

NNE A/S – PARENT COMPANY

# ANNUAL REPORT 2021



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## MORE NNE



### Sustainability

It is part of our core business, our responsibility and our priority to develop green solutions and help our customers achieve more innovative and sustainable production facilities.

We continue to develop our company based on the belief that we must balance the needs of our projects, our people and the planet to be a long-term sustainable and viable business. We have a responsibility to our shareholders, employees, customers and the environment – and we act on this responsibility not because we have to, but because it is the right thing to do.



### Explore our work

We help pharmaceutical companies bring products to market by providing flexible, compliant and future-proof solutions. We deliver engineering services for 1,300 projects a year covering all relevant disciplines within the framework of good manufacturing practice.



### Meet us

Browse through our events to find out when we will be exhibiting or speaking near you. We also offer various courses and training programs.

## CHAIRMAN AND CEO STATEMENT

# Growth driven by advanced pharma engineering projects enabling our customers to bring products to patients

In 2021, turnover increased by 36 percent to DKK 1,420 million exceeding expectations for the year.

Operating profit increased to DKK 197 million, and the operating profit margin improved to 14%. We continue to focus on our core segment, delivering innovative and sustainable pharma engineering solutions to our customers.

The pharma engineering market in Denmark remained strong in 2021 with positive turnover impact both within major pharma manufacturing projects as well as smaller projects. Our major customer projects are categorised as business critical and execution has continued during the COVID-19 pandemic.

Our underlying business model works well with NNE India, a subsidiary of NNE AVS, now fully integrated into the product delivery model collaborating with the organization in Denmark to deliver our major fast-track projects during 2021.

Our ability to successfully execute pharma engineering projects with new technology and high predictability relies on our ability to continuously attract, develop, and retain employees. In 2021, we welcomed 224 new employees reaching a total of 844 talented people in Denmark. It is a key priority for us

to invest in a good onboarding program for new employees to ensure the best possible start on a hopefully developing and fulfilling career with us.

We have accelerated our ability to collaborate and engage digitally, both with colleagues and customers. Through continued focus on digitalisation, NNE aims to create efficient engineering and design processes and to deliver innovative solutions to our customers. Adapting digital solutions has also enabled more flexible working conditions contributing positively to our employee engagement.

## EXPECTATIONS FOR 2022

The outlook for 2022 is promising. The investment level in pharma production facilities in Denmark is expected to increase and our order backlog has never been stronger.

For 2022, we expect organic revenue growth of 10% to 15% and an operating profit margin of 11% to 14%. In our guidance, we have assumed we will continue to grow organically by attracting talented employees in Denmark, and that the training and social activities will normalise to pre COVID-19 conditions.



### BUSINESS STRATEGY

NNE focuses on the Good Manufacturing Practice (GMP) regulated pharma industry. We support pharmaceutical companies to bring products to patients by designing, building, qualifying and optimizing their pharma production facilities.

It is the ambition of NNE to build advanced technological pharma facilities for our customers and sustain our position as the leading pharma engineering company in Denmark. NNE has the technical competences and pharma industry insight to be a unique advisor and engineering partner for our customers by delivering flexible production facilities, seamless GMP compliance and future-proof technological solutions, while ensuring predictable project execution.

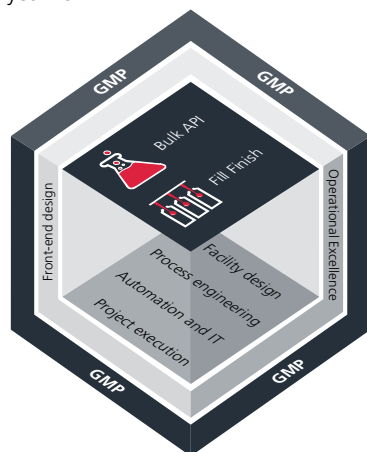
The pharma engineering cube (see figure on the right) describes the combination of our customers' needs, NNE's expertise areas and the delivery of expert pharma engineering services throughout the entire manufacturing and project lifecycle.

NNE has a strong position to help our customers reduce their carbon footprint by

ensuring energy efficient pharmaceutical production facilities, while also focusing on reducing our own carbon footprint.

It is embedded in our strategy to integrate the sustainability ambitions of our customers into all phases, from decisions made in the conceptual design phase to designing carbon-reducing solutions.

The passion, dedication and engagement demonstrated by all employees in delivering on our commitments to customers while navigating through the uncertainty of COVID-19 restrictions made 2021 a successful year for NNE.



Jesper Kløve  
CEO and President

Karsten Munk Knudsen  
Chairman of the NNE Board

### KEY FIGURES

#### INCOME STATEMENT (DKK MILLION)

	2021	2020	2019	2018	2017
Revenue	1,420	1,041	983	1,261	1,357
Operating profit	197	105	67	94	159
Net profit/(loss)	192	87	141	56	67

#### ASSETS & EQUITY (DKK MILLION)

	2021	2020	2019	2018	2017
Total assets	808	680	626	723	769
Total equity	365	251	212	214	246

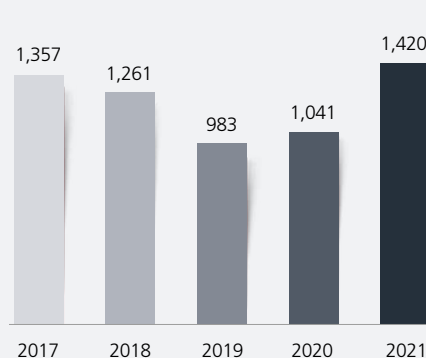
#### FINANCIAL RATIOS

	2021	2020	2019	2018	2017
Operating profit margin (EBIT margin)	14%	10%	7%	7%	12%
Return on equity	62%	38%	66%	24%	22%
Solvency ratio	45%	37%	34%	30%	32%

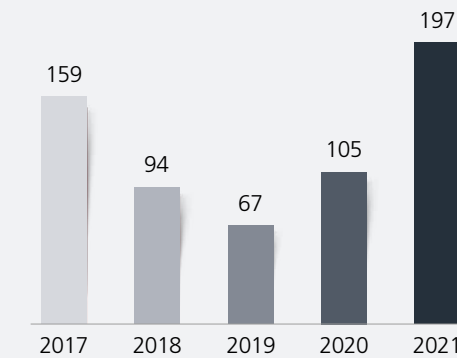
#### PEOPLE

	2021	2020	2019	2018	2017
Number of employees at end of year (FTE)	844	733	664	810	875

#### REVENUE DKK MILLION



#### OPERATING PROFIT DKK MILLION



## PEOPLE DEVELOPMENT

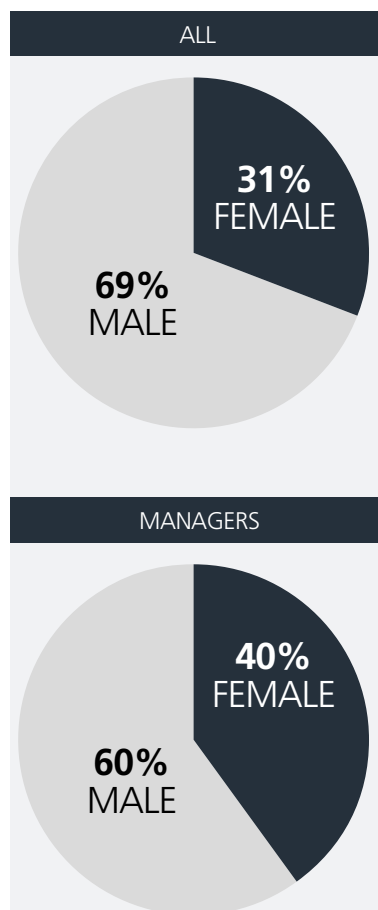
# Unleashing our people potential

At NNE, we believe that everyone has talents to be developed and that talent development should be prioritized as a key element of our work. We believe that development takes place every day in the tasks we execute and our interaction with others. In NNE, we encourage our employees to take the lead on their own development. We call this process “Leading performance”.

To strengthen our competencies, we offer several internal development opportunities to empower each and every one of our employees, thus making it possible to unleash their full potential:

- We invest in the development of our talents with our talent program Sprouthouse.
- We invest in the development of our leadership. One key driver in developing our leadership skills is our internal program LEAD, which strengthens the ability to set direction, motivate teams and provide feedback.
- We have a strategic focus on talent development called “NNE as a Talent Factory”. With this, we aim to build a strong succession pipeline for our key positions, as well as secure the development of all our employees.

These initiatives support our people development strategy, enabling each individual to develop their competencies and skills.



## DIVERSITY &amp; INCLUSION

Towards 2024, our vision is to develop a diverse and inclusive workplace and culture where our differences promote innovation and our employees unleash their potential in a bias-conscious environment.

One aspiration of our diversity and inclusion strategy is to improve our gender balance in NNE Denmark – both within staff but also in technical leadership roles. Secondly, we want to promote diversity in relation to nationality. Finally, we will focus on facilitating a homogeneous age distribution in our leadership positions to ensure everyone has equal opportunities for demonstrating their qualifications and access promotions. Several initiatives have already been introduced to secure we reach this aspiration, including launching bias leadership training awareness in 2021.

We are dedicated to becoming an employer fit for the future and see this as a key driver for the accomplishment of NNE’s strategic goals.

## GENDER

In 2021, our Board members, excluding employee-elected members, consisted of four members with three males and one female. The gender diversity

at Board level according to Section §99B of the Danish financial statements act is achieved.

The gender split for management positions was 40% female and 60% male in 2021, thereby women in management positions exceeds the overall gender split across all employees. NNE’s ambition is to have a balanced gender split and the company strives to include female candidates in the recruitment process for all positions.

All management teams, from entry level upwards, are expected to focus on enhanced diversity, with the aim of ensuring a robust pipeline of talent for management positions.

## SOCIAL RESPONSIBILITY

For the statutory statement on corporate social responsibility, please refer to the [Annual Report 2021 for Novo Nordisk Group](#), CVR-no. 24256790 “Purpose and sustainability (ESG)”.

## DATA ETHICS

For the statutory statement on data ethics, please refer to the [Annual Report 2021 for Novo Nordisk Group](#), CVR-no. 24256790 “Purpose and sustainability (ESG)”.

## CORPORATE GOVERNANCE AND RISK MANAGEMENT

# A solid risk management and compliance structure

We aim to be a sustainable business by continuously improving our financial, environmental and social performance. Additional guidance and commitments include business ethics and a quality management system.

### OWNERSHIP

As a fully owned subsidiary of Novo Nordisk A/S, NNE A/S and subsidiaries are included in the consolidated financial statements of Novo Nordisk A/S and comply with the same principles of corporate governance. The ultimate parent company is the Novo Nordisk Foundation.

### BOARD OF DIRECTORS

NNE's Board of Directors is elected every year at the annual General Meeting. The six members consist of two representatives from the parent company, two external members and two employees elected by NNE employees for a term of four years.

### PROJECT EXECUTION

For major projects, a governance structure including a risk assessment procedure is established during the proposal process and maintained throughout project delivery. Project steering committees and management representatives ensure continuous focus on project performance and risk mitigation. Project portfolio risks are assessed and mitigated on a recurring basis.

### FINANCIAL RISK MANAGEMENT

NNE's objectives and policies for financial risk management follow the Novo Nordisk risk management guideline (please refer to the Annual Report of Novo Nordisk). It is NNE's policy to monitor and mitigate all major financial risks affecting financial performance. The risk profile, including all identified significant risks and mitigating actions, is reported monthly to NNE Management and the Board of Directors.

#### Foreign exchange risk

As the income and cost for individual projects are predominately undertaken in the same currency, the foreign exchange risk from the Company's activities are low.

#### Counterpart risk

Credit rating, supplied by a leading provider, is used in order to evaluate major customers and manage credit risk on an ongoing basis. Furthermore, the main part of the turnover is with well-established pharma companies with a generally limited counterpart risk.

#### Liquidity risk

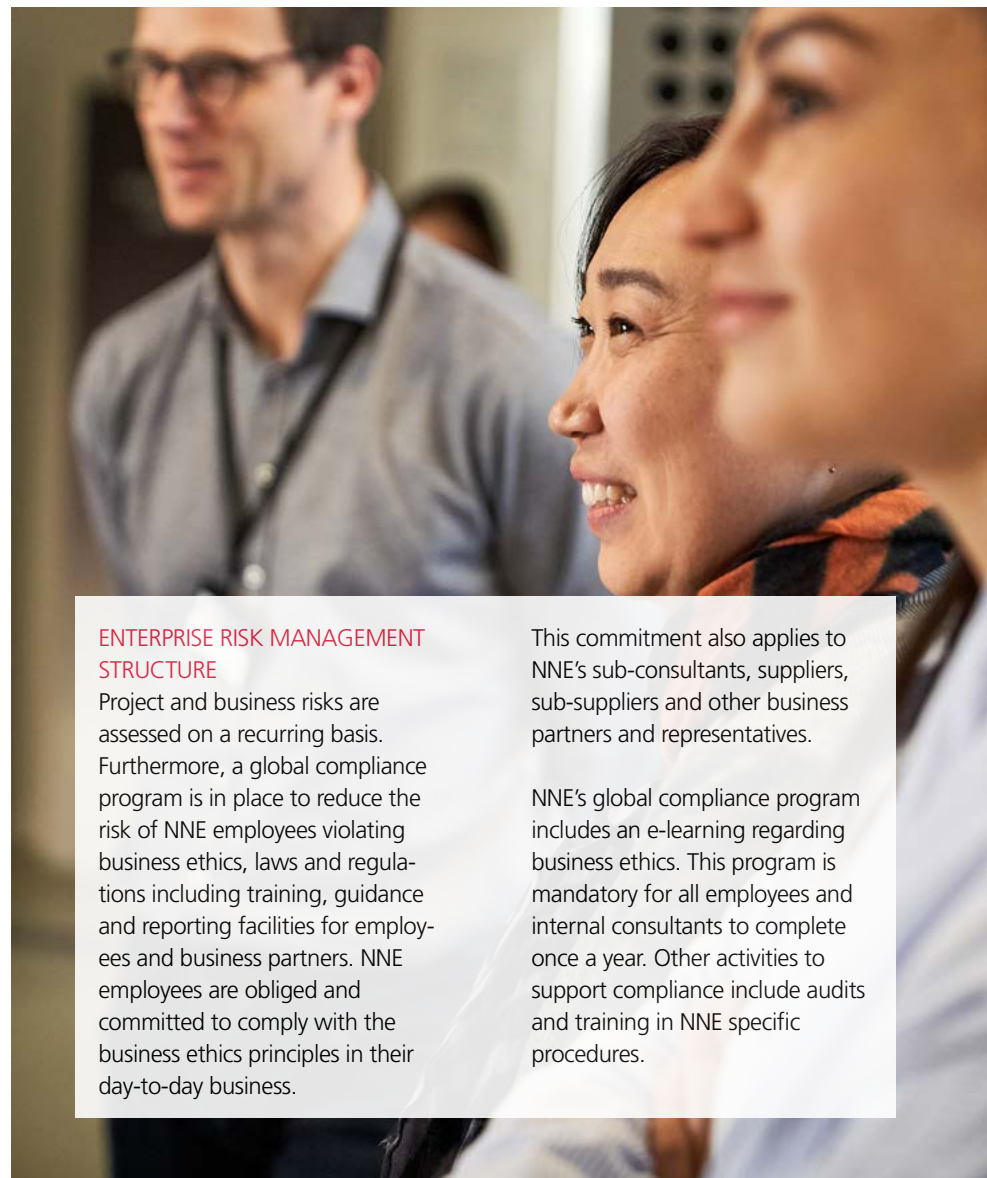
Liquidity is managed using short term credit facilities with Novo Nordisk.

### ENTERPRISE RISK MANAGEMENT STRUCTURE

Project and business risks are assessed on a recurring basis. Furthermore, a global compliance program is in place to reduce the risk of NNE employees violating business ethics, laws and regulations including training, guidance and reporting facilities for employees and business partners. NNE employees are obliged and committed to comply with the business ethics principles in their day-to-day business.

This commitment also applies to NNE's sub-consultants, suppliers, sub-suppliers and other business partners and representatives.

NNE's global compliance program includes an e-learning regarding business ethics. This program is mandatory for all employees and internal consultants to complete once a year. Other activities to support compliance include audits and training in NNE specific procedures.



## BOARD OF DIRECTORS AND NNE MANAGEMENT

# NNE has a two-tier structure: the Board of Directors and NNE Management

## Board of directors



**Karsten Munk  
Knudsen**

Chairman and  
member of the  
NNE Board  
since 2017

Karsten Munk Knudsen, CFO and EVP for Finance, Legal & Procurement, Novo Nordisk A/S. Karsten joined Novo Nordisk in 1999 and has occupied various senior management positions over the years.



**Birgit W.  
Nørgaard**

Vice Chairman of the  
NNE Board since 2014  
and member of the  
Board since 2011

Birgit Nørgaard has worked as a full-time Board member since 2010. Prior to this, she was CEO of Grontmij | Carl Bro A/S and COO of Grontmij NV, CEO of the Carl Bro Group 2003 – 2006 and CFO 2001 – 2003. Previously, Birgit Nørgaard held executive positions at TDC and Danisco.



**Lis  
Thodberg**

Employee-elected  
member of the NNE  
Board since 2018

Lis Thodberg is Director for the Health, Safety & Environment department at NNE since 2013. Furthermore she is responsible for driving corporate sustainability management in NNE.



**Jesper  
Kløve**

CEO and  
President

Jesper Kløve was appointed CEO and President of NNE on 1 September 2015. Prior to joining NNE Jesper was Senior Vice President of Device R&D in Novo Nordisk since 2009. He also held various management positions within Novo Nordisk since joining the company in 2003.



**Sofie  
Mørck  
Jarl**

CFO and  
Corporate  
Vice President

Sofie Mørck Jarl was appointed CFO of NNE on 1 January 2021. Sofie joined NNE in 2017, and prior to that she held various positions in Novo Nordisk since joining the company in 2007.



**Michael  
Hallgren**

Member of the  
NNE board  
since 2018

Michael Hallgren is Senior Vice President of Diabetes Active Pharmaceutical Ingredients at Novo Nordisk A/S, which he joined in 1994. In addition to his NNE Board role, Michael is Chairman of Kalundborg Symbiosis.



**Klaus Steen  
Mortensen**

Member of the  
NNE Board  
since 2018

Klaus Steen Mortensen has worked as full-time Board member since 2020. Prior to this, he was CEO for Bladt Industries A/S from 2018 – 2020, and have held executive positions at Vestas from 2007 – 2018.



**Inés  
Aréizaga  
Esteva**

Employee-elected  
member of the NNE  
Board since 2021

Inés Aréizaga Esteva started working in NNE in 2006 as part of the graduate program, and has grown in the organization to her current position as Manager for the Active Products department. She has worked as process lead in several major projects for customers across Europe.



**Steen  
Kristensen**

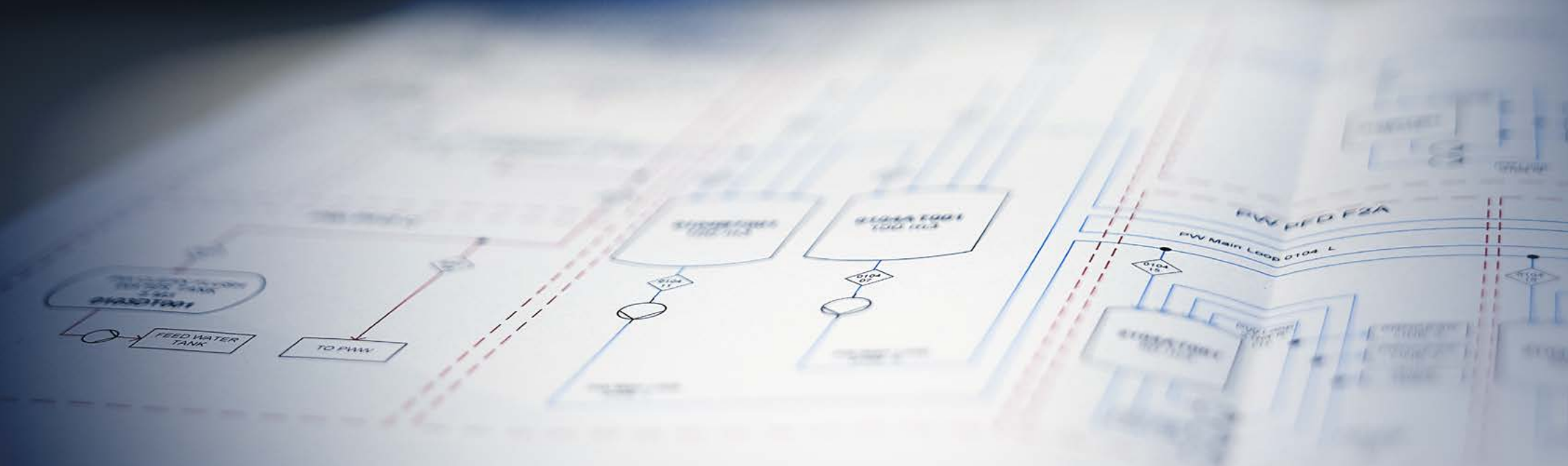
Corporate  
Vice President

Steen Kristensen was appointed CVP of NNE on 1 June 2020. Steen is responsible for Sales & Project Execution, and he has held various management positions at NNE since joining the company in 1994. Prior to joining, he held various project management positions in other engineering companies.

## NNE management

FINANCIAL REPORT

# FINANCIAL STATEMENTS





# FINANCIAL REVIEW 2021

## REVENUE AND OPERATING PERFORMANCE

NNE A/S reported a revenue of DKK 1,420 million in 2021 (2020: DKK 1,041 million), which was an increase of DKK 380 million or 36 percent compared to 2020 mainly caused by increased sales to customers in Denmark.

The operating profit in 2021 was DKK 197 million (2020: DKK 105 million), which corresponds to an operating profit margin of 14 percent (2020: 10 percent).

## PROFIT BEFORE INCOME TAXES

The profit before income taxes in 2021 was DKK 229 million (2020: DKK 109 million) impacted by the increased activity in 2021 as well as increased results from share of profit in subsidiaries.

## INCOME TAXES AND NET PROFIT

Total tax for the year was an expense of DKK 37 million (2020: DKK 22 million), resulting in an effective tax rate of 16 percent for the year (2020: 20 percent) impacted by an increase in deferred tax. This increase was mainly due to higher deferred tax on provisions due to stock

price increase affecting sharebased payment provision.

The net profit was DKK 192 million, which was an increase of DKK 105 million compared to 2020.

## BALANCE SHEET

The total assets as of 31 December 2021 amounted to DKK 808 million (2020: DKK 680 million).

Non-current assets increased to DKK 237 million (2020: DKK 206 million) impacted by an increase of DKK 16 million in investments in subsidiaries due to the results in subsidiaries, an increase of 21 million in non-current portion of marketable securities due to the stock price development and an increase in deferred tax asset of 11 million mainly due to increased deferred tax on provisions. The total increase in Non-current assets was partly offset by a decrease in right-of-use-assets of DKK 15 million mainly affected by depreciations of right-of-use-assets on property.

Current assets increased to DKK 571 million (2020: DKK 475 million), mainly explained by an increase in receivables from related parties and increase in cash at bank.

Total liabilities increased to DKK 443 million (2020: DKK 430 million).

Non-current liabilities increased to DKK 146 million (2020: DKK 130 million) explained by an increase in provisions of DKK 29 million mainly due to an increase in share-based payment liabilities because of share price increase. The increase was partly offset by a decrease of DKK 13 million in lease liabilities.

Total current liabilities decreased to DKK 297 million in 2021 (2020: DKK 299 million). Other liabilities decreased DKK 25 million affected by payout of frozen holiday obligation. This was offset by an increase in trade payables of DKK 15 million due to higher activity and an increase in current provision due to the increased share-based payment obligation.

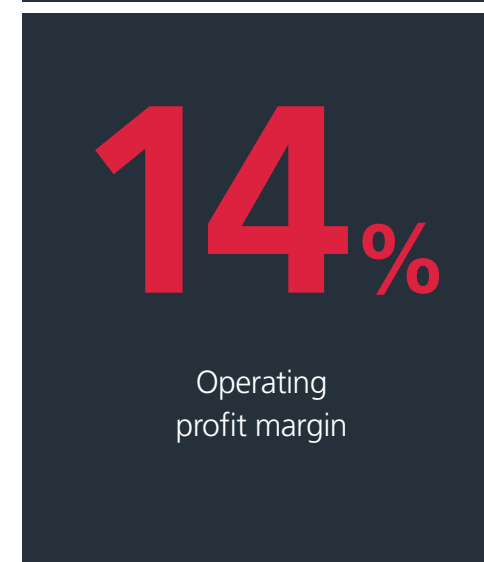
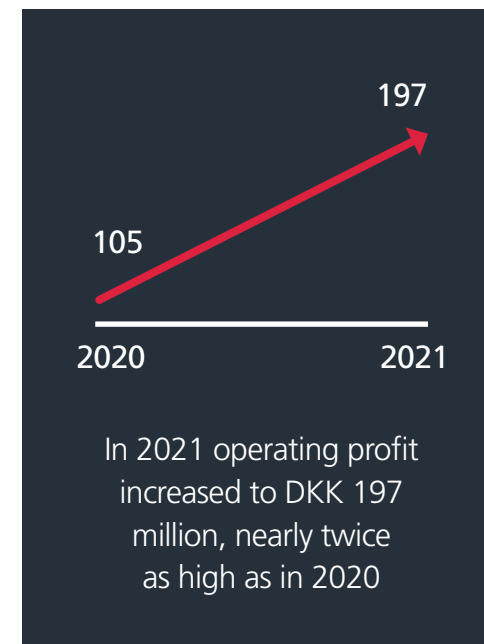
The equity increased to DKK 365 million (2020: DKK 251 million), explained by profit of the year less paid dividend of DKK 80 million during 2021.

## PROPOSED DIVIDEND

The Board of Directors proposes a dividend of DKK 190 million (2020: DKK 80 million).

## POST-BALANCE-SHEET EVENTS

No events have occurred after the end of the financial year with significant impact on NNE A/S's financial position as of 31 December 2021.



## FINANCIAL HIGHLIGHTS AND RATIOS FOR NNE A/S

### Financial Highlights (DKK 1,000)

	2021	2020	2019	2018	2017
<b>Income statement</b>					
Revenue	1,420,138	1,040,583	983,379	1,260,531	1,357,001
Operating profit	196,800	104,738	67,423	94,353	158,682
Net financials	3,114	(3,875)	(621)	2,684	(4,283)
Profit (loss) before income taxes	228,757	109,387	167,902	81,288	99,935
Net profit/(loss)	192,178	87,022	140,820	56,114	66,798
Total dividend	190,000	80,000	110,000	80,000	70,000
<b>Assets</b>					
Non-current assets	236,555	205,791	201,512	65,267	191,545
Current assets	571,409	474,516	424,217	658,157	577,679
Total assets	807,964	680,307	625,729	723,424	769,224
Net Capital expenditure	2,752	2,955	2,694	454	2,125
<b>Equity and liabilities</b>					
Equity	364,604	250,688	212,124	213,541	246,091
Non-current liabilities	146,238	130,331	134,566	21,435	24,631
Current liabilities	297,122	299,288	279,039	488,448	498,502
Total equity and liabilities	807,964	680,307	625,729	723,424	769,224
<b>Financial ratios</b>					
Operating profit margin (EBIT margin)	13.9%	10.1%	6.9%	7.5%	11.7%
Profit margin before tax	16.1%	10.5%	17.1%	6.4%	7.4%
Return on equity	62.5%	37.6%	66.2%	24.4%	21.6%
Solvency ratio	45.1%	36.8%	33.9%	29.5%	32.0%
Payout ratio	98.9%	91.9%	78.1%	142.6%	104.8%
Number of employees at year end (FTE)	844	733	664	810	875

Comparison figures from 2017-2018 have not been restated in connection with the implementation of new accounting policy for leasing.

**INCOME STATEMENT OF NNE A/S**  
 (DKK 1,000)

	Note	2021	2020
Revenue	2	1,420,138	1,040,583
Costs of production	3,4	(1,139,029)	(861,228)
<b>Gross profit</b>		<b>281,109</b>	<b>179,355</b>
Sales and distribution costs	3,4	(22,364)	(25,801)
Administrative costs	3,4	(62,562)	(49,433)
Other operating income	4	617	617
<b>Operating profit</b>		<b>196,800</b>	<b>104,738</b>
Share of profit/loss in subsidiaries	5	28,844	8,524
Financial income	6	36,135	4,975
Financial expenses	7	(33,022)	(8,850)
<b>Profit before income taxes</b>		<b>228,757</b>	<b>109,387</b>
Income taxes	8	(36,579)	(22,365)
<b>Net profit for the year</b>		<b>192,178</b>	<b>87,022</b>

**BALANCE SHEET OF NNE A/S**  
 (DKK 1,000)

	Note	2021	2020
<b>Assets</b>			
IT systems and software		2,749	4,069
<b>Intangible assets</b>	9	<b>2,749</b>	<b>4,069</b>
Leasehold improvements		1,410	2,485
Other equipment		220	-
Right-of-use assets		92,427	107,375
<b>Property, plant and equipment</b>	10	<b>94,057</b>	<b>109,860</b>
Investments in subsidiaries	11	49,948	33,703
Marketable securities	12	65,085	44,246
Deferred tax assets	13	24,716	13,913
<b>Financial assets</b>		<b>139,749</b>	<b>91,862</b>
<b>Total non-current assets</b>		<b>236,555</b>	<b>205,791</b>
Trade receivables		66,552	86,512
Work in progress		8,332	18,504
Receivables from related parties		262,145	195,638
Tax receivables		2,667	-
Other receivables and prepayments	14	8,158	4,218
Marketable securities	12	16,946	5,335
Cash at bank		206,609	164,309
<b>Total current assets</b>		<b>571,409</b>	<b>474,516</b>
<b>Total assets</b>		<b>807,964</b>	<b>680,307</b>

	Note	2021	2020
<b>Equity and liabilities</b>			
Share capital	15	500	500
Retained earnings		364,104	250,188
<b>Total equity</b>		<b>364,604</b>	<b>250,688</b>
Provisions	16	65,182	36,324
Lease liabilities	17	81,056	94,007
<b>Total non-current liabilities</b>		<b>146,238</b>	<b>130,331</b>
Provisions	16	19,289	5,335
Lease liabilities		14,108	14,994
Prepayments for work in progress		9,886	18,633
Trade payables		48,551	33,394
Borrowing related parties		13,119	9,097
Tax payables		-	436
Other liabilities	18	192,169	217,399
<b>Total current liabilities</b>		<b>297,122</b>	<b>299,288</b>
<b>Total liabilities</b>		<b>443,360</b>	<b>429,619</b>
<b>Total equity and liabilities</b>		<b>807,964</b>	<b>680,307</b>
Accounting policies of the company	1		
Commitments	19		
Fees to statutory auditors	20		
Transaction with related parties	21		

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER OF NNE A/S  
(DKK 1,000)

2021	Share capital	Reserve	Retained earnings	Total
Balance at the beginning of the year	500	1,542	248,646	250,688
Exchange rate adjustments of investment in subsidiaries	-	1,738	-	1,738
Net profit/(loss)	-	-	2,178	2,178
Dividend for the year (proposed)	-	-	190,000	190,000
Paid dividend for previous year	-	-	(80,000)	(80,000)
<b>Balance at the end of the year</b>	<b>500</b>	<b>3,280</b>	<b>360,824</b>	<b>364,604</b>

Share capital cannot be used for dividend declaration.

2020	Share capital	Reserve	Retained earnings	Total
Balance at the beginning of the year	500	-	211,624	212,124
Exchange rate adjustments of investment in subsidiaries	-	1,542	-	1,542
Net profit/(loss)	-	-	7,022	7,022
Dividend for the year (extraordinary paid and proposed)	-	-	80,000	80,000
Paid dividend for previous year	-	-	(50,000)	(50,000)
<b>Balance at the end of the year</b>	<b>500</b>	<b>1,542</b>	<b>248,646</b>	<b>250,688</b>

Share capital cannot be used for dividend declaration.



# NOTE 1

## ACCOUNTING POLICIES OF THE COMPANY

### BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with the Danish Financial Statements Act for reporting class C – large enterprises and following recognition and measurement principles from IFRS 9, IFRS 15 and IFRS 16 as interpretation.

In conformity with section 86.4 of the Danish Financial Statements Act, no cash flow statement is prepared for the Company. Please refer to the cash flow statement for Novo Nordisk Group.

In conformity with section 112.1 of the Danish Financial Statements Act, no consolidated financial statement for NNE A/S and its subsidiaries is prepared. Please refer to the consolidated statement for Novo Nordisk Group.

### KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Management regards the following to be the key accounting estimates and judgements used in the preparation of the financial statements.

### REVENUE RECOGNITION

Total revenue requires estimation of stage of completion which involves management's judgement. The assumptions, estimates, and uncertainties inherent in determining the state of completion which affect the timing and amounts of revenue recognised.

Changes in estimates of stage of completion and changes in contract revenue and costs are accounted for as cumulative catch-up adjustments to the reported revenue for the applicable contract.

Assessing whether distinct services are considered to be separate performance obligations requires judgment and might impact the timing and amount of revenue recognition.

The allocation of the total transaction fee of a contract to distinct deliverables requires judgment in determining an apportionment which reflects the fair value measurement of each performance obligation.

This may impact the timing and amount of revenue recognised.

Determining whether different contracts with the same customer are accounted for as one contract involves the use of judgment as it requires that management assesses whether the contracts are negotiated together or linked in any other way. The timing and amount of revenue recognition can vary depending on whether two contracts are accounted for separately or as one single contract.

### Accounting policies

The principal accounting policies set out below have been applied consistently in the preparation of the financial statements for all the years presented, unless otherwise stated.

### PRESENTATION CURRENCY

The financial statements are presented in Danish kroner (DKK). Foreign currency transactions are translated, using the exchange rates prevailing at the transactions dates. Foreign exchange gains and losses, resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities, are recognised in the income statement.

### REVENUE

The Company provides engineering consulting services to the GMP-regulated pharma industries.



**Determining the transaction price**

The Company's revenue is derived from time & material contracts and fixed price contracts.

For time and material contracts, the amount of revenue to be earned from each contract is determined by reference to the agreed hourly rates. Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Some time and material contracts include a potential discount in case a pre-defined cap is reached. Revenue from these projects is recognised based on the value of the estimated number of expected hours, net of the estimated discount. Historical experience is used to estimate and provide for the discounts, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

For fixed price contracts, revenue is recognised based on stage of completion of the contract which is estimated by comparing the actual services provided in the project with the total services expected to complete the project. In case of a fixed price contract, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a Work in progress asset is recognised. If the payments exceed the services rendered, a Prepayments for work in progress is recognised.

When it is probable that the total contract costs will exceed the revenue of a contract, the total

expected loss is recognised in the Income Statement.

**Allocating amounts to performance obligations**

When a contract includes multiple deliverables, it is accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin. If contracts include the material, revenue for the material is recognised at the point in time when the material is delivered, the legal title has passed, and the customer has accepted the material.

Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss during the period in which the circumstances that have caused the revision become known by management.

**Contract modification**

A modification is considered a separate contract, if additional services are promised and the price of the contract increases by an amount that reflects the stand-alone price of additional services.

**Payment terms**

The Company's general payment terms are customer specific but are generally within 30 to 60 days.

**COST OF PRODUCTION**

The cost of projects comprises all costs, including depreciation, wages and salaries and pension contributions, as well as other costs related to rendering engineering services.

**SALES AND DISTRIBUTION COSTS**

Sales and distribution costs comprise salaries and pension contributions for sales staff, marketing costs, and depreciation.

**ADMINISTRATION COSTS**

Administration costs comprise salaries and pension contributions for administrative staff, management, office costs and depreciation.

**OTHER OPERATING INCOME**

Other income consists of income of a secondary nature in relation to the main activities of the Company.

**FINANCIAL ITEMS**

Financial items comprise interest income, interest expenses, foreign currency translation adjustments and unrealised/realised capital gains or losses on shares.

**INCOME TAXES**

The tax expense for the period comprises current and deferred tax and interest, including adjustments to previous years.

**IT SYSTEMS AND SOFTWARE**

IT systems and software are measured at historical cost less accumulated amortisation and any impairment loss. Amortisation is provided under the straight-line method over the estimated useful life of the assets:

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IT systems and software	3-5 years
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The historical cost includes external and internal costs, directly and indirectly allocated to the IT systems. Computer software licenses are included in the costs.

Minor acquisitions are expensed as incurred.

**LEASEHOLD IMPROVEMENTS AND OTHER EQUIPMENT**

Leasehold improvements and other equipment are measured at historical cost less accumulated depreciation and any impairment loss. Subsequent costs are included in the carrying amount of the asset, only when it is probable that future economic benefits associated with the asset will flow to the Company, and when the cost of the item can be measured reliably.

Depreciation is provided under the straight-line method over the estimated useful lives of the assets:

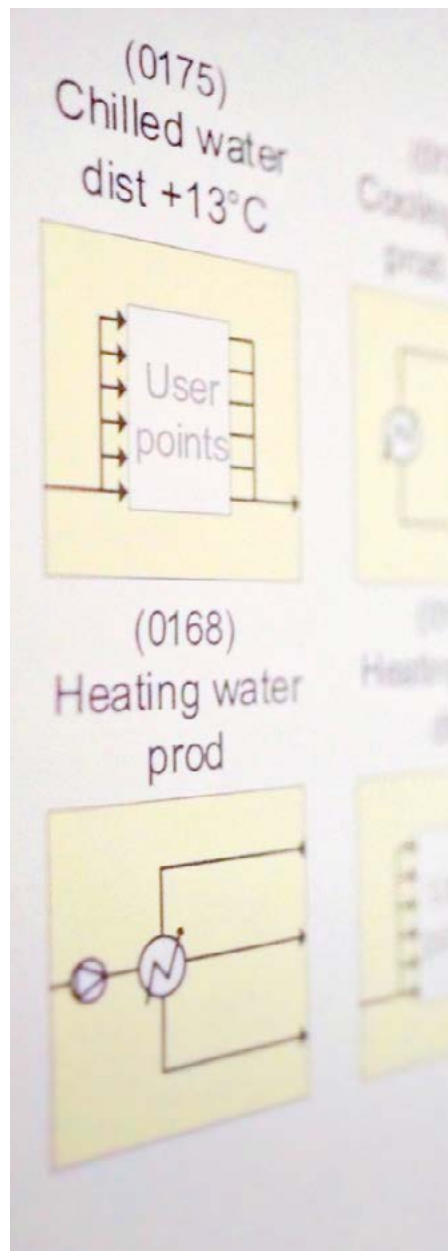
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Leasehold improvements	5-10 years
Other equipment	3-5 years

---

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount.

Gains and losses on disposables are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.



### LEASES, RIGHT-OF-USE ASSETS

The Company leases office buildings and vehicles.

For contracts which are or contain a lease, the Company recognises a right-of-use asset and a lease liability. Contracts may contain both lease and non-lease components. The lease components are recognised in the balance sheet and the non-lease components are recognised as an expense in profit and loss.

The right-of-use asset is initially measured at cost, being the initial amount of the lease liability adjusted for any lease payments made at/or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease contracts with a lease term of 12 months or less and low value lease assets are not recognised in the balance sheet. Short term leases and low value lease assets are expensed on a straight-line basis over the lease term or another systematic basis.

### IMPAIRMENT OF ASSETS

The carrying amount of intangible assets and property, plant and equipment is reviewed annually for indication of value decrease beyond the level of normal depreciation. If the asset or group of assets has decreased in value, write-down is made to a lower recoverable value. The recoverable value is recognised as the highest value of net sale price and value in use. If the recoverable value for the asset or group of assets cannot be recognised, the need for write-down

is based on the smallest group of assets for which the recoverable value can be maintained.

### INVESTMENT IN SUBSIDIARIES

In the financial statements of the Company, investments in subsidiaries are recorded under the equity method, which is at the respective share of the net asset values in subsidiaries.

Net profit of subsidiaries less unrealised intercompany profits is recorded in the income statement.

Within share of profit in subsidiaries, the after tax profit of each subsidiary is recognised.

### MARKETABLE SECURITIES

Financial assets at fair value through the income statements consist of equity investments.

Net gains or losses arising from changes in the fair value of the financial assets are recognised in the income statement as financial income or expenses.

The fair values of quoted investments are based on current bid prices at the end of the reporting period.

### DEFERRED TAX

Deferred taxes arise from temporary differences between the accounting and taxable values of the Company, and from realisable tax loss is carried forward, using the liability method. The tax value of the tax loss carried forward is included in deferred tax assets to the extent that the tax losses and other tax assets are expected to be utilised in future taxable income. The deferred income taxes are measured in accordance to the current tax rules and at tax rates expected to be

in force at the elimination of the temporary differences.

Management judgement is required in determining the company's provision for deferred tax assets and liabilities. The Company recognises deferred tax assets if it is probable that sufficient taxable income will be available in the future, against which the temporary differences and unused tax losses can be utilised.

### TRADE RECEIVABLES

Trade receivables and other receivables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful trade receivables.

The allowance for doubtful receivables is deducted from the carrying amount of trade receivables, and the loss amount is recognised in the income statement under sales and distribution costs.

### Allowances for doubtful trade receivables

The allowance is an estimate based on shared credit risk characteristics and the days past due. Loss allowance is calculated using an aging factor and specific customer knowledge.

### WORK IN PROGRESS

Work in progress is the right to payment in exchange for services transferred to the customer. If the Company performs services to a customer before the customer pays, a work in progress asset is recognised for the earned compensation.

For further details on Work in progress, please refer to section on Revenue.

**OTHER RECEIVABLES**

Other receivables are recognised initially at the amount of the receivables that is unconditional. They are subsequently measured at amortised cost using the effective interest method less impairment.

**DIVIDEND**

Proposed dividend for the year is presented as a separate line under Equity and in the notes.

**PROVISIONS**

Provisions cover warranty obligations for projects, dilapidation and non-current employee benefits.

Provisions, including tax and legal cases, are recognised where a legal or constructive obligation has occurred as a result of past events, and probable causes that can lead to an outflow of resources that can be reliably estimated. In this connection, management makes the estimate based upon an evaluation of the individual, most likely outcome of the cases. In cases where a reliable estimate cannot be made, the provisions are not recognised, but only disclosed as contingent liabilities.

**Employee benefits**

Wages, salaries, social security contributions, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Company. In circumstances where the Company provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employees concerned.

**Share-based payment**

The incentive programme converts the granted share appreciation rights into a fixed number of Novo Nordisk Shares for both management and employees. The incentive programme is treated as a cash-settled, share-based scheme. The fair value of the employee services received in exchange for the grant of share appreciation rights is recognised as an expense and amortised over the vesting period of up to four years.

The liability of the share appreciation rights is measured initially, and at each reporting date until settled at the fair value of the share appreciation rights, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered service to date. Any change in the fair value of the share appreciation rights, from the grant date to the end of each financial year, is recognised as financial income/expense in the income statement.

**LEASE LIABILITIES**

The lease liability is initially measured at the present value of the lease payment claim at the commencement date, discounted using the interest rate implicit in the lease contract. Lease payments consist of the following payments:

- fixed payments from commencement date
- certain variable payments
- residual value guarantees or the exercise price of a purchase option

If the interest rate implicit in the lease contract cannot be readily determined, the Company's incremental borrowing rate is used.

For further information, please refer to section on Leases, right-of-use assets.

**PREPAYMENTS FOR WORK IN PROGRESS**

Prepayments for work in progress is the obligation to deliver services to a customer for which the Company has received payment (or an amount of payment is due), a prepayment for work in progress is recognised when the payment is made. Prepayments for work in progress are recognised as revenue when the Company deliver services under the contract.

For further details on Prepayments for work in progress, please refer to section on Revenue.

**BORROWINGS AND OTHER LIABILITIES**

Generally, liabilities are stated at amortised cost unless specifically mentioned otherwise.

Borrowings are recognised initially at fair value, net of transactions costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method. Borrowings are classified as current debt unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

**FINANCIAL RATIOS**

Financial ratios have been calculated as follows:

**Operating profit margin**

$$\frac{\text{Operating profit} \times 100}{\text{Turnover}}$$

**Profit margin before tax**

$$\frac{\text{Profit before tax} \times 100}{\text{Turnover}}$$

**Return on equity**

$$\frac{\text{Net profit} \times 100}{\text{Average equity}}$$

**Solvency ratio**

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

**Payout ratio**

$$\frac{\text{Total dividend for the year} \times 100}{\text{Net profit}}$$

**Dividend per share**

$$\frac{\text{Proposed dividend}}{\text{Number of shares}}$$



## Note 2 Revenue

	2021	2020
Revenue from contracts with customers	1,420,138	1,040,583
<b>Total</b>	<b>1,420,138</b>	<b>1,040,583</b>

### Disaggregation of revenue from contracts with customers

The Company derives revenue from the delivery of engineering services in following geographical regions

Denmark	1,394,701	1,013,993
Brazil	6,320	-
Turkey	5,478	7,633
US	5,606	9,059
Other	8,033	9,898
<b>Total</b>	<b>1,420,138</b>	<b>1,040,583</b>

## Note 3 Employee costs

Wages and salaries	672,944	559,054
Pensions	54,943	47,373
Share-based payment costs	12,793	10,492
Other contributions to social security	8,044	8,258
Other employee costs	14,148	13,842
<b>Total</b>	<b>762,872</b>	<b>639,019</b>

The average number of full-time employees in 2021 was 804 compared to 678 in 2020. At the end of 2021 the Company had 844 full-time employees compared to 733 at year end 2020.

NNE Management consist of the CEO. In conformity with section 98.b.3 of the Danish Financial Statement Act, the remuneration for the Management team is stated as one category for CEO and Board of Directors.

Remuneration to the Board of Directors and the CEO is DKK 9 million in 2021 (2020: DKK 7 million) including Share-based payment.

## Note 4 Other operating income

	2021	2020
<b>Relocation compensation</b>	<b>617</b>	<b>617</b>

Other income comprises of compensation from the parent company to cover related relocation costs in connection with relocation of NNE headquarter in Denmark in 2018.

## Note 5 Share of profit/loss in subsidiaries

Net profit/(loss) for the year	14,177	8,524
Net gain/loss on shares in subsidiaries	14,667	-
<b>Share of profit/loss in subsidiaries</b>	<b>28,844</b>	<b>8,524</b>

## Note 6 Financial income

Interest income from group companies	1,018	850
Unrealised/realised capital gains on shares	33,364	3,591
Other financial income	1,753	534
<b>Total</b>	<b>36,135</b>	<b>4,975</b>

## Note 7 Financial expense

Interest expenses to group companies	18	37
Unrealised/realised adjustments of provisions (share-based payment)	29,624	4,275
Other financial expenses	3,380	4,538
<b>Total</b>	<b>33,022</b>	<b>8,850</b>

## Note 8

### Income taxes

	2021	2020
The Company paid DKK 48.7 million in income tax related to current year (DKK 23.7 million in 2020).		
Current tax on profit for the year	46,339	23,022
Deferred tax on profit for the year	(9,654)	(1,166)
<b>Tax on profit for the year</b>	<b>36,685</b>	<b>21,856</b>
Adjustments to tax payable prior year	1,044	(1,199)
Adjustments to deferred tax prior year	(1,150)	1,708
<b>Tax for the year, total</b>	<b>36,579</b>	<b>22,365</b>

The tax effect of joint taxation with the parent company Novo Nordisk A/S and affiliated companies is distributed to the companies according to their taxable income (the full costing method). The Danish jointly taxed companies are included in a Danish tax prepayment scheme.

## Note 9

### Intangible assets

	IT systems and software
Cost at 1 January	25,587
Disposals during the year	(298)
<b>Cost at 31 December</b>	<b>25,289</b>
Depreciation and impairment losses at 1 January	21,518
Depreciation for the year	1,320
Disposals during the year	(298)
<b>Depreciation and impairment losses at 31 December</b>	<b>22,540</b>
<b>Carrying amount at 31 December</b>	<b>2,749</b>

## Note 10

### Property, plant and equipment

2021	Leasehold improve- ments	Other equipment	Right-of-use assets		
			Property	Vehicles	Total
Cost at 1 January	6,797	2,205	133,528	6,288	148,818
Additions during the year	-	235	1,804	713	2,752
Disposals during the year	-	-	-	(1,564)	(1,564)
<b>Cost at 31 December</b>	<b>6,797</b>	<b>2,440</b>	<b>135,332</b>	<b>5,437</b>	<b>150,006</b>
Depreciation and impairment losses at 1 January	4,312	2,205	29,403	3,038	38,958
Depreciation for the year	1,075	15	15,178	1,251	17,519
Disposals during the year	-	-	-	(528)	(528)
<b>Depreciation and impairment losses at 31 December</b>	<b>5,387</b>	<b>2,220</b>	<b>44,581</b>	<b>3,761</b>	<b>55,949</b>
<b>Carrying amount at 31 December</b>	<b>1,410</b>	<b>220</b>	<b>90,751</b>	<b>1,676</b>	<b>94,057</b>

## Note 11

### Investments in subsidiaries

	2021	2020
<b>Investments in subsidiaries</b>		
Cost at 1 January	286,620	286,430
Additions during the year	330	191
Divestments during the year	-	(1)
<b>Cost at 31 December</b>	<b>286,950</b>	<b>286,620</b>
Revaluation at 1 January	(252,917)	(262,983)
Exchange rate adjustments	1,738	1,542
Net profit/(loss) for the year	14,177	8,524
<b>Revaluation at 31 December</b>	<b>(237,002)</b>	<b>(252,917)</b>
<b>Carrying amount at 31 December</b>	<b>49,948</b>	<b>33,703</b>

## Investments in subsidiaries

### Continuous

Company	Domicile	Share of ownership
NNE, Inc.	Clayton, NC, United States	100%
NNE Private Limited	Bangalore, India	100%
NNE AB (without activity)	Stockholm, Sweden	100%
NNE Pharmaplan OOO (without activity)	Moscow, Russia	100%

## Note 12

### Marketable securities

	2021	2020
Shares in Novo Nordisk A/S	82,031	49,581
<b>Total</b>	<b>82,031</b>	<b>49,581</b>
Non-current	65,085	44,246
Current	16,946	5,335
<b>Total</b>	<b>82,031</b>	<b>49,581</b>
Acquisition during the year at cost price	3,191	12,682
Total number of shares	111,607	116,209

The shares in Novo Nordisk are acquired for the share-based payment program and the employee restricted stock unit program.

## Note 13

### Deferred tax assets/Deferred tax liabilities

	2021	2020
Balance at 1 January	13,913	14,455
Deferred tax on profit for the year	9,653	1,166
Adjustments related to previous years	1,150	(1,708)
<b>Balance at 31 December</b>	<b>24,716</b>	<b>13,913</b>

Specification:	2021			2020		
	Assets	Liabilities	Total	Assets	Liabilities	Total
Property, plant and equipment	-	(15,615)	(15,615)	-	(20,722)	(20,722)
Contract assets	(117)	-	(117)	328	-	328
Provisions	41,134	-	41,134	34,789	-	34,789
Other	-	(686)	(686)	-	(482)	(482)
<b>Balance at 31 December</b>	<b>41,017</b>	<b>(16,301)</b>	<b>24,716</b>	<b>35,117</b>	<b>(21,204)</b>	<b>13,913</b>

## Note 14

### Other receivables and prepayments

	2021	2020
Prepaid costs	7,889	4,196
Other receivables	269	22
<b>Total</b>	<b>8,158</b>	<b>4,218</b>

## Note 15

### Share capital

	2021	2020
<b>Share capital at the end of the year:</b>		
A share capital (167 shares of DKK 1,000)	167	167
B share capital (333 shares of DKK 1,000)	333	333
<b>Total</b>	<b>500</b>	<b>500</b>

The share capital in NNE A/S is divided into A shares and B shares. The A shares have 10 votes per DKK 500 of the A share capital, whereas the B shares have 1 vote per DKK 500 of the B share capital. There are no transferability restrictions on the B shares, while the owners of the A shares have a right of first refusal in case of any transfer of A shares.

#### Proposed appropriation of net profit:

Dividend to shareholders	190,000	80,000
Retained earnings	2,178	7,022
<b>Total</b>	<b>192,178</b>	<b>87,022</b>

## Note 16

### Provisions

	Warranties and project related provision	Share-based payment	Long-term employee benefits	Dilapidation	2021 Total	2020 Total
Other provisions at 1 January	-	29,635	7,900	4,124	41,659	35,598
Additions during the year	4,916	12,793	760	594	19,063	12,365
Used during the year	(2)	(5,488)	(385)	-	(5,875)	(10,579)
Value adjustment	-	29,624	-	-	29,624	4,275
<b>Provisions at 31 December</b>	<b>4,914</b>	<b>66,564</b>	<b>8,275</b>	<b>4,718</b>	<b>84,471</b>	<b>41,659</b>

	2021	2020
<b>Specification of provisions:</b>		
Current	19,289	5,335
Non-current	65,182	36,324
<b>Total</b>	<b>84,471</b>	<b>41,659</b>

DKK 7 million of the non-current amount falls due after more than five years.

#### Share-based payment

The Executive Management, NNE Management and senior executives participate in a long-term share-based incentive program linked to the performance of Novo Nordisk.

In August 2019, all employees in the Novo Nordisk Group, including NNE, were offered 75 restricted stock units. A stock unit gives the right to receive one Novo Nordisk share free of charge on February 2023 subject to continued employment. The cost of the program is amortised over the period.

## Note 17

### Lease liabilities

DKK 29 million of the lease liability is due after more than 5 years.

## Note 18

### Other liabilities

Employee costs payable	117,254	155,577
VAT, taxes and other contributions to social security	35,658	27,781
Accruals	35,225	29,392
Deferred Income	4,032	4,649
<b>Total</b>	<b>192,169</b>	<b>217,399</b>

Other liabilities are all payable within one year. There is only an insignificant difference between nominal amounts and amortised amounts and thus, only the nominal amounts have been presented. Deferred income include prepaid compensation in connection with relocation of NNE headquarter.

## Note 19

### Commitments

2021                      2020

#### Other commitments

Other commitments consist of non-cancellable commitments related to internal consultants, licenses and purchase obligations. Internal consultants are consultants hired on a temporary contract working on behalf of NNE and have a notice period of 3 months or less.

Other commitments, short term leases and low value leases are payable within the following periods as from the balance sheet date:

Within one year	33,687	30,418
Between one and two years	14,595	19,248
Between two and three years	4,060	14,455
Between three and four years	4,071	3,931
Between four and five years	4,003	3,966
After five years	8,337	12,441
<b>Total</b>	<b>68,753</b>	<b>84,459</b>

Other commitments regarding leases, short term and low value leases amount to DKK 31 million out of the total value.

#### Guarantees

Bank guarantees	8,107	7,774
<b>Total</b>	<b>8,107</b>	<b>7,774</b>

#### Other

Novo Nordisk A/S and its Danish subsidiaries are jointly taxed with the Danish companies in the Novo A/S Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

#### Pending litigations

NNE is engaged in a few litigation proceedings. Management deems that the provisions made are appropriate, and settlements or continuation of these proceedings are not expected to have a material effect of the financial position of the Company.

## Note 20

### Fees to statutory auditors

In conformity with section 96.3 of the Danish Financial Statements Act, no fees to statutory auditors is stated. Please refer to the consolidated financial statements of Novo Nordisk A/S.

## Note 21

### Transactions with related parties

Related parties are considered to be the Executive Management and the Board of Directors of the Company, the Novo Nordisk Group, the Novo Nordisk Foundation as well as related parties in these entities, including members of management.

All agreements relating to these transactions are based on the list prices used for sale to third parties where such list prices exist, or the price has been set at what is regarded as market price.

#### Ownership

NNE A/S is a wholly owned subsidiary of Novo Nordisk A/S and included in the consolidated financial statements of Novo Nordisk A/S and in the consolidated financial statements of the Novo Nordisk Foundation.

The consolidated financial statements of Novo Nordisk A/S are available on request from Novo Nordisk A/S, Novo Allé 1, DK-2880 Bagsværd. The ultimate parent is the Novo Nordisk Foundation, Tuborg Havnevej 19, DK-2900 Hellerup.



# MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

The Executive Management and Board of Directors have today considered and adopted the Annual Report of NNE A/S for the year of 2021.

The Annual Report have been prepared in accordance with the Danish Financial Statements Act, Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the results of the Company operations for the financial year 1 January - 31 December 2021.

In our opinion, The Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report will be adopted at the Annual General Meeting.

VIRUM, 21 MARCH 2022

## Executive Management

Jesper Kløve  
President and CEO

## Board of Directors

Karsten Munk Knudsen  
(Chairman)

Birgit W. Nørgaard  
(Vice Chairman)

Michael Hallgren

Klaus Steen Mortensen

Lis Thodberg

Inés Aréizaga Esteva

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDER OF NNE A/S

### OPINION

We have audited the financial statements of NNE A/S for the financial year 1 January - 31 December 2021, which comprise the income statement, balance sheet, statement of changes in 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 2021 and of the results of its operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

### BASIS FOR OPINION

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

### MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 COMMENTARY

Management is responsible for the management commentary.

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

COPENHAGEN, 21 MARCH 2022

#### Deloitte

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

#### Sumit Sudan

State-Authorised Public Accountant  
Identification No (MNE) mne33716

In connection with our audit 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 audit 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 the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

#### Kåre Kansonen Valtersdorf

State-Authorised Public Accountant  
Identification No (MNE) mne34490

