

Annual Report for the period 1 January – 31 December 2021

BiInnovation Institute Fonden
Ole Maaløes Vej 3, 2200 Copenhagen N,
Denmark

Annual Report 2021

CVR-nr. 41 89 86 66

The Annual Report was
presented and adopted at the
Annual Meeting of the
Foundation on

17 March 2022



Mads Robert Bording Jensen

Chair

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Management's Statement

The Executive Management and Board of Directors have today considered and adopted the Annual Report of the BioInnovation Institute Fonden (BII) for the financial year 1 January – 31 December 2021.

The Consolidated Financial Statements has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements give a true and fair view of the Group and the Foundation's financial position at 31 December 2021 and of the result of the Group and Foundation's operations and consolidated cash flows for the financial year 1 January – 31 December 2021.

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


Copenhagen, 17 March 2022

Executive management




Jens Nielsen

Board of Directors



Sten Scheibye
Chair



Martin Bonde



Hans Schambye



Marianne Philip
Deputy Chair



Regina Hodits



Thomas Schäfer



Bo Ahrén



Birgitte Nauntofte



Robert Urban

Independent Auditor's Report

To the Board of Directors of BioInnovation Institute Fonden

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Foundation Financial Statements give a true and fair view of the financial position of the Group and the Parent Foundation at 31 December 2021, and of the results of the Group's and the Parent Foundation's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Foundation Financial Statements of BioInnovation Institute Fonden for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Foundation, as well as consolidated statement of cash flows ("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 Group 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.

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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Foundation Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements and Parent Foundation 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 Group's and the Parent Foundation'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 Group or the Parent 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 judgment and maintain professional skepticism 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 Group's and the Parent Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Foundation'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 Group and the Parent Foundation 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

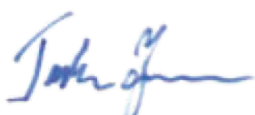
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 17 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Torben Jensen

State Authorised Public Accountant

mne18651



Elife Savas

State Authorised Public Accountant

mne34453

Management's Review

General information about the Foundation

Foundation	BiInnovation Institute Fonden Ole Maaløes Vej 3 2200 Copenhagen N Denmark
	Date of foundation: 1 December 2020
	CVR-nr.: 41 89 86 66
	Financial year: 1 January – 31 December
	Municipality of domicile: Copenhagen
Board of Directors	Sten Scheibye (Chair) Marianne Philip (Deputy Chair) Bo Ahrén Martin Bonde Regina Hodits Birgitte Nauntofte Hans Schambye Thomas Schäfer Robert Urban
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup Denmark

Management's Review

The objectives of the Foundation

The objectives of the BioInnovation Institute Fonden are with a charitable aim to own and operate the BioInnovation Institute and to promote research, innovation and entrepreneurship for the benefit of people and society, including by funding and supporting the development of inventions, discoveries and companies operating within the biotechnology and life sciences sector, thus providing a basis for growth and creation of new jobs within biotechnology and life science.

The Foundation can also support other charitable scientific purposes within biotechnology and life science.

The Strategic Objectives and Activities for the Foundation

The BioInnovation Institute Fonden is a commercial Foundation with a non-profit objective supported by Novo Nordisk Fonden. BII operates an incubator to accelerate world-class life science innovation that drives the development of new solutions by early-stage life science start-ups for the benefit of people and society.

The vision of the BioInnovation Institute is to support world-class life science innovation that drives development of new solutions by early life science start-ups for the benefit of people and society.

In 2021, BII's activities were anchored in four different programs:

1. The Venture Lab program combines business acceleration, scientific development, and team development and is designed to help newly established start-ups in the early phases of industrial biotechnology, health tech, and therapeutics. During the program, the team conducts key experiments to reach initial proof of concept and receive valuable help to make a business plan and set a team that will allow you to progress rapidly towards the market.

Start-ups joining Venture Lab will each have a scientific advisor, a leadership coach, and a BII anchor staff member that will closely follow the company's development. The program includes a DKK 4 mio. convertible loan, a milestone plan to conduct key experiments, and access to a unique global network of experts and life science VCs. In 2021, 16 Venture Lab projects were approved for this program.

2. Creation House is intended for companies with a solid, initial business plan. In the Therapeutic area, a cellular proof of concept with chemical or biological tool compounds is required. In the Industrial Biotechnology area, a proof of concept on a Minimum Viable Product (MVP) is required and in the Health Tech area, a scale-up ready MVP is required.

In collaboration with the BII team and the network of experts, the team entering Creation House will make gap analysis for the start-ups to find weak spots and roll out a development plan with every little step needed to reach the milestones on drug development, good manufacturing practice, regulatory strategy etc.. The purpose of the 18-months long program is to build a case that can attract substantial funding. BII offers convertible loans of DKK 10 mio. in this program. In 2021, BII approved 4 new companies into Creation House.

3. The Faculty Program, now renamed to Bio Studio, supports entrepreneurial academic researchers in translating their science into innovative products and solutions. Bio Studio projects will join BII for up to three years and establish a team that will work in BII's office and lab space alongside other Bio Studio projects and start-ups in other BII programs.

Bio Studio projects will be supported by a tailored program to develop entrepreneurial and commercial competencies of the team and by dedicated BII anchors to help guide project progression. The three-year program should lead to establishing new spin-out companies.

Each Bio Studio project will be awarded a grant of a total value of up to DKK 7.86 mio. per year for up to three years. In 2021, there were 6 projects running at BII.

4. With the Residence Program a start-up can relocate to BII to be part of the BII entrepreneurial environment and expand its global network.

The Residence Program is aimed for life science companies that have raised VC funding or other forms of financing and thereby reached a greater maturity level than participants of other BII programs. The Residence Program does not offer funding to the companies. They rent space on market terms and have access to open offices and fully functional labs in an attractive physical environment and community.

To support the four BII programs an active strategy for establishing partnerships has been established, as through engaged partnerships BII can attract additional competencies, financing, and services for support of either the BII companies or necessary for further BII development. BII will also be engaging actively in the education of entrepreneurs through collaboration with key universities.

Financial results

The Foundations financial result for the financial year, which covers the period 1 January – 31 December 2021 is a profit of TDKK 349,049. The Foundations equity is at 31 December 2021 TDKK 325,360.

The result for 2021 is satisfactory and according to expectations.

The Foundation has not been directly affected by COVID-19 during 2021.

Future expansion

As of January 2022, more than 30 projects and start-up companies operate from the offices and laboratories in BII. This number will increase accordingly to the future expansion plans for BII. Within the next couple of years, it is projected that BII will host more than 50 companies at different stages of their development.

As BII still is in the process of upscaling activities the focus areas of 2022 are centered around constantly improving and making the platform of which BII operates its business more efficient. BII aims at having world-leading offerings for start-ups within therapeutics, health-tech and industrial biotechnology. This includes the programs, facilities, network and funding options.

In terms of BII's value proposition to future applicants, BII is also still exploring to establish more value-adding partnerships with relevant eco-system and industry players.

By constantly focusing on improving the operating model and developing the value proposition by utilizing international experts and networks, BII will in the coming years work on expanding its international presence and it is expected that BII can attract more applications from the best projects and start-ups globally. This could also lead to the exploration of new business models for BII, e.g. in new co-created offerings and initiatives.

Finally, BII has experienced a very high interest from applicants all over the world to vacant positions in the organization. Currently, BII is staffed with members from 11 different countries. Going forward BII wants to continue

to be an attractive place to work and will offer its employees a unique and vibrant culture focused on the development of teams and skills to attract and retain the best employees in their field.

For 2022 a lower but positive result is expected compared to 2021.

Financial risks

The projects and start-ups in BII programs are financed by grants and convertible loans. If the recipients of the convertible loans close the company, the loans will be converted into grants. Financial assets are written down when there is an indication of impairment. Based on the nature of the grant-giving activities, it is assessed that there are no further financial risks involved in the business.

Policy on grants

The Board of Directors has in accordance with the Recommendations on Foundation governance and the Danish Commercial Foundations Act, adopted a policy on grants.

Applications and grants awarded will be divided into the following categories:

1) BioInnovation Institute (research, innovation and entrepreneurship grants) by which grants are awarded as part of one or more of the current three funding programs of the BioInnovation Institute: the "Bio Studio", "Venture Lab", and "Creation House". The BioInnovation Institute may change its funding programs over time, e.g. by adding new programs, removing one of the current programs, or redesigning one of the current programs. In addition, grants may be awarded as one-off grants to promote research, innovation or entrepreneurship, typically in connection with the BioInnovation Institute.

2) Other charitable scientific purposes within biotechnology and life science granted as strategic one-off grants. National and international experts assess the submitted project applications. Based on the expert assessments of applications or of strategic one-off initiatives the board decides whether to support the initiatives.

The primary geographical focus of the Foundation's grant-awarding activities will be Denmark, followed by the Nordic countries. The Foundation's commercial activities will be international.

The Foundation's policy on grants is available on the website, [BII Grant Policy](#).

BII awarded DKK 122.9 mio. in 2021 split over the following programs:

- Transferred from NNF (8 Creation House, 5 Faculty IP grants):	DKK 25.42 mio.
- Faculty + IP/PI grants	DKK 37.90 mio.
- Creation House:	DKK 30.00 mio.
- Venture Lab:	DKK 21.00 mio.
- Other support grants:	DKK 8.58 mio.
- Total awarded	DKK 122.90 mio.

For further information on grants and loans, please see the full list of grant recipients: [BII Grant Recipient list 2021](#)

This list contains all awarded grants and loans with named recipients and amount.

As stated in the Balance Sheet, the total equity of the Foundation is DKK 325 mio., of which DKK 275 mio. is available for distribution to new grants in 2022.

Board of Directors

The Board of Directors consists of nine members. Sten Scheibye, Marianne Philip, Bo Ahrén, Martin Bonde, Birgitte Nauntofte, and Hans Schambye, were elected by Novo Nordisk Fonden in connection with the approval of the Foundation's 2020 annual report on 11 January 2021. At the same time, the Board elected Regina Hodits, Thomas Schäfer, and Robert Urban. The Board of Directors has elected a chair and a deputy chair among its members and of the candidates nominated by Novo Nordisk Fonden. The chair and the deputy chair constitute the chairmanship and the remuneration committee.

The Foundation strives to ensure that the composition of the board is diverse in terms of gender, age, and cultural background, and it is the aspiration to have at least two board members of the underrepresented sex. As of 31 December 2021, three board members were female and six were male. Consequently, the Foundation has fulfilled its aspiration in terms of gender composition. The Board of Directors will continue to work on securing the desired diversity among its members.

The members of the Board of Directors are elected for a term of 1 year and eligible for re-election until the age of 75.

Good Foundation governance

The Danish Committee for good Foundation Governance, has in accordance with the Commercial Foundations Act, drafted the Recommendations for good Foundation governance for the individual commercial Foundation to consider in accordance with the 'comply or explain' principle and subject to reporting in the annual report.

The Foundation complies with all recommendations except the following two.

The Committee recommends that members of the Board of Directors be appointed for a period of two to four years. The members of the Board of Directors of the Foundation are elected for a period of one year. It is important to the board to ensure flexibility in the board composition with a view to attract new talent and the representation of the relevant competences at all times. It is not the intention that all board members are replaced annually.

The Committee recommends that the majority of the members of the Board of Directors of a commercial Foundation are not also members of the Board of Directors or executive board of the Foundation's subsidiary, unless it is a fully owned actual holding company. The members of the Board of Directors of the Foundation are also members of the Board of Directors of the Foundation's wholly owned subsidiary. Most of the Foundation's commercial activities are conducted through the subsidiary. Thus, it is of considerable importance to the board that the Foundation's Board of Directors has a thorough knowledge of and impact on the activities of the subsidiary. The board considers the composition and organisation appropriate in order to ensure an effective and professional management of the subsidiary.

The Foundation's statutory report on Foundation governance is included in Appendix A.

Principles for communication

The Board of Directors has adopted principles for external communication including by whom public statements on behalf of the Foundation should be made. It is decided that all communication with the general public is undertaken by the chair, the deputy chair or by another board member following authorisation from the board. The chairmanship has authorised the Executive Management to communicate with the general public in respect of the Foundation's commercial activities or the BioInnovation Institute's activities.

Remuneration

The following remuneration was awarded to the members of the Board of Directors relating to the financial year 2021: DKK 600,000 to the chair, DKK 400,000 to the deputy chair, and DKK 200,000 to each ordinary board member. Further, DKK 75,000 was awarded to Robert Urban as travel allowance.

Table 1: About the Board members in BioInnovation Institute Fonden

Name, position, birth year, gender	First elected	End of election period	Management and board positions Competencies of member appointed in pursuant to the articles of association
Sten Scheibye Chair 1951 Male	1 December 2020 Re-elected: 11 January 2021	Annual report meeting 2022	<p>Sten Scheibye is the chair of the boards of directors of Industriens Fond, Knud Højgaards Fond, Højgaard Ejendomme A/S, and Simpel Kredit A/S. He is a board member in ConvaTec plc.</p> <p>Competencies: Significant experience with management of larger companies, financing and board work. Knowledge of the Novo Group's business and the international pharmaceutical industry.</p> <p>The member is considered independent.</p> <p>Re-elected by Novo Nordisk Fonden on 11 January 2021. Ownership in Foundation subsidiaries: None.</p>
Marianne Philip Deputy Chair 1957 Female	1 December 2020 Re-elected: 11 January 2021	Annual report meeting 2022	<p>Marianne Philip is the chair of Gerda & Victor B. Strands Fond (Toms Gruppens Fond), Gerda & Victor B. Strand Holding A/S, Nordea Invest, Nordea Invest Kommune, Nordea Invest Bolig, Nordea Invest Engros, Copenhagen Capacity, Fonden til Markedsføring of Erhvervsfremme i Region Hovedstaden, and Bestyrelsesforeningens Center for Cyberkompetencer A/S. Deputy Chair of Novo Nordisk Fonden, LIFE Fonden, LIFE A/S, Nordea Funds Oy, Bitten og Mads Clausens Fond (Danfoss Fonden), and Norli Pension Livsforsikring A/S. She is a board member in Kirsten og Peter Bangs Fond, Axcel Future, Codan A/S, Codan Forsikring A/S, Nordic I&P DK ApS, Chopin Forsikring A/S, Scandi JV Co A/S, Brenntag Nordic A/S, Aktieselskabet af 1. Januar 1987, and Forsikringselskabet Alm. Brand Liv og Pension A/S. Chair of Codan and Codan Forsikring's Nomination & Remuneration Committee and a member of both the Codan and the Codan Forsikring's Audit & Risk Committees. Chair of the Committee on Foundation Governance and Post-doctoral Lecturer at the Center for Corporate Governance, CBS. Marianne Philip is a partner in Kromann Reumert.</p> <p>Competencies: Significant experience with legal affairs, including company law and Foundation law related matters, overall management and board work. Knowledge of the Novo Group's business.</p> <p>The member is considered non-independent. Re-elected by Novo Nordisk Fonden on 11 January 2021.</p> <p>Ownership in Foundation subsidiaries: None.</p>
Bo Ahrén Member 1952 Male	1 December 2020 Re-elected:	Annual report meeting 2022	<p>Bo Ahrén is chair of Novo Nordisk Fonden's Steno Collaboration Committee and a senior professor at Faculty of Medicine, Lund University.</p>

	11 January 2021		<p>Competencies: Significant experience with management and research in the university environment as well as experience with board work, inter alia as member of Novo Nordisk Fonden's Board of Directors from 2005 to 2017 and Chief of Medicine at Region Skåne in Sweden, Head of the Research Clinic at Skåne University Hospital in Lund, Dean of Faculty of Medicine, Lund University, and 2015-2020 Pro Deputy-Chancellor of Lund University.</p> <p>The member is considered independent.</p> <p>Re-elected by Novo Nordisk Fonden on 11 January 2021.</p> <p>Ownership in Foundation subsidiaries: None.</p>
Martin Bonde Member 1963 Male	1 December 2020 Re-elected: 11 January 2021	Annual report meeting 2022	<p>Martin Bonde is the chief executive officer of Inthera Bioscience AG. He is a board member in Orphazymes A/S and Visiopharm A/S.</p> <p>Competencies: Significant experience within management and entrepreneurship. Experience with financing, research and board work.</p> <p>The member is considered independent.</p> <p>Re-elected by Novo Nordisk Fonden on 11 January 2021.</p> <p>Ownership in Foundation subsidiaries: None.</p>
Regina Hodits Member 1969 Female	1 December 2020 Re-elected: 11 January 2021	Annual report meeting 2022	<p>Regina Hodits is managing partner at Wellington Partners Venture Capital GmbH. She is a board member in Stipe Therapeutics ApS, SNIPR Biome ApS, Carisma Therapeutics Inc., Onward Medical BV, and Sidekick Health AB. Chair of the INiTS incubator in Vienna, Austria.</p> <p>Competencies: Board work, networking, entrepreneurship, development of companies, investment, capital raising and venture capitalism, inter alia as founding investor in Rigontec GmbH, Middle Peak Medical GmbH, F-star Biotechnology Ltd., and Bicycle Therapeutics plc., and board member of Themis Bio-science GmbH, U3 Pharma GmbH, Nitec Pharma AG (now part of Horizon Pharma Switzerland GmbH), and Novamed Ltd.</p> <p>The member is considered independent.</p> <p>Re-elected by the Board of Directors on 11 January 2021.</p> <p>Ownership in Foundation subsidiaries: None.</p>
Birgitte Nauntofte Member 1958 Female	1 December 2020 Re-elected: 11 January 2021	Annual report meeting 2022	<p>Birgitte Nauntofte is a board member in LIFE Fonden, LIFE A/S, DHI A/S, Bestyrelsesforeningen and Dansk Kulturinstitut.</p> <p>Competencies: Significant experience with management and development of commercial Foundation organisations. Experience with scientific research and innovation including strategy, assessment of quality, feasibility and potential, and board work. In depth knowledge of the Novo Group's business. Experience with and</p>

			<p>knowledge of Foundation governance due to her previous position as member of the Committee on Foundation Governance from 2014-2020 and CEO of Novo Nordisk Fonden from 2009-2021.</p> <p>The member is considered non-independent.</p> <p>Re-elected by Novo Nordisk Fonden on 11 January 2021.</p> <p>Ownership in Foundation subsidiaries: None.</p>
<p>Hans Schambye Member 1964 Male</p>	<p>1 December 2020</p> <p>Re-elected: 11 January 2021</p>	<p>Annual report meeting 2022</p>	<p>Hans Schambye is president and chief executive officer of Galecto, Inc. Chair of Dansk Biotek.</p> <p>Competencies: Significant experience with entrepreneurs and management. Experience with financing, research and board work.</p> <p>The member is considered independent.</p> <p>Re-elected by Novo Nordisk Fonden on 11 January 2021.</p> <p>Ownership in Foundation subsidiaries: None</p>
<p>Thomas Schäfer Member 1963 Male</p>	<p>1 December 2020</p> <p>Re-elected: 11 January 2021</p>	<p>Annual report meeting 2022</p>	<p>Thomas Schäfer is executive deputy president and chief scientific officer in Chr. Hansen Holding A/S. Member of Advisory Board at DTU. Board member in Bacthera AG and Bacthera A/S.</p> <p>Competencies: Significant experience within management and development in larger international companies especially within the bio-industrial area. Experience with research and board work.</p> <p>The member is considered independent.</p> <p>Re-elected by the Board of Directors on 11 January 2021.</p> <p>Ownership in Foundation subsidiaries: None.</p>
<p>Robert Urban Member 1962 Male</p>	<p>1 December 2020</p> <p>Re-elected: 11 January 2021</p>	<p>Annual report meeting 2022</p>	<p>Robert Urban is the Chair of Opening Doors Cambodia. He is the Deputy Chair of Life Science Cares Inc., and a board member in Arkuda Therapeutics Inc.</p> <p>Competencies: Significant experience with management from larger international companies. Experience with financing, entrepreneurship, research and board work in the private and non-profit sectors.</p> <p>The member is considered independent.</p> <p>Re-elected by the Board of Directors on 11 January 2021.</p> <p>Ownership in Foundation subsidiaries: None.</p>

Events after the balance sheet data

No events have occurred after the end of the financial year with significant impact on the Group's and the Foundation's financial position at 31 December 2021.

Financial Highlights (Group)

TDKK	2021
Gross profit	396,869
Result before financial items	350,181
Financial items, net	-1,132
Result before tax	349,049
Profit for the year	349,049
Cash flow from operating activities	258,322
Cash flow from investment activities	-28,454
Cash flow from financing activities	-92,870
Equity	325,360
Total assets	374,607
Investment in tangible assets	11,239
Return on assets	93.5%
Equity ratio	86.9%

Consolidated financial statements for 1 January – 31 December

Income statement

TDKK	Note	Group	Foundation	
		2021	2021	2020*
Income from investment portfolio	2	2,436	1,299	0
Income from rent		21,957	90	0
Received grants	3	424,841	424,841	0
Other external expenses	5	-52,365	-24,073	-26
Gross profit		396,869	402,157	-26
Staff costs	4	-37,115	-37,115	0
Depreciation on intangible and tangible assets	6	-9,573	-4,539	0
Results before financial items		350,181	360,503	-26
Profit/loss from group companies	15	0	-10,504	0
Financial income	7	14	13	0
Financial expenses	8	-1,146	-963	0
Result before tax		349,049	349,049	-26
Tax for the year	9	0	0	0
Profit for the year		349,049	349,049	-26
Distribution				
Grants during the year	10	122,903	122,903	0
Retained earnings		26	26	-26
Reserve for future grants		226,120	226,120	0
		349,049	349,049	-26

*1 December 2020 – 31 December 2020

Consolidated financial statements for 1 January – 31 December

Balance Sheet

TDKK	Note	Group	Foundation	
		2021	2021	2020
ASSETS				
Non-current assets				
Development project	11	29,093	29,093	0
Intangible assets		29,093	29,093	0
Leasehold improvements	12	21,640	0	0
Equipment	13	12,917	0	0
Assets under construction	14	2,306	0	0
Tangible assets		36,863	0	0
Convertible loans	15	35,863	35,113	0
Other financial investments	16	25,381	0	0
Investment in group companies	17	0	45,109	0
Financial assets		61,244	80,222	0
Total non-current assets		127,200	109,315	0
Current assets				
Receivables from rent		5,085	0	0
Receivables from group companies		0	59,508	0
Other receivables		105,024	101,892	0
Total receivables		110,109	161,400	0
Cash and bank balances		137,298	100,611	300
Total current assets		247,407	262,011	300
TOTAL ASSETS		374,607	371,326	300

TDKK	Note	Group	Foundation	
		2021	2021	2020
EQUITY AND LIABILITIES				
Base capital		10,000	10,000	300
Retained earnings		40,360	40,360	-26
Reserve for grants in the future		275,000	275,000	0
Equity		325,360	325,360	274
Grants payable	10	30,330	30,330	0
Trade payables		9,044	8,179	26
Payables to group companies		0	255	0
Other payables		7,380	4,709	0
Deferred income		2,493	2,493	0
Current liabilities		49,247	45,966	26
Total liabilities		49,247	45,966	26
TOTAL EQUITY AND LIABILITIES		374,607	371,326	300
Accounting policies	1			
Related parties	18			
Events after the balance sheet date	19			
Contingent liabilities	20			

Consolidated financial statements for 1 January – 31 December

Statement of changes in equity (Group)

TDKK	Base capital	Base capital premium	Retained earnings	Reserve for future grants	Total
2021					
Equity 1 January	300	0	-26	0	274
Asset contribution 1 January	9,700	89,240	0	0	98,940
Transfer	0	-89,240	40,360	48,880	0
Result for the year	<u>0</u>	<u>0</u>	<u>26</u>	<u>226,120</u>	<u>226,146</u>
Equity 31 December 2021	<u>10,000</u>	<u>0</u>	<u>40,360</u>	<u>275,000</u>	<u>325,360</u>

Statement of changes in equity (Foundation)

TDKK	Base capital	Base capital premium	Reserve equity method	Retained earnings	Reserve for future grants	Total
2020						
Capital contribution 1 December 2020	300	0	0	0	0	300
Result for the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>-26</u>	<u>0</u>	<u>-26</u>
Equity 31 December	<u>300</u>	<u>0</u>	<u>0</u>	<u>-26</u>	<u>0</u>	<u>274</u>
2021						
Equity 1 January	300	0	0	-26	0	274
Asset contribution 1 January 2021	9,700	89,240	0	0	0	98,940
Transfer	0	-89,240	0	40,360	48,880	0
Result for the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>26</u>	<u>226,120</u>	<u>226,146</u>
Equity 31 December	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>40,360</u>	<u>275,000</u>	<u>325,360</u>

Consolidated financial statements for 1 January – 31 December

Cash flow statement (Group)

TDKK	2021	2020
Result before financial items	350,181	-26
Adjustments of non-cash items:		
Depreciations, amortizations and impairment losses	9,573	0
Value adjustments etc.	-2,105	0
Interests and similar paid	14	0
Income taxes paid	-1,146	0
Cash flow before changes to working capital	356,517	-26
Changes in receivables	-110,109	0
Changes in trade and other payables	11,914	26
Cash flow from operating activities	258,322	0
Purchase of tangible assets	-11,239	0
Purchase of financial assets	-17,215	0
Cash flow from investment activities	-28,454	0
Base capital paid in cash at establishment of the Foundation	0	300
Grants paid	-92,870	0
Cash flow from financing activities	-92,870	300
Net cash generated from activities	136,998	300
Cash and bank balances at 1 January	300	0
Cash and bank balances at 31 December	137,298	300

Notes

Note 1 – Accounting policies

The Annual Report of the BioInnovation Institute Fonden have been prepared in accordance with the requirement of the Danish Financial Act reporting class B – and additional selected information for reporting class C in conformity with section 86 of the Danish Financial Statements Act.

The presentation of the income statement and balance sheet has been adjusted to be in line with the activities of a foundation. The group was established in January 2021, which is why there are no comparable figures to 2020.

The accounting policies are unchanged compared to the last year.

The Annual Report is presented in TDKK.

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized 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 recognized 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.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the parent foundation BioInnovation Institute Fonden and entities controlled by the BioInnovation Institute Fonden. Control exists when the BioInnovation Institute Fonden has effective power over the entity and has the right to variable returns from the entity.

Where necessary, adjustments are made to bring the financial statements of subsidiaries in line with the Novo Nordisk Foundation Group's accounting policies. All intra-Group transactions, balances, income and expenses are eliminated in full when consolidated.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal.

Entities in which the Group directly or indirectly controls at least 20% but not more than 50% of the voting power are accounted for as associates and measured using the equity method.

The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal stockholdings and balances, and unrealized inter-company profits and losses.

Income from investment portfolio

Income from investment portfolio comprise interest from convertible loans and realized and unrealized value adjustments of convertible loans and other financial investments.

Rent income

Rent from income is recognized in the income statement when delivery of the service and transfer of risk to the tenant have taken place and provided that the income can be reliably measured and is expected to be received.

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

Received grants

Grants are recognized in the income statement once the grant giver is obligated towards the Group. From that point of time and until the grants has been paid out, the grants are included in other receivable as a receivable. Received grants are not considered revenue, but other operating income.

Other external expenses

Other external expenses include the year's expenses relating to the Group's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Financial income and expenses

Financial income and expenses comprise interest, realized and unrealized gains and losses on transactions denominated in foreign currencies, amortization of financial liabilities as well as surcharges and refunds under the on-account tax scheme

Income taxes

The BioInnovation Institute Fonden has the option to use section 3(4) of the Danish Corporation Tax Act. Under these rules, the taxable income of BII Holdings A/S is considered to have been earned by BioInnovation Institute Fonden if the taxable income is distributed as a dividend to BioInnovation Institute Fonden. Since BioInnovation Institute Fonden's taxable income is regularly offset against grants for the year and/or tax provisions for future grants, no deferred tax asset or liability is recognised in respect of assets (portfolio investments) and other intangible and tangible assets owned by BioInnovation Institute Fonden and BII Holdings A/S.

Intangible assets

Intangible assets comprise the development of the BioInnovation Institute.

Development projects which are clearly defined and identifiable, where the technical rate of amortization, adequate resources and a potential future market or development potential can be established and where it is the intention to produce, market or amortize the project, are recognized as intangible assets if cost can be calculated reliably and if sufficient assurance is obtained as to the ability of future revenue to cover expenses relating to production, sale, administration and development. Other development costs are recognized in the income statement as defrayed.

Capitalized development costs are measured at the lower of cost less accumulated amortization and recoverable amount.

After completion of the development project, developments costs are amortized on a straight-line basis over the estimated useful-life. The amortization period is 10 years.

Gains and losses from disposals of development projects are measured as the difference between sales price less sales costs and the carrying amount at the time of disposal. Gains and losses are recognized in the income statement as other operating income or other operating expenses.

Tangible assets

Tangible assets are measured at cost less accumulated depreciations and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Leasehold improvement: 10 years

Equipment: 5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses. If any, the depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

Gains and losses from disposals of assets are measured as the difference between sales price less sales costs and the carrying amount at the time of disposal. Gains and losses are recognized in the income statement as other operating income or other operating expenses.

Financial assets

Convertible loans

Convertible loans are measured at amortized cost.

Other financial investments

Other financial investments comprise securities other convertible loans and are measured at cost. Other financial investments are written down when there is evidence of impairment.

Investment in group companies (Parent Foundation)

Investments in group companies are measured under the equity method. In the income statement the proportional share of the result after tax is recognized.

Impairment of non-current assets

The carrying amount of intangible and tangible assets is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount). The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life. Previously recognized impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortized cost.

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognized on an individual basis. Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Equity

The Foundations base capital consist of it original base capital and following increases.

Grants payable

Grants are recognized as deductions once the Foundation is obligated towards the grant recipient. From that point of time and until the grants has been paid out, the grants are included in provisions for grants as provision.

Current tax receivable/payable

Current tax receivable/payable is computed based on the expected taxable income for the year and any adjustment for tax payable for previous years.

Short-term liabilities

Short-term liabilities are recognized at amortized cost unless specified otherwise.

Deferred income

Deferred income recognized as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and bank balances as well as the group's cash and bank balances at the beginning and end of the year.

Cash flow from operating activities

Cash flow from operating activities are calculated as the Operating profit / loss for the year adjusted for changes in working capital and noncash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flow from investing activities

Cash flow from investing activities comprise cash flows from acquisitions and disposals of intangible assets, leasehold improvements and equipment as well as fixed asset investments.

Cash flow from financing activities

Cash flow from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to base capital.

Cash and bank balances

Cash and bank balances comprise solely cash at banks.

Financial ratios

Return on assets

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Equity ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Notes 2-20 - Other

TDKK	Group	Foundation		
	2021	2021	2020	
Note 2	Income from investment portfolio			
	Value adjustments of investments	2,105	1,299	0
	Interest from investment	331	0	0
		2,436	1,299	0
Note 3	Received grants			
	Grants received from Novo Nordisk Fonden	424,753	424,753	0
	Grants received from others	88	88	0
		424,841	424,841	0
Note 4	Staff costs			
	Salaries	31,314	31,314	0
	Pensions	3,897	3,897	0
	Social security	310	310	0
	Other staff costs	1,594	1,594	0
		37,115	37,115	0
	Average number of full-time employees	31	31	0
	Remuneration of Executive Management	2,725	2,725	0

**Remuneration to
Board of Directors**

TDKK	2021			2020*		
	Board fee	Travel and other allowance	Total	Board fee	Travel and other allowance	Total
Sten Scheibye	600	0	600	0	0	0
Marinne Philip	400	0	400	0	0	0
Birgitte Nauntofte	200	0	200	0	0	0
Bo Arthur Ahrén	200	0	200	0	0	0
Martin Bonde	200	0	200	0	0	0
Robert Glenn Urban	200	75	275	0	0	0
Hans Thalsgård Schambye	200	0	200	0	0	0
Thomas Schäfer	200	0	200	0	0	0
Regina Hodits	200	0	200	0	0	0
	2,400	75	2,475	0	0	0

* The Foundation was formed 1 December 2020. No remuneration was paid to the Board of Directors in 2020.

	Group	Foundation	
	2021	2021	2020
Note 5 Fees to statutory auditors			
Statutory audit	52	21	26
Audit related services	0	0	0
Tax assurance services	104	104	0
Other services	2,439	2,439	0
	2,595	2,564	26
Note 6 Depreciations			
Development projects	4,539	4,539	0
Leasehold improvements	2,612	0	0
Equipment	2,422	0	0
	9,573	4,539	0
Note 7 Financial income			
Currency adjustments	14	13	0
	14	13	0
Note 8 Financial expenses			
Interest, banks	1,136	954	0
Other financial expenses	10	9	0
	1,146	963	0
Note 9 Tax			
Income tax	0	0	0
Change in deferred tax	0	0	0
	0	0	0
Note 10 Grants			
Grants for the year	122,903	122,903	0
Grants for the year	122,903	122,903	0
Grants payable at the beginning of the year	0	0	0
Grants for the year	122,903	122,903	0
Payments during the year	-92,573	-92,573	0
Grants payable at the end of the year	30,330	30,330	0

	Group	Foundation	
	2021	2021	2020
Note 11 Development projects			
Cost at the beginning of the year	0	0	0
Additions during the year	33,632	33,632	0
Disposals during the year	0	0	0
Costs at the end of the year	33,632	33,632	0
Depreciation at the beginning of the year	0	0	0
Depreciation for the year	-4,539	-4,539	0
Impairment losses for the year	0	0	0
Depreciation at the end of the year	-4,539	-4,539	0
Carrying amount at the end of the year	29,093	29,093	0
Note 12 Leasehold improvements			
Costs at the beginning of the year	0	0	0
Additions during the year	20,164	0	0
Disposal during the year	0	0	0
Transfers and reclassifications	4,088	0	0
Costs at the end of the year	24,252	0	0
Depreciation at the beginning of the year	0	0	0
Depreciation for the year	-2,612	0	0
Impairment losses for the year	0	0	0
Depreciation at the end of the year	-2,612	0	0
Carrying amount at the end of the year	21,640	0	0

	Group	Foundation	
	2021	2021	2020
Note 13 Equipment			
Costs at the beginning of the year	0	0	0
Additions during the year	11,790	0	0
Disposal during the year	0	0	0
Transfers and reclassifications	3,549		
Costs at the end of the year	15,339	0	0
Depreciation at the beginning of the year	0	0	0
Depreciation for the year	-2,422	0	0
Impairment losses for the year	0	0	0
Depreciation at the end of the year	-2,422	0	0
Carrying amount at the end of the year	12,917	0	0
Note 14 Assets under construction			
Costs at the beginning of the year	0	0	0
Additions during the year	9,943	0	0
Disposal during the year	0	0	0
Transfers and reclassifications	-7,637		
Costs at the end of the year	2,306	0	0
Impairment losses at the beginning of the year	0	0	0
Impairment losses for the year	0	0	0
Impairment losses at the end of the year	0	0	0
Carrying amount at the end of the year	2,306	0	0

	Group	Foundation	
	2021	2021	2020
Note 15 Convertible loans			
Costs at the beginning of the year	0	0	0
Additions during the year	92,044	88,877	0
Disposal during the year	-4,834	-2,417	0
Costs at the end of the year	87,210	86,460	0
Value adjustments at the beginning of the year	0	0	0
Value adjustments for the year	-51,347	-51,347	0
Reversed value adjustments for disposal	0	0	0
Value adjustments at the end of the year	-51,347	-51,347	0
Carrying amount at the end of the year	35,863	35,113	0
Note 16 Other investments			
Costs at the beginning of the year	0	0	0
Additions during the year	29,096	3,715	0
Disposal during the year	-3,715	-3,715	0
Costs at the end of the year	25,381	0	0
Value adjustments at the beginning of the year	0	0	0
Value adjustments for the year	0	0	0
Reversed value adjustments for disposal	0	0	0
Value adjustments at the end of the year	0	0	0
Carrying amount at the end of the year	25,381	0	0

	Group	Foundation	
	2021	2021	2020
Note 17 Investment in group companies			
Costs at the beginning of the year	0	0	0
Additions during the year	0	55,613	0
Disposal during the year	0	0	0
Costs at the end of the year	0	55,613	0
Value adjustments at the beginning of the year	0	0	0
Result for the year	0	-10,504	0
Received dividends	0	0	0
Value adjustments at the end of the year	0	-10,504	0
Carrying amount at the end of the year	0	45,109	0
		Result	Equity
Company	Owner %	TDKK	TDKK
BII Holdings A/S, Copenhagen	100%	-10,504	45,109

Note 18 Related parties

Related parties are considered the management and the Board of Directors of the Foundation, BII Holdings A/S as well as related parties to this, including members of the management.

In 2020 and 2021, the BioInnovation Institute Fonden had the following transactions with related parties:

Purchase of services from BII Holdings A/S	1,730	0
Sale of services to BII Holdings A/S	3,863	0
Receivables from BII Holdings A/S	59,508	0
Payables to BII Holdings A/S	255	0

Note 19 Events after the balance sheet

No events have occurred after the end of the financial year with significant impact on the Group's and the Foundation's financial position at 31 December 2021.

Note 20 Contingent liabilities

Rental obligations amount to TDKK 249,810. The rental agreement is non-cancellable until 30 June 2037.

The Foundation has issued a guarantee towards a third party in respect BII Holdings A/S' payment of the above-mentioned rent.

Appendix A: Statutory report on foundation governance

Form for
“Statutory report on foundation governance, cf. section 77a of the Danish
Financial Statements Act”

BiInnovation Institute Fonden

Statutory report on foundation governance, cf. section 77a of the Financial Statements Act

Note!

The report is an integrated part of the management commentary in the annual report of the foundation for the following accounting period:

1 January 2021 to 31 December 2021

Recommendations on Foundation Governance

The foundation is covered by the Recommendations on Foundation Governance, which are available on the website of the Committee on Foundation Governance www.godfondsledelse.dk.

Recommendation	The foundation <u>complies</u>	The foundation <u>explains</u> ¹		Not applicable
		<i>why</i>	<i>how</i>	
1. Transparency and communication				
1.1 It is recommended that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.	<p>The foundation complies.</p> <p>The board of directors has decided who may and should make public statements on behalf of the foundation.</p> <p>All communication with the general public is undertaken by the chair, the deputy chair or by another board member following authorisation from the board.</p>			

¹ In case of lack of compliance with a recommendation, the foundation must explain *why* this recommendation was not followed and *how* the foundation has acted differently. An adequate explanation answers both questions and categorises the answer as being in compliance with the recommendation. It is therefore important that the foundation answer both questions in its explanation.

	<p>The chairmanship has authorised the executive management to communicate with the general public in respect of the foundation’s commercial activities or the BioInnovation Institute’s activities.</p>			
<p>2. Tasks and responsibilities of the board of directors</p>				
<p>2.1 Overall tasks and responsibilities</p>				
<p>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, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.</p>	<p>The foundation complies.</p> <p>At least once a year, the board reviews and agrees on the foundation’s overall strategy and distribution policy.</p>			
<p>2.1.2 It is recommended that the board of directors regularly address whether the foundation's asset management is in line with the purpose of the foundation and its long- and short-term needs.</p>	<p>The foundation complies.</p> <p>At least once a year, the board reviews and considers whether the foundation’s asset management is in line with the purpose of the foundation and its long- and short-term needs.</p>			
<p>2.2 Chairman and vice-chairman of the board of directors</p>				

<p>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.</p>	<p>The foundation complies.</p> <p>The chair organises, convenes and chairs the meetings of the board of directors.</p>			
<p>2.2.2 It is recommended that if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special activities for the commercial foundation which extend beyond the duties of chairman, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general 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.</p>	<p>The foundation complies.</p> <p>The board of directors discusses and approves any special activities asked of the chair, which extend beyond the duties of the chair, to ensure that the board maintains its independent, general management and control function.</p>			
<p>2.3 Composition and organisation of the board of directors</p>				
<p>2.3.1 It is recommended that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks incumbent upon the board of directors.</p>	<p>The foundation complies.</p> <p>The board members are selected based on their personal qualifications and competences while considering the overall competences of the board.</p>			

	Each year, the board assesses and determines which competences the board requires in order to duly cover the value chain from early research through innovation and venture investment to a potential exit.			
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 approves a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.	The foundation complies. The Novo Nordisk Foundation appoints 3-6 members to the board. The board appoints an additional 1-3 members. The Novo Nordisk Foundation may nominate one or more candidates for the position as chair and deputy chair.			
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 in relation to commercial and grants experience, age and gender.	The foundation complies. Members are selected based on their personal qualifications and competences while considering the overall competences of the board. Further, the foundation's heritage from and the values of the Novo Nordisk Foundation are to be taken into account.			
2.3.4 It is recommended that in the management commentary in the annual report and on the commercial	The foundation complies.			

<p>foundation's website, if any, 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 re-elected, 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 owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies, • whether the member has been appointed by authorities/providers of grants etc., and • whether the member is considered independent. 	<p>Account of the composition of the board of directors including information on name, position, age, gender, date of appointment, re-elections, expiry of the current election period, other managerial positions, special competences, whether the board member holds shares, options, warrants or the like in subsidiaries and independence is included in the annual report and available on the foundation's website.</p>			
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<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>Most of the foundation's commercial activities are conducted through the subsidiary. Thus, it is of considerable importance to the board that the foundation's board of directors has a thorough knowledge of and impact on the activities of the subsidiary.</p>	<p>The members of the board of directors of the foundation are also members of the board of directors of the foundation's wholly owned subsidiary. The board considers the composition and organisation appropriate in order to ensure an effective and professional management of the subsidiary.</p>	
<p>2.4 Independence</p>				
<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</p>	<p>The foundation complies.</p> <p>Seven out of nine members of the board are considered to be independent.</p>			

<ul style="list-style-type: none"> • up to four members, at least one member should be independent, • between five and eight members, at least two members should be independent, or • nine to eleven members, at least three members should be independent, and so on. <p>To be considered independent, this person may not, for example:</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 an essential 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 	<p>Marianne Philip is considered non-independent due to her position as vice chair in the Novo Nordisk Foundation which has supported the BioInnovation Institute Foundation.</p> <p>Birgitte Nauntofte is considered non-independent due to her previous position as chief executive officer of the Novo Nordisk Foundation. Birgitte Nauntofte will be considered non-independent for a period of three years after she resigned as chief executive officer of the Novo Nordisk Foundation in 2021.</p>			
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<p>foundation/group or a subsidiary or associated company to the foundation,</p> <ul style="list-style-type: none"> • 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, • be a close relative of, or in some other way be especially close to, persons who are not considered independent, • be 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 • be a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years has received significant donations from the foundation. 				
<p>2.5 Appointment period</p>				
<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>It is important to the board to ensure flexibility in the board composition with a view to attract new talent and</p>	<p>The members of the board of directors of the foundation are elected for a period of one year.</p>	

		the representation of the relevant competences at all times.	It is not the intention that all board members are replaced annually.	
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 commentary or on the foundation's website.	The foundation complies. Retiring members are eligible for re-election until the age of 75.			
2.6 Evaluation of the performance of the board of directors and executive board				
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.	The foundation complies. At least once a year the board carries out an evaluation of the board, the Chair and the contributions and performance of individual members and discuss the results thereof.			
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.	The foundation complies. At least once a year the board carries out an evaluation of the executive management and the contributions and performance of individual members and discuss the results thereof.			
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 an executive board, if any, 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>	<p>The foundation complies.</p> <p>The members of the board receive an annual fee fixed in connection with the adoption of the annual report.</p> <p>The executive management receives a fixed remuneration combined with a bonus that is not dependent upon accounting results.</p>			
<p>3.1.2 It is recommended that the financial statements provide information about the full remuneration received by each member of the board of directors and any executive board from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore there should be information on any other remuneration which members of the board of directors and any executive board have received for performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.</p>	<p>The foundation complies.</p> <p>Individualised information on the total remuneration received by each of the members of the board and executive management from the foundation, its subsidiaries and associated companies is included in the annual report.</p>			