

LEO Ventures A/S

Annual Report 2022

Industriparken 55
2750 Ballerup
CVR No. 41600004

The Annual General Meeting adopted the annual report on 20 March 2023

Chairman of the General Meeting

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Entity details

Entity

LEO Ventures A/S

Industriparken 55

2750 Ballerup

Business Registration No.: 41600004

Registered office: Ballerup

Period: 01.01.2022 – 31.12.2022

Board of Directors

Jannie Holm, Chair

Anders John Krüger

Anne Cathrine Fleischer

Executive Board

Anne Cathrine Fleischer, Managing Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of LEO Ventures A/S for the period 1 January 2022 – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2022 and of the results of its operations for the period 1 January – 31 December 2022.

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

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

Ballerup, 20 March 2023

Executive Board

Anne Cathrine Fleischer
Managing Director

Board of Directors

Jannie Holm
Chair

Anders John Krüger

Anne Cathrine Fleischer

Independent auditor's extended review report

To the shareholder of LEO Ventures A/S

Conclusion

We have performed an extended review of the financial statements of LEO Ventures A/S for the period 1 January – 31 December 2022, which comprise the income statement, balance sheet, statement of equity and notes, including a summary of significant 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 Entity's financial position at 31 December 2022 and of the results of its operations for the period 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR – Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Entity's ability to continue as going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining the additional assurance about our conclusion

An extended review consists of making inquiries, primarily of Management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our conclusion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 20 March 2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Martin Pieper

State Authorized Public Accountant
Identification No (MNE) mne44063

Management commentary

Primary activities

The primary activity of the entity is to facilitate administrative functions for selected group entities under the same parent entity.

Going concern

During the financial year 2022, Management has decided to cease operations of the company. Management will be pursuing a tax-free merger with the parent company, LEO Pharma A/S. Management expects to complete the tax-free merger in 2023.

The company has received a letter of support from the parent company, whereby they confirm that they will support the company with necessary liquidity to continue operations until such merger can be completed. Furthermore, LEO Pharma A/S has confirmed that they will not demand the intercompany balances repaid before 30 June 2024 to allow the company to meet its financial obligations to external creditors. The letter of support is valid until 30 June 2024.

Financial position

The entity has a loss for the financial period 2022 of DKK 3,392 thousand (2020/21: DKK 6,757 thousand). Total equity at 31 December 2022 amounts to DKK -9,749 thousand (2020/21: DKK -6,357 thousand).

LEO Pharma A/S, as the parent company, has the intention to support the activity of the entity during the financial year 2023. The possibilities to recapitalize the entity has been considered. Management expects to complete a tax-free merger with the parent company in 2023.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Financial Statements

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Income statement for 1 January - 31 December 2022

DKK'000	Notes	2022	2020/21
Gross loss	-	983	3.995
Staff cost	3	2.348	3.309
Operating loss	-	3.330	7.304
Other financial income		0	2
Other financial expenses	-	9	17
Loss before tax	-	3.340	7.319
Tax for the year	-	52	562
Net loss for the year	-	3.392	6.757
Proposed distribution of loss			
Retained earnings	-	3.392	6.757
Proposed distribution of loss	-	3.392	6.757

Balance sheet at 31 December 2022

DKK'000

Assets

	Notes	2022	2020/21
Deposits		0	29
Financial assets		0	29
Total Fixed assets		0	29
Trade receivables		0	19
Other receivables		1.876	226
Income tax receivables		0	562
Receivables		1.876	807
Cash		145	1.199
Total Current assets		2.021	2.006
Total assets		2.021	2.035

Balance sheet at 31 December 2022

DKK'000

Equity and liabilities

	Notes	2022	2020/21
Contributed capital		400	400
Retained earnings	-	10.149	- 6.757
Equity	-	9.749	- 6.357
Trade payables		-	88
Payables to group enterprises		11.150	8.000
Other payables		620	304
Current liabilities		11.770	8.392
Total liabilities		11.770	8.392
Total equity and liabilities		2.021	2.035

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Statement of changes in equity for 2022

DKK'000

	Contributed capital		Retained earnings		Total
Equity at beginning of period	400	-	6.757	-	6.357
Loss for the period	-	-	3.392	-	3.392
Equity end of period	400	-	10.149	-	9.749

Notes

1 Going concern

During the financial year 2022, Management has decided to cease operations of the company. Management will be pursuing a tax-free merger with the parent company, LEO Pharma A/S. Management expects to complete the tax-free merger in 2023.

The company has received a letter of support from the parent company, whereby they confirm that they will support the company with necessary liquidity to continue operations until such merger can be completed. Furthermore, LEO Pharma A/S has confirmed that they will not demand the intercompany balances repaid before 30 June 2024 to allow the company to meet its financial obligations to external creditors. The letter of support is valid until 30 June 2024.

2 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

3 Staff costs

DKK'000	2022	2020/21
Wages and salaries	1.777	2.628
Pension costs	121	254
Other social security costs	43	37
Other staff costs	407	390
Total staff costs	2.348	3.309
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Average number of full-time employees	3	5

4 Contingent liabilities

LEO Ventures A/S participates in a Danish joint taxation arrangement where LEO Pharma A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

5 Disclosure of ownership

Ownership

The company has registered the following shareholders holding more than 5% of the voting rights or nominal value:

LEO Pharma A/S
Industriparken 55
2750 Ballerup

LEO Ventures A/S is included in the consolidated financial statements of LEO Pharma A/S.

The consolidated financial statements of LEO Pharma A/S can be obtained at:

<https://www.leo-pharma.com/our-annual-reporting>

Related parties

Controlling influence:

LEO Pharma A/S owns 100% of the shares in the Company.

Board of Directors of LEO Pharma A/S

LEO Holding A/S

LEO Foundation as the ultimate parent of LEO Group

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a past event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the Entity has a legal or actual obligation as a result of past event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement line item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this period.

Income statement

Gross loss

Gross loss comprises revenue and external expenses. Pursuant to §32 of the Danish Financial Statement Act, net revenue and external expenses is disclosed under gross loss.

Revenue

Revenue from the sale of services is recognized in the income statement when delivery is made to the buyer. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value the consideration fixed. Revenue is comprised of rental income, canteen service and other administrative services.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies etc.

Staff cost

Staff cost comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

Other financial income

Other financial income comprise interest income, including exchange gains on payables and transactions in foreign currency.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses of exchange losses on payables and transactions in foreign currency, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on loss for the period

Tax for the period, which consists of current tax for the period and changes in deferred tax, is recognized in the income statement by the portion attributable to the loss for the period and recognized directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with refund concerning tax losses).

Balance sheet

Financial assets

Financial assets comprise deposits for leased premises. Financial assets are measured at amortized cost. Value adjustments are recognized in the income statement.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Tax receivable

Current tax receivable is recognized in the balance sheet, stated as tax computed on this period's taxable income, adjusted for prepaid tax.

Cash

Cash comprises cash at bank.

Other financial liabilities

Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.