with a base in Denmark.

The purposes stated in articles (a) to (c) shall be equal, whilst the purpose stated in article (d) shall be second thereto.

The annual profits shall be applied by the board of directors at its discretion, be it in the form of reservations, consolidation or distributions. The board of directors can resolve not to make distributions from the Foundation for one or more years and the board of directors is entitled to manage, fully or partly, the assets of the Foundation.

Statement of distribution policy

The Foundation has determined its distribution policy in May 2018. The distribution policy is in line with the charter as well as the articles of association of the Foundation and includes a review of the means by which distributions may be made.

The Foundation does not currently have reserves available for distributions and considers the current distribution policy to be appropriate and sufficient.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Other external expenses		-57,129	-81,136
Gross profit/loss		-57,129	-81,136
Staff expenses	1	-93,750	-93,750
Income from investments in subsidiaries		25,625	79,402
Profit/loss before financial income and expenses		-125,254	-95,484
Financial expenses		-25,140	-21,626
Profit/loss before tax		-150,394	-117,110
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-150,394	-117,110

Distribution of profit

Proposed distribution of profit

Reserve for net revaluation under the equity method	25,625	74,869
Retained earnings	-176,019	-191,979
	-150,394	-117,110

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Investments in subsidiaries	2	600,494	574,869
Fixed asset investments		600,494	574,869
Fixed assets		600,494	574,869
Cash at bank and in hand		3,945,283	4,128,177
Current assets		3,945,283	4,128,177
Assets		4,545,777	4,703,046

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Base Capital		5,000,000	5,000,000
Reserve for net revaluation under the equity method		100,494	74,869
Retained earnings		-616,592	-440,573
Equity		4,483,902	4,634,296
Trade payables		61,875	68,750
Short-term debt		61,875	68,750
Debt		61,875	68,750
Liabilities and equity		4,545,777	4,703,046
Contingent assets, liabilities and other financial obligations	3		
Accounting Policies	4		

Statement of Changes in Equity

	Base Capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	5,000,000	74,869	-440,573	4,634,296
Net profit/loss for the year	0	25,625	-176,019	-150,394
Equity at 31 December	5,000,000	100,494	-616,592	4,483,902

Notes to the Financial Statements

	2020 DKK	2019 DKK
1 Staff expenses		
Wages and salaries	93,750	93,750
	93,750	93,750
Including remuneration to the Board of Directors of: Board of Directors	93,750	93,750
	93,750	93,750
Average number of employees	0	0

The fee to the Board of Directors is paid to the chairman Morten Skjønnemand.

2 Investments in subsidiaries

Cost at 1 January	500,000	500,000
Cost at 31 December	500,000	500,000
Value adjustments at 1 January	74,869	-4,533
Net profit/loss for the year	25,625	79,402
Value adjustments at 31 December	100,494	74,869
Carrying amount at 31 December	600,494	574,869

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
FWP Holdco ApS	Copenhagen	50,000	100%
FWP IP ApS	Copenhagen	50,000	100%

3 Contingent assets, liabilities and other financial obligations

None

Notes to the Financial Statements

4 Accounting Policies

The Annual Report of FWP-fonden for 2020 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 accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 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. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all 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 reversals due to changed 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 Foundation, 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 Foundation, 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.

Income Statement

Other external expenses

Other external expenses comprise administrative expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Notes to the Financial Statements

4 Accounting Policies (continued)

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Equity

The fund's equity consists of original base capital, the unrestricted reserves and other reserves.

Notes to the Financial Statements

4 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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

Distributions

Distributions paid out

Distributions that have been adopted and paid out in accordance with the purpose of the Foundation at the balance sheet date are deducted from equity in connection with distribution of profit.

Distributions not yet paid out

Distributions that have been adopted in accordance with the purpose of the Foundation at the balance sheet date and have been announced to the recipients, but have not yet been paid out at the balance sheet date, are deducted equity in connection with distribution of profit and recognised as debt.

Distribution framework

At the meeting of the Board of Directors at which the Annual Report is adopted, the Board of Directors lays down a distribution framework in respect of the amount expected to be distributed. This amount is transferred from distributable reserves to the distribution framework. Concurrently with being an-

Notes to the Financial Statements

4 Accounting Policies (continued)

nounced to the recipients, the distribution amounts are paid out, or they are transferred to debt or, in rare cases, to provisions relating to distributions.

Provisions relating to distributions

In case of distributions which have been announced to the recipient and which are conditional upon one or more events taking place at the recipient, the obligation may be uncertain as to amount or time of payment. Such items are recognised in provisions relating to distributions.