

Annual Report for the period December 1 to December 31, 2020

***BioInnovation Institute
Fonden
Ole Maaløes Vej 3, 2200
Copenhagen N***

Annual Report 2020

CVR-nr. 41 89 86 66

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

January 11, 2021

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Management statement

The Executive Management and Board of Directors have today considered and adopted the Annual Report of BioInnovation Institute Foundation for the financial year December 1 – December 31, 2020.

The Annual Report 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 Foundation's financial position at December 31, 2020 and of the result of the Foundation's operation for the financial year December 1 - December 31, 2020.

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

Hellerup, den 11.01.2021

Executive Management

Jens Nielsen

Board of Directors

Sten Scheibye

Chairman

Marianne Philip

Deputy chairman

Bo Ahrén

Martin Bonde

Regina Hodits

Birgitte Nauntofte

Hans Schambye

Thomas Schäfer

Robert Urban

Independent Auditor's Report

To the Board of Directors of BioInnovation Institute Fonden

Opinion

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

We have audited the Financial Statements of BioInnovation Institute Fonden for the financial period December 1 - December 31, 2020, which comprise income statement, balance sheet, cash flow statement, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 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 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 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.

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, January 11, 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Torben Jensen

State Authorised Public Accountant

Mne18651

Elife Savas

State Authorised Public Accountant

Mne34453

Management Review

General information about the Foundation

Foundation	BioInnovation Institute Fonden Ole Maaløes Vej 3 2200 Copenhagen N Denmark	
	Phone:	3527 6600
	Date of foundation:	December 1, 2020
	CVR-no.:	41 89 86 66
	Financial year:	January 1 to December 31
	First financial year:	December 1 to December 31
	Municipality of domicile:	Copenhagen

Board of Directors	Sten Scheibye (Chairman) Marianne Philip (Deputy Chairman) Bo Ahrén Martin Bonde Regina Hodits Birgitte Nauntofte Hans Schambye Thomas Schäfer Robert Urban
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Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup Denmark
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Management Review

The objects of the Foundation

The objects 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 the public, 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

BII is an incubator that besides offering state-of-the-art laboratory facilities also provides support for start-up companies in the form of founder-friendly funding, business development support and network access. BII is a private charitable foundation with corporate interests. BII supports start-up companies that are at a too early stage to attract financing from commercial investors.

To execute its activities BII has established four programs:

1. Creation House; where start-up companies are provided with a convertible loan of 10 MDKK and the opportunity to operate at BII in 18 months. Companies entering Creation House are primarily evaluated on their chance of receiving a commercial investment following de-risking key experiments and business development during the time at Creation House. The companies are expected to have a clearly defined path to market for their product.
2. Venture Lab; where start-up companies are provided with a convertible loan of 4 MDKK and will follow a 12 months business acceleration program. Companies entering Venture Lab are primarily evaluated on their potential impact on society, i.e. focus is on high-risk, high-gain type technologies. The companies will typically not have a clearly defined path to market for their product.
3. Faculty program; which is a company creation program where prominent researchers are given an 18 MDKK grant over 3 years to build a new company based on cutting-edge research. The grants are given to a Danish research institution that ensure hiring the team to execute the project plan. The team will relocate to BII and operate as a virtual company with clear focus on spinning-out as a company with commercial investment after the 3 years.
4. Residence program; which is a standard incubation program where companies that have received a commercial investment can rent space at the incubator. The incubator operates with open labs where companies are assigned lab-benches and otherwise uses shared facilities. The companies in the Residence program pay rent at a commercial level.

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

Financial results

The Foundations financial result for the first financial year, which covers the period December 1 to December 31 2020 is a deficit of TDKK 26. The Foundations equity is at December 31, 2020 TDKK 274.

The Foundation has no employees employed and thus no salary expenses.

Future expansion

As of January 2021, BII is operating an incubator hosting about 20 biotech start-up companies. BII is unique as it combines the operation of an incubator, provision of funding, and strong support for company creation and business development. Furthermore, the programs offered by BII ensures that we are building a very strong ecosystem of entrepreneurs and scientists working from universities to large corporations. Our grant-giving programs support start-up companies at different stages, from very early stage through Venture Lab to a more mature stage through Creation House, as well as engaging in company creation through the Faculty program. Through our Residence program it is possible for externally financed start-up companies, including BII alumni companies, to join the entrepreneurial environment at BII and take advantage of our state-of-the-art laboratories. Finally, through our Partner program external partners can engage with our portfolio companies as well as build a strong entrepreneurial ecosystem in Copenhagen. BII operates broadly in life-science and covers three areas: BioIndustrials, Therapeutics, and HealthTech.

From 2021 BII is expected to grow rapidly and within the next 2-3 years the incubator at BII is projected to host more than 50 companies at different stages of their development.

Financial risks

The projects and startups in BII programs are financed by grants and convertible loans. If the recipients of the convertible loans terminate the company the loans will be converted into grants. Based on the nature of the grant-giving activities, it is assessed that there are very limited 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 "Faculty Program", "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 developed for the board, the board decides whether to support.

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, <https://bioinnovationinstitute.com/governance/>

No grants have been awarded during the financial year 2020.

Board of Directors and committees

Board of Directors in 2020

The Board of Directors consists of nine members, all of whom were elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation on 1 December 2020. The Board of Directors has elected a chairman and a deputy chairman among its members. The chairman and the deputy chairman constitute the chairmanship.

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 December 31, 2020, 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.

Foundation governance

The Danish Committee on Foundation Governance, has in accordance with the Danish Commercial Foundations Act, drafted the Recommendations on 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 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 chairman, the deputy chairman or by another board member following authorisation from the board of directors. 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

No remuneration was awarded to the members of the Board of Directors relating to the financial year 2020.

Table 2: 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 Chairman 1951 Male	December 1, 2020 Re-elected: N/A	Annual report meeting 2021	<p>Sten Scheibye is the chair of the boards of directors of Industriens Fond, Knud Højgaards Fond and Højgaard Ejendomme A/S. He is 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 non-independent.</p> <p>Elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation.</p> <p>Ownership in Foundation subsidiaries: None</p>
Marianne Phillip Deputy Chairman 1957 Female	December 1, 2020 Re-elected: N/A	Annual report meeting 2021	<p>Marianne Philip is the chair of Gerda & Victor B. Strands Fond (Toms Gruppens Fond), Nordea Invest, Copenhagen Capacity, Fonden til Markedsføring af Erhvervsfremme i Region Hovedstaden, Bestyrelsesforeningens Center for Cyberkompetencer A/S, and Gerda & Victor B. Strand Holding A/S. Deputy Chair in Novo Nordisk Fonden, LIFE Fonden, Nordea Funds Oy, Bitten og Mads Clausens Fond (Danfoss Fonden), Norli Pension Livsforsikring A/S and Danmarks Genopretningsfond A/S. She is Board member of Kirsten og Peter Bangs Fond, Axcel Future, Codan A/S, Codan Forsikring A/S, Brenntag Nordic A/S, and Aktieselskabet af 1. januar 1987 and chair of Komitéen for God Fondsledelse. Marianne Philip is adjunct professor at 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.</p> <p>Elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation.</p> <p>Ownership in Foundation subsidiaries: None</p>
Bo Ahrén Member 1952 Male	December 1, 2020 Re-elected: N/A	Annual report meeting 2021	<p>Bo Ahrén is chairman of Lund University Holding, University Campus Helsingborg and Steno Collaboration Committee. He is board member of Ideon.</p> <p>Competencies: Significant experience with management and research in the university environment. Experience with board work.</p>

			<p>The member is considered independent.</p> <p>Elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation.</p> <p>Ownership in Foundation subsidiaries: None</p>
<p>Martin Bonde Member 1963 Male</p>	<p>December 1, 2020</p> <p>Re-elected: N/A</p>	<p>Annual report meeting 2021</p>	<p>Martin Bonde is the chief executive officer of Inthera Bioscience AG. He is 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>Elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation.</p> <p>Ownership in Foundation subsidiaries: None</p>
<p>Regina Hodits Member 1969 Female</p>	<p>December 1, 2020</p> <p>Re-elected: N/A</p>	<p>Annual report meeting 2021</p>	<p>Regina Hodits is managing partner at Wellington Partners Venture Capital GmbH. She is board member of Stipe Therapeutics ApS, Snipre Biome ApS, Atopix Limited, Middle Peak Medical GmbH, Rigontec GmbH, Themis Bio-science GmbH, Helmholtz Validation Funds, INiTS Universitäres Gründerservice Wien and Innovate UK Major Awards Committee. Supervisory board member in Carisma Therapeutics Inc., GTX Medical SA and Ayoxxa Biosystem GmbH.</p> <p>Competencies: Board work, networking, entrepreneurship, development of companies, investment, capital raising and venture capitalism.</p> <p>The member is considered independent.</p> <p>Elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation.</p> <p>Ownership in Foundation subsidiaries: None</p>
<p>Birgitte Nauntofte Member 1958 Female</p>	<p>December 1, 2020</p> <p>Re-elected: N/A</p>	<p>Annual report meeting 2021</p>	<p>Birgitte Nauntofte is chief executive officer of Novo Nordisk Fonden. She is board member of LIFE Fonden.</p> <p>Competencies: Significant experience with management and development of commercial foundation organisations. Excellent experience with scientific research and innovation including assessment of quality and potential, and board of directors work. In depth knowledge of the Novo Group's business. Experience with and knowledge of foundation governance due to her previous position as member of the Committee on Foundation Governance from 2014-2020.</p> <p>The member is considered non-independent.</p> <p>Elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation.</p> <p>Ownership in Foundation subsidiaries: None</p>

Hans Schambye Member 1964 Male	December 1, 2020 Re-elected: N/A	Annual report meeting 2021	<p>Hans Schambye is chief executive officer of Galecto Biotech AB. Chairman of Step Pharma.</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>Elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation.</p> <p>Ownership in Foundation subsidiaries: None</p>
Thomas Schäfer Member 1963 Male	December 1, 2020 Re-elected: N/A	Annual report meeting 2021	<p>Thomas Schäfer is executive vice president and chief scientific officer in Chr. Hansen Holding A/S. Member of Advisory Board at DTU. Board member at 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>Elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation.</p> <p>Ownership in Foundation subsidiaries: None</p>
Robert Urban Member 1962 Male	December 1, 2020 Re-elected: N/A	Annual report meeting 2021	<p>Robert Urban is board member in Kendell Square Associates.</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>Elected by the Novo Nordisk Foundation in connection with the establishment of the Foundation.</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 Foundation's financial position at December 31, 2020

Financial highlights

Tabel 3: Financial highlights

TDKK	2020
Result before financial expenses	-26
Result before tax	-26
Result after tax	-26
Equity	274
Total assets	300
Financial highlights	
Return on assets	-8,6%
Solvency ratio	91%

Income Statement for the period December 1 to December 31, 2020

TDKK	Note	2020
Costs of administration	4	<u>-26</u>
Result before tax		-26
Tax on profit for the year	5	<u>0</u>
Profit/loss for the year		<u>-26</u>
Proposed distribution of the result:		
Retained earnings		<u>-26</u>
		<u>-26</u>

Balance sheet at December 31

TDKK	Note	2020
Assets		
Cash and bank balances		300
Total current assets		300
Total assets		300
Equity and liabilities		
Capital base		300
Retained earnings		-26
Total equity		274
Trade payables		26
Total current liabilities		26
Total equity and liabilities		300
Accounting policies	1	
Events after the balance sheet date	2	

Statement of changes in equity

TDKK	Base capital	Retained earnings	Total
2020			
Equity December 1, 2020	0	0	0
Cash contribution	300	0	300
Result for the year	0	-26	-26
Equity at the end of the year	300	-26	274

Cash flow statement

TDKK	Note	2020
Result for the year		<u>-26</u>
Changes in trade payables		<u>26</u>
Cash flow from operating activities		<u>26</u>
Base capital paid in cash at establishment of the Foundation		<u>300</u>
Cash flow from investment activities		<u>300</u>
Net cash flow		<u>300</u>
Cash at December 31		<u>300</u>

Notes

Note 1 – Accounting policies

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

The Annual Report is presented in TDKK.

Recognition and measurement

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

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the foundation, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the foundation, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Administration costs

Administration costs comprise audit costs.

Income taxes

The tax expense for the period comprises current and deferred tax and interests including adjustments to prior year.

Equity

The Foundations base capital consist of it original base capital.

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.

Cash flow statement

The cash flow shows the foundation's cash flows for the year broken down by operating and financing activities, changes for the year in cash and cash equivalents as well as the Foundation's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities

Cash flows from operating activities are calculated as the net 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 flows from investing activities

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

Cash flow from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise solely cash at banks.

Financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$

Notes 2-5 - Other

TDKK

2020

Note 2 Events after the balance sheet data

No events have occurred after the end of the financial year with significant impact on the Foundation's financial position at December 31, 2020

Note 3 Employees

The foundation had one employee during the period December 1 to December 31, 2020.

Note 4 Costs of administration

Audit fee	<u>26</u>
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Note 5 Tax on profit for the year

Current tax on profit for the year	0
Deferred tax on profit for the year	<u>0</u>
Tax on profit for the year	<u>0</u>

Note 6 Related party transactions

The board has not received any board fee in the financial year 2020.

Appendix A (Part of Management Review)

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

(a part of the Management's Review)

The BioInnovation Institute Fonden is subject to the recommendation on good foundation governance, which can be accessed on the website of Komitéen for god Fondsledelse, www.godfondsledelse.dk.

Recommendation	The foundation complies	The foundation does not comply and explains
1. Transparency and communication		
<p>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>	<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 Chairman, the Deputy Chairman or by another board member following authorisation from the board.</p> <p>The Chairmanship has authorised the executive management to communicate with the general</p>	

Recommendation	The foundation complies	The foundation does not comply and explains
	public in respect of the foundation's commercial activities or the BioInnovation Institute's activities.	
2. Tasks and responsibilities of the board of directors		
2.1 Overall tasks and responsibilities		
2.1.1 IT IS RECOMMENDED that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, 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.	The foundation complies. At least once a year, the board reviews and agrees on the foundation's overall strategy and distribution policy.	
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.	The foundation complies. 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.	
2.2 Chairman and vice-chairman of the board of directors		
2.2.1 IT IS RECOMMENDED that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members individually and collectively.	The foundation complies.	

Recommendation	The foundation complies	The foundation does not comply and explains
	The Chairman organises, convenes and chairs the meetings of the board of directors.	
<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 the 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 Chairman, which extend beyond the duties of the chairman, to ensure that the board maintains its independent, general management and control function.</p>	
2.3 Composition and organisation of the board of directors		
<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> <p>Each year, the board will assesses and determines which competences the board requires in order to duly cover the value chain</p>	

Recommendation	The foundation complies	The foundation does not comply and explains
	from early research through innovation and venture investment to a potential exit.	
<p>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.</p>	<p>The foundation complies.</p> <p>The Novo Nordisk Foundation appoints 3-6 members to the board. The board appoints an additional 1-3 members. The Novo Nordisk Foundation nominates one or more candidates for the position as chairman and deputy chairman.</p>	
<p>2.3.3 IT IS RECOMMENDED that members of the board of directors are appointed on the basis of their personal qualities and competences, taking into account the collective competences of the board, and when composing and nominating new members of the board, the need for introducing new talent is weighed against the need for continuity and the need for diversity in relation to, inter alia, commercial and grants experience, age and gender.</p>	<p>The foundation complies.</p> <p>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.</p>	
<p>2.3.4 IT IS RECOMMENDED that in the management commentary in the annual report and on the commercial 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, 	<p>The foundation complies.</p> <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</p>	

Recommendation	The foundation complies	The foundation does not comply and explains
<ul style="list-style-type: none"> • 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 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>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>	
<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>The foundation does not comply.</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. 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</p>

Recommendation	The foundation complies	The foundation does not comply and explains
		order to ensure an effective and professional management of the subsidiary.
2.4 Independence		
<p>2.4.1 IT IS RECOMMENDED that an appropriate proportion of the board of directors be independent.</p> <p>If the board of directors (excluding employee representatives) is composed of</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 a 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 	<p>The foundation complies.</p> <p>Six out of nine members of the board are considered to be independent.</p>	

Recommendation	The foundation complies	The foundation does not comply and explains
<p>corresponding connection) with the foundation/group or a subsidiary or associated company of 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 relatives or in another way be very close to persons who are not considered as 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 have received significant donations from the foundation. 		
2.5 Appointment period		
<p>2.5.1 IT IS RECOMMENDED that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.</p>		<p>The foundation does not comply.</p> <p>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.</p> <p>It is not the intention that all board members are replaced annually.</p>

Recommendation	The foundation complies	The foundation does not comply and explains
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 the 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 Chairman 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		
3.1.1 IT IS RECOMMENDED that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of a potential executive board be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.	The foundation complies. The members of the board receive an annual fee fixed in connection	

Recommendation	The foundation complies	The foundation does not comply and explains
	with the adoption of the annual report.	
<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 an executive board, if any, have received for performing other work or tasks for 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>	