

Novo Nordisk Research Center Gladsaxe ApS

Novo Alle 1, 2880 Bagsværd

CVR no. 39 11 93 74

Annual report 2023

Approved at the Company's annual general meeting on 24 June 2024

Chairman of the meeting:

.....
Cathrine Wenzzel

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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 Novo Nordisk Research Center Gladsaxe ApS for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

It is proposed to the annual general meeting that the financial statements for 2024 should not be audited.

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

Copenhagen, 24 June 2024
Executive Board:

.....
Trine Haastrup

Board of Directors:

.....
Peter Bøggild
Chairman

.....
Kristine Aachmann Bethe

The general meeting has decided that the financial statements for the coming financial year will not be audited.

Independent auditor's report

To the shareholders of Novo Nordisk Research Center Gladsaxe ApS

Opinion

We have audited the financial statements of Novo Nordisk Research Center Gladsaxe ApS for the financial year 1 January - 31 December 2023, 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 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.

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' 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.

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.
- ▶ 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 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.

Copenhagen, 24 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Rasmus Bloch Jespersen
State Authorised Public Accountant
mne35503

Management's review

Company details

Name	Novo Nordisk Research Center Gladsaxe ApS
Address, Postal code, City	Novo Alle 1, 2880 Bagsværd
CVR no.	39 11 93 74
Established	28 November 2017
Financial year	1 January - 31 December
Board of Directors	Peter Bøggild, Chairman Kristine Aachmann Bethe
Executive Board	Trine Haastrup
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

Embark Biotech ApS was founded in 2017 and is a spin-out from the University of Copenhagen. The Company is a biotech start-up developing strategies for treating metabolic diseases and eating disorders.

In 2023, the Company has sold and transferred all assets and activities, as described further below. At 31 December 2023, the Company has no active operations.

Financial review

The income statement for 2023 shows a profit of DKK 395,475 thousand against a loss of DKK 8,830 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 405,585 thousand.

De-merger and transfer of certain intangible rights and activities to Embark Laboratories ApS

In July 2023, the Company carried out a taxable de-merger. As part of the de-merger transaction, the Company transferred certain business activities and related assets and liabilities, including certain patent rights and know-how to Embark Laboratories ApS. As part of the de-merger, net assets with a carrying value of DKK 8,799 thousands including income tax effect, were transferred and has been recognized as de-merger transaction in the statement of shareholders equity.

In the income statement, the de-merged activities are presented as discontinued operations and comparative figures are restated accordingly. Other operating income, expenses, financial expenses, and tax relating to discontinued operations are disclosed in the notes. At 31 December 2023, there are no assets and relating liabilities in respect of discontinued operations on the balance sheet and no restatement of comparative figures on the balance sheet have made.

Settlement of convertible loans

In August 2021, the Company entered into a convertible loan with a principal amount of DKK 10,000 thousands. The convertible loan included several conversion and repayment features, including repayment upon an 'exit event'. In August 2023, the loan was repaid upon an 'exit event'. As a consequence of the repayment mechanism applied upon repayment in an exit event, the Company recognized a fair value adjustment of DKK -7,053 thousands, recognized in financial expenses.

Transfer of remaining activities

Subsequent to the de-merger, the remaining assets and operations of the Company was transferred to a group company resulting in a gain of DKK 514,961 thousands recognized in other operating income.

Treasury shares

The Company's acquisition of treasury shares was based on a resolution passed by the general meeting of shareholders with the purpose of accommodating a former investor's wish to divest. At 31 December 2022 the Company had acquired 1,031 treasury shares of nominal DKK 1 each, equivalent to 2 % of the Company's share capital. In March 2023, the 1,031 treasury shares were sold at an aggregate sales price of DKK 350 thousands, which is recognized in the statement of equity.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2023	2022	
	7	Administrative expenses	-197	-60
		Operating profit/loss	-197	-60
	2	Other operating income	514,961	0
		Profit/loss before net financials	514,764	-60
	3	Financial income	2,053	0
	4	Financial expenses	-9,260	-2,133
		Profit/loss from continuing operations before tax	507,557	-2,193
	5	Tax for the year	-111,353	0
		Profit/loss for the year from continuing operations	396,204	-2,193
	5.6	Profit/loss after tax from discontinued operations	-729	-6,637
		Profit/loss for the year	395,475	-8,830
		Recommended appropriation of profit/loss		
		Proposed dividend recognised under equity	405,000	0
		Retained earnings/accumulated loss	-9,525	-8,830
			395,475	-8,830

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	516,985	0
	Corporation tax receivable	0	1,153
	Other receivables	0	348
		516,985	1,501
	Cash	3	6,276
	Total non-fixed assets	516,988	7,777
	TOTAL ASSETS	516,988	7,777
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	52	52
	Retained earnings	533	-5,941
	Dividend proposed	405,000	0
	Total equity	405,585	-5,889
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Convertible debt facilities	0	8,608
	Other payables	0	488
		0	9,096
	Current liabilities other than provisions		
	Conversion option	0	3,762
	Trade payables	50	352
	Corporation tax payable	111,353	0
	Payables to shareholders and management	0	142
	Other payables	0	314
		111,403	4,570
	Total liabilities other than provisions	111,403	13,666
	TOTAL EQUITY AND LIABILITIES	516,988	7,777

- 1 Accounting policies
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Dividend proposed	Total
Equity at 1 January 2022	52	2,889	0	2,941
Transfer through appropriation of loss	0	-8,830	0	-8,830
Equity at 1 January 2023	52	-5,941	0	-5,889
De-merger transaction	0	-8,799	0	-8,799
Sale of treasury shares	0	350	0	350
Contribution from group	0	24,448	0	24,448
Transfer through appropriation of profit	0	-9,525	405,000	395,475
Equity at 31 December 2023	52	533	405,000	405,585

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Novo Nordisk Research Center Gladsaxe ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

As result of the de-merger transaction carried out in 2023, de-merged activities are treated as discontinued operations and presented in a separate line item in the income statement. Comparative figures are restated accordingly.

Reporting currency

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

Intra-group business combinations

The book value method is applied to de-mergers in which entities controlled by the parent company are involved without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the divested net assets, adjusted for tax on patents and know-how are recognised directly in equity.

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.

Public grants

Public grants to cover expenses are recognised in discontinued operations as other operating income when it is deemed likely that all grant criteria have been met. Grants which must be repaid under certain circumstances are recognised only where they are not expected to be repaid.

Income statement

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of intangible assets.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from company participants, realised and unrealised capital gains and losses relating to investments, exchange gains and losses, amortisation of financial assets and liabilities, and fair value adjustments of conversion/repayment options.

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.

Balance sheet

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 discontinued operations. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Receivables

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

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired.

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.

Cash

Cash comprises bank deposits.

Discontinued operations

Discontinued operations comprise the activities disposed of upon the de-merger that was executed in 2023.

The profit/loss from discontinued operations after tax is presented in a separate line item in the income statement. Comparative figures are restated accordingly. Other operating income, expenses, financial expenses, and tax relating to discontinued operations are disclosed in the notes. At 31 December 2023, there are no assets and relating liabilities in respect of discontinued operations on the balance sheet and no restatement of comparative figures on the balance sheet have been made.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Treasury shares

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Capital contributions without considerations within a group

Capital contributions received from a parent company are recognised under "Retained earnings in equity" in the balance sheet.

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 materialise 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

The Company has chosen IAS 39 as interpretation for 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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Convertible loans

Convertible debt are initially separated into a debt component and a conversion option. The debt component is measured at amortized cost and the conversion option is measured at fair value through profit or loss.

On initial recognition, the difference between the fair value of the liability component and the total proceeds is allocated to the conversion option. The conversion option is classified as a derivative liability, as it is not convertible into a fixed number of shares for a fixed amount of cash. Subsequent to initial recognition, the conversion option is accounted for as a derivative and thus, it is measured at fair value through profit or loss. Any gains or losses on the conversion option is recognized as part of financial items. The transaction costs are allocated to each component of the loan.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

DKK'000	2023	2022
2 Other operating income		
Gain on sale of intangible assets to group companies	514,961	0
	514,961	0

Special items included in other operating income

Subsequent to the de-merger, the remaining assets and operations of the Company were transferred to a group company resulting in a gain of DKK 514,961 thousands recognized in other operating income.

3 Financial income		
Interest on receivables from group entities	2,049	0
Other financial income	4	0
	2,053	0

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2023	2022
4 Financial expenses		
Interest on convertible loan	2,207	1,269
Fair value adjustment of embedded derivative	7,053	864
	9,260	2,133

In August 2021, the Company entered into a convertible loan with a principal amount of DKK 10,000 thousands. The convertible loan included several conversion and repayment features, including repayment upon an 'exit event'. In August 2023, the loan was repaid upon an 'exit event'. In consequence of the repayment mechanism applied upon repayment, the Company recognized a fair value adjustment of DKK -7,053 thousands in financial expenses.

5 Tax for the year		
Estimated tax charge for the year	107,897	-1,153
	107,897	-1,153

Specified as follows:

Tax on continuing operations	111,353	0
Tax on discontinued operations, see note 6	-3,456	-1,153
	107,897	-1,153

6 Loss from discontinued operations

In July 2023, the Company carried out a taxable de-merger. As part of the de-merger transaction, the Company transferred certain business activities, which have been presented as discontinued operations. Profit and loss from discontinuing operation is broken down on main items below:

DKK'000	2023	2022
Administrative expenses	-264	-448
Research and development expenses	-4,074	-7,674
Other operating income	154	379
Financial expenses	-1	-47
Loss before tax	-4,185	-7,790
Tax on profit/loss	3,456	1,153
Loss after tax from discontinuing operations	-729	-6,637

At 31 December 2023, there are no assets and liabilities on the balance sheet relating to discontinued operations.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2023	2022
7 Staff costs		
At 31 December 2023, there are no employees in the Company. Below information on average number of full-time employees comprise employees carved out in de-merger and related expenses are presented as discontinued operations.		
Average number of full-time employees	2	4

8 Contractual obligations and contingencies, etc.

At 31 December 2023, the Company is jointly taxed with its parent, Novo Holdings A/S, 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 2023 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 29 August 2023.

As a consequence of the de-merger of the Company in 2023, the Company has a contingent liability for any obligations that existed at the time of the de-merger, in the event that a creditor of a capital company that participated in the de-merger is not fully satisfied. Hence, the Company may be jointly and severally liable up to the maximum amount of the net assets value contributed or remaining at the time of the de-merger. At the date of these financial statements, there are no known liabilities relating to the de-merger that could impact the Company in the future.

9 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Novo Nordisk Foundation (ultimate parent company)	Denmark	Tuborg Havnevej 19 DK-2900 Hellerup, Denmark
Novo Nordisk A/S (immediate parent company)	Denmark	Novo Alle 1 DK-2880 Bagsværd, Denmark