

Cytovac A/S

Venlighedsvej 6

DK-2970 Hørsholm

Business Registration No. 31 26 26 66

Annual report 2020

(13th Financial year)

The Annual General Meeting adopted the annual report on ²/6 2021



Chairman of the General Meeting

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Company information

The Company

Cytovac A/S

Venlighedsvej 6

DK-2970 Hørsholm

Business Registration No.: 31 26 26 66

Registered office: Hørsholm

Date of incorporation: 11.02.2008

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Jan Kuhlmann Andersen, Chairman

Peter Bonne Eriksen

Per Falholt

Fredrik Buch

Executive Board

Lone Dahl Andersen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Statement by Management

The Board of Directors and Executive Board have today considered and approved the annual report for the financial year 01.01.2020 – 31.12. 2020 for Cytovac A/S.

The annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position as at 31.12.2020 and of the results of the Company's activities and cash flows for the financial year 01.01.2020 – 31.12.2020.

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

The annual report is submitted for adoption at the Annual General Meeting.

Hørsholm, May 18, 2021

Executive Board

Lone Dahl Andersen
CEO

Board of Directors

Jan Kuhlmann Andersen
Chairman

Peter Bonne Eriksen

Per Falholt

Fredrik Buch

Independent auditor's report

To the shareholders of Cytovac A/S

Opinion

We have audited the financial statements of Cytovac A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2020, and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board of 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.

Material uncertainty related to going concern

We refer to note 3 Going Concern and 23 Subsequent event, to the financial statements and the Management report, section "Financing 2021 – Going Concern" from which it is evident that the Company's going concern is conditional upon capital being contributed in 2021. Such financing is expected to be obtained from Cytovac AB.

Cytovac AB has been in resented dialog with several of the company's major shareholders who have expressed their interest and intention to participate in the next planned private share issue in Q2 2021. Based here on Cytovac AB intends to initiate a private share issue in May 2021 closing expected end Q2 2021.

Cytovac AB has issued a letter of support like previous years to Cytovac A/S whereby proceeds, if raised, from the planned private share issue described above are expected be transferred to Cytovac A/S. Based hereon, Management of Cytovac A/S expects that Cytovac A/S through the planned financing round in Cytovac AB can obtain sufficient cash to finance the planned activities into the beginning of 2022 and therefore considers it appropriate to prepare the financial statements on an ongoing basis.

By nature a material uncertainty exists that the capital increase in Cytovac AB and the transfer of the proceeds to Cytovac A/S are not completed as planned which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion has not been modified with respect to this matter.

Statement on the management's review

Management is responsible for the management's review.

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

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

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

Based on the work we have performed; we conclude that the management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the 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 International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and 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.

Copenhagen, 18 May 2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jens Sejer Pedersen
State-Authorised Public Accountant
MNE no. 14986

Management's review

Primary activities

Cytovac performs research and development of cell-based pharmaceuticals for treatment of cancer, based on the patient's own immune system (an autologous immunotherapy treatment).

Development in activities

The year 2020 was a different year due to the COVID-19 pandemic.

A new and improved ALECSAT 2.0 treatment which is a result of several years intensive research have improved the final cell product both in quality and in number of cytotoxic cells which is crucial for the potential effect of the treatment. In-vitro experiments have demonstrated a clear dose-response relationship between the number of ALECSAT cells and the number of cancer cells killed.

Cytovac's 2nd generation ALECSAT 2.0 product is compared to the ALECSAT 1.0 product used in the CV006 study in patients with glioblastoma, delivering 6-8 times more cells with improved efficacy and specificity against cancer cells *in-vitro*.

Cytovac has initiated a new Investigator Initiated phase Ib study CV007 within triple negative breast cancer (TNBC) in collaboration with Odense University Hospital (OUH). In the study the new and improved ALECSAT 2.0 treatment will be used. The study will include 20 female patients. The study was expected to commence in the first quarter of 2020 but has been delayed due to COVID-19 pandemic. With a recruitment period of up to 18 months, the last patient is expected to be enrolled no later than Q1 2022. The treatment period for each patient is 18 months and the study is expected to be completed in the third quarter 2023. Three patients have been enrolled, an amendment to the clinical protocol have been approved and an ongoing search for additional hospitals enrolling patients have been discussed with OUH

Cytovac has in parallel with the clinical study CV007 a research project with scientists from OUH and The Danish Cancer Society (DCS). The main purpose of this research collaboration is to identify the anticancer effect of the various T cells that are present in the ALECSAT product. The possibilities of combining ALECSAT treatment with already marketed treatments such as checkpoint inhibitors are also being investigated. Experiments are being performed with the ALECSAT product and a human breast cancer tumor cell line in in vitro studies, as well as in in vivo immunocompromised mice. The ALECSAT cells used in these experiments are prepared from human healthy donors.

Cytovac continuously strives to utilize the knowledge gained through the research and development activities increasing the value and attractiveness of the company. This has led to a new patent opportunity for a new technology platform – a manufacturing protocol – which may have a positive treatment effect in patients infected and hospitalized with severe symptoms of COVID-19 or other viral diseases with the same characteristics as COVID-19.

Cytovac has restructured the organization to improve on commercial execution in line with its current activities and collaboration with Xcelcyte. Some dialogues have been initiated with other biotech companies.

Immunotherapy continues to be an area in cancer research and treatment that has high priority. Cytovac has further developed the ALECSAT therapy into the 2nd generation ALECSAT 2.0, which potentially can improve the cancer treatment of solid tumors. It is the opinion of the Board of Directors and Management that the need for new immunotherapy products is still high and that the market continues to show a great interest in immunotherapy-based products. In this light, it is the expectation that there will be significant interest in Cytovac's prospective activities when Cytovac extend partner discussions in 2021.

In order to ensure Cytovac's financial preparedness it is continuously consider to assess the possibilities of making a capital increase within the existing authorization, just as we continue to examine the possibilities for financing outside the current shareholder group. Cytovac's management and board will also explore the opportunity to merge or sell the company.

The contribution to revenue and financing from the service agreement between CytoVac A/S and XcelCyte will continue till and included June 2021 and revenue in 2021 is amounted to DKK 1,0. The service agreement might be extended by XcelCyte if XcelCyte meet their scientific milestones and successfully raise capital.

During 2020 Cytovac A/S had a cash outflow from operation activities amounting to 14.1 million DKK which is in line with the projected.

Cytovac A/S is a 100% owned subsidiary of Cytovac AB, the Parent. Cytovac A/S has a negative equity December 31, 2020 amounted to DKK 53.6 million and Cytovac A/S is primarily financed by a loan from Cytovac AB amounting to 52.2 million December 31, 2020. Cytovac A/S has during 2020 primarily been financed through increased loans from the parent company Cytovac AB, and a short-term loan of DKK 1.5 million from a shareholder in Cytovac AB.

It is estimated, that Cytovac A/S will need additional capital in 2021 in the level of DKK 7-8 million to be able to carry out the planned activities for 2021. Such financing is expected to be obtained from Cytovac AB on the same terms as existing loan cf. note 22 to the Financial statements. During 2020 the Parent Company Cytovac AB completed two private share issues in Q2 and in Q4 2020 respectively, and at December 31, 2020 Cytovac AB holds cash amounted to SEK 8.3 million (DKK 6.1M).

Cytovac AB has been in resented dialog with several of the company's major shareholders who subscribed for shares in 2020, and who have expressed their interest and intention to participate in the next planned private share issue in Q2 2021. Based hereon Cytovac AB intends to initiate a private share issue in May 2021 closing expected end Q2 2021.

Cytovac AB has issued a letter of support like previous years to Cytovac A/S whereby proceeds from the planned private share issue described above will be transferred to Cytovac A/S. Based on the above, Management of Cytovac A/S expects, that Cytovac A/S through the planned financing round in Cytovac AB can obtain sufficient cash to finance the planned activities into the beginning of 2022. Based here on the management therefore considers it appropriate with the above-mentioned initiatives to prepare the financial statements on an ongoing basis.

In 2021 the company will focus on the following activities:

- Preparing and plan funding of Cytovac's activities
- Continue the research and development activities both individually and jointly with OUH to document further improvements of the ALECSAT technology
- Continue to focus on enrollment of patients in the Investigator Initiated phase Ib study within triple negative breast cancer (TNBC) CV007
- A patent application for use in COVID-19 treatment or other viral diseases with the same characteristics as COVID-19 will be filed in January 2021
- Start a small partnered and financed clinical study to investigate the effect of the new patented treatment in very ill and mainly elderly COVID-19 patients

Management's review

Financial review

Income statement

The net result for the financial year 2020 was a loss of DKK 15.7 million compared to a loss of DKK 34.1 million in 2019. The decrease is primarily due to the effect of the organizational changes, as well as activity changes end 2019 thus reduce the company's costs to adapt to the future clinical development activities.

Revenue

The revenue totaled DKK 1.0 million in 2020 compared to DKK 0.0 million in 2019. The revenue relates to income from the service agreement with XcelCyte

Research and development costs

Research and development costs totaled DKK 10.7 million in 2020 compared to DKK 27.9 in 2019. The reduction in costs was mainly due to reduction in the number of employees and the hereto related cost, the completion of the study CV006, and a delay in start-up of the new study CV007 due to COVID-19.

General and administration expenses

General and administration expenses were DKK 4.0 million in 2020 compared to 11.0 million in 2019. The decrease is primarily due to reduction of headcounts and hereto related costs

Other operation income, net

Other operating income totaled DKK 0.2 million in 2020 compared to DKK 1.3 million in 2019. The operating income consist of recharge of management cost to Cytovac AB.

Net financial items

Net financials totaled an expense of DKK 4.3 million in 2020 compared to DKK 2.1 million in 2019. Financial expenses consist primarily of interest expenses and exchange rate adjustment on the intercompany payable from Cytovac AB, and interest expenses on a short-term loan from a shareholder in Cytovac AB.

Income tax benefit

Income tax benefit totaled DKK 2.1million in 2020 compared to DKK 5.5 million in 2019.

Income tax benefits for both the years 2020 and 2019 relates to tax credit for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act. As of December 31, 2020 the company have an non utilized tax loss carried forward cf. note 10 to the Financial Statements. The tax value of such losses are not recognized as an asset due to the uncertainties relatet to if or when it will be utilized.

Statement of financial position

Cash and cash equivalents

As of December 31, 2020, the company had cash and cash equivalents of DKK 0,3 million compared to DKK 0.8million as of December 31, 2019.

Management's review continued

Equity

As of December 31, 2020, equity amounted to DKK -53.6 million compared to DKK -37.9 million in 2019.

Cash flows

Cash flow from operation activities

Net cash flow from operation activities for 2020 was an outflow of DKK 9.8 million compared to DKK 36.3 million in 2019. Net cash flow from operation activities is attributable primarily to clinical development activities and as well general and administrative expenses.

Cash flow from investing activities

Net cash flow from investing activities was amounted to an outflow of DKK 0.1 million in 2020 compared to an outflow of DKK 0.4 million in 2019.

Cash flow from financing activities

Net cash flow from financing activities was amounted to an inflow of DKK 9.4 million in 2020 compared to an inflow of DKK 36.4 million in 2019.

Uncertainty in recognition and measurement

Apart from the uncertainties described in note 2 to the Financial Statements, Management has assessed that no assertions in the financial statements have been affected by material uncertainty in recognition and measurement.

Please refer to disclosure 3 regarding mention of application of going concern condition.

Subsequent events

As described in the section "Financing 2021 – Going concern" above Cytovac A/S' parent Company Cytovac AB plans a private share issue within Cytovac AB's existing authorization and hereby raising an amount of up to SEK 11,4 million (DKK 8,3 million) in Q2 2021. If raised such proceed is expected to be transferred to Cytovac A/S for the purpose of financing the company's activities during 2021. Several of the major shareholders in Cytovac AB have indicated to be willing to subscribe at least up to their ownership interest in new shares. If some shareholders are not interested to subscribe their ownership interest these shares are expected to be subscribed by some of the major shareholders.

From the closing date and until today, no further matters, which would influence the evaluation of the annual report has occurred.

Income statement

	Note	2020 DKK`000	2019 DKK`000
Revenue	4	1,000	0
Research and development costs	5, 6, 12, 13	-10,718	-27,934
Administrative expenses	5, 6	-4,030	-10,960
Other operating income, net	7	241	1,303
Operating loss / EBIT		-13,507	-37,591
Financial income	8	0	69
Financial expenses	9	-4,319	-2,120
Loss before tax		-17,826	-39,642
Tax for the year	10	2,130	5,500
Loss for the year		-15,696	-34,142
<i>Attributable to:</i>			
Shareholders of Cytovac A/S		-15,696	-34,142
Earnings per share, basic (DKK)		-0.16	-0.34
Earnings per share, diluted (DKK)	11	-0.16	-0.34

Statement of comprehensive income

	Note	2020 DKK' 000	2019 DKK' 000
Loss for the year		<u>-15,696</u>	<u>-34,142</u>
Other comprehensive income			
Other comprehensive income for the year		<u>0</u>	<u>0</u>
Other comprehensive income for the year, net of tax		<u>-15,696</u>	<u>-34,142</u>
Total comprehensive income for the year		<u>-15,696</u>	<u>-34,142</u>
<i>Attributable to:</i>			
Shareholders of Cytovac A/S		<u>-15,696</u>	<u>-34,142</u>

Balance sheet

	<u>Note</u>	<u>31/12/20</u> <u>DKK'000</u>	<u>31/12/19</u> <u>DKK'000</u>
Acquired rights	12	0	0
Total intangible assets		0	0
Other fixtures and fittings, tools and equipment	13	206	325
Total property, plant and equipment		206	325
Deposits	14	619	694
Total investments		619	694
Total non-current assets		825	1,019
Income tax receivables		2,130	5,500
Other receivables		20	90
Prepayments		222	81
Total receivables	15	2,372	5,671
Cash		316	814
Total current assets		2,688	6,485
Total assets		3,513	7,504

Balance sheet

	<u>Note</u>	<u>31/12/20 DKK`000</u>	<u>31/12/19 DKK`000</u>
Share capital	17	100,540	100,540
Share premium		3,220	3,220
Retained earnings		<u>-157,391</u>	<u>-141,695</u>
Total equity		<u>-53,631</u>	<u>-37,935</u>
Total non-current liabilities		<u>0</u>	<u>0</u>
Payables to public authorities		62	0
Payables to parent company	18	52,224	38,480
Trade payables and accruals		1,127	4,080
Other liabilities	19	<u>3,732</u>	<u>2,879</u>
Total current liabilities		<u>57,144</u>	<u>45,439</u>
Total current liabilities		<u>57,144</u>	<u>45,439</u>
Total equity and liabilities		<u>3,513</u>	<u>7,504</u>

Financial instruments by category	16
Other contingent liabilities	20
Related parties with controlling interest	22
Other disclosures, including accounting policies	1-3, 23-26

Statement of changes in equity

	Share capital DKK'000	Share premium DKK'000	Retained earnings DKK'000	Total DKK'000
Balance at 1 January 2019	100,540	3,220	-107,553	-3,793
Net profit/loss for the year	0	0	-34,142	-34,142
Other comprehensive income for the year	0	0	0	0
Balance at 31 December 2019	100,540	3,220	-141,695	-37,935
Balance at 1 January 2020	100,540	3,220	-141,695	-37,935
Capital increase	0	0	0	0
Net profit/loss for the year	0	0	-15,696	-15,696
Other comprehensive income for the year	0	0	0	0
Balance at 31 December 2020	100,540	3,220	-157,391	-53,631

There are no special requirements associated with the share premium, which may on the Company's decision be transferred to retained earnings.

Cash flow statement

	<u>Note</u>	<u>2020 DKK'000</u>	<u>2019 DKK'000</u>
Operating loss		-13,508	-37,591
Depreciation, amortization and impairment		151	245
Change in working capital:			
Change in prepayments, and other receivables		78	1,959
Change in trade payables, accruals and other liabilities		-2,039	-6,414
Income taxes received		5,500	5,500
Cash flow from operating activities		-9,818	-36,301
 Cash flow from investing activities		 -105	 -358
 Change in payables from parent company		 9,425	 36,429
Cash flow from financing activities		9,425	36,429
 Net cash flow		 -498	 -230
Cash, 1 January		814	1,044
Cash 31 December		316	814

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23. Subsequent events
24. Financial risks
25. Accounting policies
26. New standards

Notes

1. Accounting policies

The annual report for Cytovac A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements of the Danish Financial Statements Act for enterprises in class B, and certain requirements for class C, (medium).

Accounting policies are described in full in note 25.

Adoption of new and revised IFRSs

The Company regularly evaluates the effect of any new International Financial Reporting Standards (IFRSs) and Interpretations and implements such Standards and Interpretations from their mandatory effective date at the latest.

The Company has implemented new or amended IFRSs and Interpretations for 2020, which become effective for financial year starting January 1, 2020. The new and modified standards have not resulted in any changes in the accounting policies.

2. Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognizing and measuring the Company's assets, liabilities, income and expenses as well as judgements made in applying the entity's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The accounting policies are described in detail in note 25 to the financial statements to which we refer.

Management considers assumptions described in note 3 Going Concern, and the following accounting estimates and judgements to be significant in the preparation of the financial statements.

Development projects

For development projects, Management estimates on an ongoing basis whether this is likely to generate future economic benefits for the Company in order to qualify for recognition. The development projects are evaluated on technical as well as commercial criteria.

The development of CV007 is an early stage which means that the evaluation of the possibility of generation of future economic benefits was assessed to be too low for recognition, hence the development costs are recognized directly in the income statement when incurred.

Notes

Tax losses carried forward

As of December 31, 2020 the company has a non utilized tax loss carried forward cf. note 10 to the Financial Statements. The tax value of such losses is not recognized as an asset due to the uncertainties relatet to if or whether or when it will be utilized.

3. Going concern

It is estimated, that Cytovac A/S needs additional capital in 2021 in the level of DKK 7-8 million to be able to carry out the planned activities for 2021. Such financing is expected to be obtained from Cytovac AB.

During 2020 the Parent Company Cytovac AB completed two private share issues in Q2 and in Q4 2020 respectively, and at December 31, 2020 Cytovac AB hold cash amounted to SEK 8.3 million (DKK 6.1 million)

Cytovac AB has the right to issue additional 8,051,138 shares within an existing authorization on the same conditions as in the last private share issue in 2020. This may bring up to SEK 11.4 million (DKK 8.3 million) in cash. Management of Cytovac AB intent to utilize this authorization.

Cytovac AB has been in resent dialog with several of the company's major shareholders who subscribed for shares in 2020, and who have expressed their interest and intention to participate in the next planned private share issue in Q2 2021. Based here on Cytovac AB intends to initiate a private share issue in May 2021 closing expected end Q2 2021.

Cytovac AB has issued a letter of support like previous years to Cytovac A/S whereby proceeds, if raised, from the planned private share issue described above are expected be transferred to Cytovac A/S. Based on the above, Management of Cytovac A/S expects, that Cytovac A/S through the planned financing round in Cytovac AB can obtain sufficient cash to finance the planned activities into the beginning of 2022. Based here on the management therefore considers it appropriate with the above-mentioned initiatives to prepare the financial statements on an ongoing basis.

	2020 DKK'000	2019 DKK'000
4 Revenue		
Sales of service	1,000	0
Total	1,000	0
5. Segment information		
Denmark	1,000	0
Total	1,000	0

Revenue consists 100% of revenue related to a service agreement with the newly started CDMO company (Contract Development and Manufacturing Organization) XcelCyte. The service provided consists of access to Cytovac A/S' facilities and personnel for an agreed number of working hours. In consideration Cytovac A/S receives a fixed monthly fee. The service and obligations are considered performed over time and revenue are recognized accordingly.

Donnerstag, 14. Juni 2018 10:00

Employment contracts for members of the Executive Board contain terms and conditions that are common to those of their peers in similar companies including terms of notice and non-competitive clauses.

Cytovac's research and development focuses on the development of the CV007. Research and development costs that are not eligible for capitalization have been expensed in the period and they are recognized in research and development costs.

Notes

	<u>2020</u> <u>DKK'000</u>	<u>2019</u> <u>DKK'000</u>
6. Depreciation, amortization and impairment		
Amortization of intangible assets	0	0
Depreciation of tangible assets	<u>151</u>	<u>245</u>
	<u>151</u>	<u>245</u>
Recognized in the income statement under the following items:		
Research and development costs	<u>151</u>	<u>245</u>
Total	<u>151</u>	<u>245</u>
7. Other operating income		
Management fee invoiced to Cytovac AB	<u>241</u>	<u>1,303</u>
	<u>241</u>	<u>1,303</u>
8. Financial income		
Interest income	<u>0</u>	<u>69</u>
	<u>0</u>	<u>69</u>
9. Financial expenses		
Interest expenses, Cytovac AB	2,466	1,400
Foreign exchange losses on debt to Cytovac AB and other adjustments	<u>1,853</u>	<u>720</u>
	<u>4,319</u>	<u>2,120</u>
10. Tax for the year		
Current tax for the year income	2,130	5,500
Changes in deferred tax	<u>0</u>	<u>0</u>
	<u>2,130</u>	<u>5,500</u>
Recognized as receivable tax credit	<u>2,130</u>	<u>5,500</u>
	<u>2,130</u>	<u>5,500</u>

Income tax benefits for both the years 2020 and 2019 relates to tax credit for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

	2020 <u>DKK'000</u>	2019 <u>DKK'000</u>
10. Tax for the year (continued)		
Tax calculated as 22% of profit/loss before tax	-3,922	-8,721
Non-capitalized tax assets	1,748	3,054
Non-deductible expenses	<u>44</u>	<u>167</u>
Effective tax	<u>-2,130</u>	<u>-5,500</u>
 Tax rate for the year (%)	 12.0	 14.0

	2020 DKK'000	2019 DKK'000
11. Earnings per share		
Profit attributable to shareholders of Cytovac A/S	-15,696	-34,142
Weighted average number of ordinary shares ('000)	100,540	100,540
Basic earnings per share, DKK	-0.16	-0.34
Diluted earnings per share, DKK	-0.16	-0.34

	2020 DKK'000	2019 DKK'000
12. Acquired rights		
Cost as at 1 January	200	200
Additions	0	0
Cost as at 31 December	200	200
Amortization and impairment as at 1 January	-200	-200
Amortizations for the year	0	0
Amortizations and impairment as at 31 December	-200	-200
Carrying amount as at 31 December	0	0

Notes

	2020 DKK'000	2019 DKK'000
13. Other fixtures and fittings, tools and equipment		
Cost as at 1 January	4,265	4,075
Additions	32	190
Cost as at 31 December	4,297	4,265
Depreciation and impairment as at 1 January	-3,940	-3,695
Depreciation for the year	-151	-245
Amortizations and impairment as at 31 December	-4,091	-3,940
Carrying amount as at 31 December	206	325
14. Deposits		
Cost as at 1 January	694	526
Additions during the year	-75	168
Cost at 31 December	619	694
15. Receivables		
Income tax receivables, R&D program	2,130	5,500
Receivables from public authorities	0	35
Other receivables	20	55
Prepayments	222	81
Receivables as at 31 December	2,372	5,671

The carrying amount of receivables is considered to be the same as fair value due to their short-term nature.

Notes

	2020 DKK'000	2019 DKK'000
16. Financial instruments by category		
Financial assets measured at amortized cost		
Deposits	619	694
Other receivables, current	2,150	5,590
Cash	316	814
Total	3,086	7,098
Financial liabilities measured at amortized cost		
Payables to public authorities	62	0
Payables to parent company	52,224	38,480
Trade payables	1,127	4,080
Other payables	3,732	2,879
Total	57,144	45,439

Classification of financial assets measured at amortized cost

Cytovac classifies its financial assets as amortized cost only if both of the following criteria are met:

1. The asset is held within a business model whose objective is to collect the contractual cash flows, and
2. The contractual terms give rise to cash flows that are solely payments of principal and interest.

	2020 DKK'000	2019 DKK'000
17. Share capital		
The share capital comprises 100,540 shares of DKK 1 each. No shares carry any special rights.		
Specification of movements in share capital:		
Share capital at 1 January	100,540	100,540
Capital increase	0	0
Share capital as at 31 December	100,540	100,540

Notes

18. Other payables

Other payables comprise mainly loan from shareholder in the Cytovac AB, the Parent Company, A-tax and labor market contribution due to extended payment deadline, holiday pay obligation and bonus.

19. Payables to parent company

Cytovac A/S is a 100% owned subsidiary of Cytovac AB, the Parent Company. Due to the nature of the group structure, Cytovac A/S has during 2020 primarily been financed through increased loans from Cytovac AB, the Parent Company. The intercompany balance as at December 31, 2020 is amounted to DKK 52.2 million, and is calculated at an interest rate of 5% per year which is accrued annually. Cytovac AB the Parent Company has issued a letter of support like previous years to Cytovac A/S according to which no repayment will take place before 31.12.2021. No repayment agreement has been entered into.

20. Other contingent liabilities

The Company has a rent obligation corresponding to 6 months' rent totaling DKK 619 thousand.

21. Change in operating activities

Change in receivables and prepayments
Change in trade payables and other debt etc.

	2020 DKK'000	2019 DKK'000
	78	1,959
	-2,039	-6,414
	<u>-1,962</u>	<u>-4,455</u>

Notes

22. Related parties

<u>Shareholders</u>	<u>Registered office</u>	<u>Basis of influence</u>
Cytovac AB	Stockholm	100 %

2020: Intra-Group balance (payable) of DKK 52,224 thousand and income DKK 241 thousand.

2019: Intra-Group balance (payable) of DKK 38,480 thousand and income DKK 1,303 thousand.

Other related parties

Other related parties of Cytovac A/S with significant influence comprise the Board of Directors and the Executive Board and their related parties.

Remuneration to the Board of Directors and the Executive management in 2020 cf. note 5

Remuneration to the Board of Directors and the Executive management in 2019 cf. note 5

Arvid Consulting a company controlled by the former Executive Management, has provided consultancy services regarding medical director responsibility in 2020. The company is entitled to receive compensation per hour, remuneration in total DKK 45 thousand (2019: DKK 0 thousand).

Fredrik Buch Konsult AB a company controlled by the board member Fredrik Buch, has provided consultancy services regarding medical director responsibility in 2020. The company is entitled to receive compensation per hour, remuneration in total DKK 90 thousand(2019: DKK 0 thousand).

Per Falholt Global, R&D Advisory Services A/S a company controlled by the board member Per Falholt, has provided consultancy services as advisor in research and development activities in 2020. The company is entitled to receive compensation per hour, remuneration in total DKK 40 thousand(2019: DKK 0 thousand).

Peter Bonne Eriksen a board member has provided consultancy services as advisor in research and development activities in 2020. Peter Bonne Eriksen is entitled to receive compensation per hour, remuneration in total DKK 40 thousand(2019: DKK 0 thousand).

JK Consult a company controlled by the Chairman of the Board, Jan Kuhlmann Andersen, has provided consultancy services for general support in 2020. The company is entitled to receive compensation per hour, remuneration in total DKK 65 thousand(2019: DKK 0 thousand).

Notes

23. Subsequent events

As described in the note 3 Cytovac A/S' parent Company Cytovac AB' plans a private share issue within Cytovac AB's existing authorization and hereby raising an amount of up to SEK 11,4 million (DKK 8,3 million) in Q2 2021. If raised, such proceeds will be transferred to Cytovac A/S for the purpose of financing the company's activities during 2021. Several of the major shareholders in Cytovac AB have indicated to be willing to subscribe at least up to their ownership interest in new shares. If some shareholders are not interested to subscribe their ownership interest these shares are expected to be subscribed by some of the major shareholders.

From the closing date and until today, no further matters, which would influence the evaluation of the annual report has occurred.

24. Financial risks

As a result of its operations and investments, the Company is exposed to a number of financial risks.

It is the Company's policy to operate with a low risk profile in order that currency, interest rate and credit risks only occur in connection with commercial relations. It is the Company's policy not to engage in active speculation in financial risks. The grants from the Cytovac AB, the parent company are paid mainly in SEK. Except from this there are no currency risks at 31.12.2020.

Relevant matters regarding the Company's risk management are described in the following sections. In 2020, the Company's primary activity was continued research and development.

Interest rate risks

The Company has a small liquidity surplus, which is placed in cash at the Company's bank at a variable interest rate. Debt comprises of a grant from the parent company which carries interest with a fixed interest rate and a smaller loan from a shareholder which was repaid in 2020.

An increase in market interest rates from 0% to 1% will have a limited effect on the fair value of the Company's loans. A corresponding decrease in the market interest rate will have a corresponding negative effect on the fair value as a result of the matter mentioned above. The change in the market interest rate does not affect the Company's profit and equity as the liability is measured at amortized cost.

Notes

24. Financial risks (continued)

Liquidity risks

The Company ensures sufficient liquidity resources through a combination of liquidity management and the establishment of credit facilities, primarily through loans or grants from the Company's parent company Cytovac AB. According to note 3 the Company and the Company's parent company, however, is dependent on additional liquidity being raised in 2021.

The Company has been granted a loan September 28, 2020, which fall due no later than 30 November 2021 amounted to DKK 1,5 million.

The Company's liquidity reserve as at 31 December is as follows:

	2020	2019
	DKK'000	DKK'000
Cash	316	814
Total	316	814

Credit risks

At 31 December 2020, the Company has no overdue receivables.

In order to limit the Company's counterparty risk, deposits are only made in reputable banks.

Optimization of capital structure

Management regularly assesses whether the Company's capital structure is in accordance with the interests of the Company and its shareholders. The overall goal is to secure a capital structure that supports the activities in the following year.

The Company is currently working on several initiatives in order to secure the company's financials for 2021. The contribution to revenue and financing from the service agreement between Cytovac and XcelCyte will continue till and included June 2021. A private share issue is planned in Q2 2021 up to SEK 11,4 million (DKK 8,3 million). These initiatives will to secure the company's financials for 2021.

Reference is made to note 3 for a description of the Company's plan to ensure sufficient capital resources.

Notes

25. Accounting policies

The financial statements are presented in DKK, the functional currency of the Company.

Apart from financial instruments carried at fair value, the financial statements are prepared under the historical cost convention.

The accounting policies described below have been applied consistently throughout the financial year.

Segments

The Company operates in only one segment, research and development activity, and no segment reporting is provided in the management reporting, hence no segment reporting is included in the financial statements.

Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities for the year as well as Cytovac's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated based on operating profit/loss (EBIT), adjusted for the cash flow effect of non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant and equipment as well as financial assets.

Cash flows from financing activities comprise payments arising from changes in the size or composition of the Company's share capital and dividend paid, and from proceeds and repayment of loans from parent company Cytovac AB. Cash and cash equivalents comprise cash at bank and in hand.

Information on fair value

For all of the Company's assets and liabilities, the carrying amount is considered to be an approximation at fair value since the assets and liabilities are short-term, hence there has been no significant changes in the market rate.

Notes

25. Accounting policies (continued)

Income statement

Revenue

The revenue relates to a service agreement with the newly started CDMO company (Contract Development and Manufacturing Organization) XcelCyte. The service provided consists of access to Cytovac A/S' facilities and personnel for an agreed number of working hours. In consideration Cytovac A/S receives a fixed monthly fee. Revenue is recognized when it is probable that future economic benefits will flow to the company and such economic benefit can be measured reliably.

Research and development costs

Research expenses comprise salaries and other expenses, including patent expenses, as well as depreciation and amortization directly attributable to the Company's research activities. Research expenses are recognized in the income statement as incurred.

Administrative expenses

Administrative expenses include expenses for administrative personnel, expenses related to company premises, etc.

Other operating income, net

Other operating income comprise of management fee invoiced to Cytovac AB.

Amortization and impairment losses on property, plant and equipment and intangible assets

Amortization and impairment losses on property, plant and equipment and intangible assets are made based on the estimated useful life of the assets in the Company. The property, plant and equipment and intangible assets are depreciated on a straight-line on the basis of the cost, based on the following assessment of the useful life:

Software	3 years
Equipment	5 years

Profits and losses from the sale of property, plant and equipment and intangible assets are calculated as the difference between selling price less selling costs and carrying amount at the time of sale and are recognized in the income statement under other operating income or expenses.

Notes

25. Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognized in the income statement with the amount that relates to the financial year. Financial income and expenses comprise interest income and expenses and realized and unrealized gains and losses on payables and transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax less the part of the tax for the year relating to other comprehensive income and changes in equity. Current tax and deferred tax relating to other comprehensive income and changes in equity are recognized in other comprehensive income or directly in equity, respectively.

Income tax benefits for both the years 2020 and 2019 relates to tax credit for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

Balance

Intangible assets

Acquired software is measured at cost less accumulated amortization and impairment losses. Depreciation is made from the time the software is put into operation.

The software is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Property, plant and equipment comprises primarily hardware, which is measured at cost.

The basis of depreciation is cost less estimated residual value. The residual value is the expected amount that could be obtained if the asset is sold today less selling costs if the asset already had the age and was in a condition that it is expected after the end of useful life.

The depreciation method, useful life and residual values are reassessed on an annual basis.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount, cf. the paragraph regarding impairment losses below.

Notes

25. Accounting policies (continued)

Impairment losses on property, plant and equipment

The carrying amount of property, plant and equipment is examined on the balance sheet date in order to determine whether there is any indication of impairment. If this is the case, the lower of recoverable amount of the asset is calculated in order to determine the need for any impairment and the extent thereof.

The lower of recoverable amount is calculated as the highest value of the asset's fair value less selling costs and the value in use of the asset. When the value in use is calculated, the estimated future cash flows are discounted to present value by using a discount rate that reflects partly the current market assessments of the time value of money and partly the specific risks associated and which are not regulated in the estimated future cash flows.

If the asset's recoverable amount is lower than the carrying amount, the carrying amount is written down to the lower of recoverable amount.

Impairment losses are recognized in the income statement. In case of any subsequent reversals of write-downs due to changes in assumptions for the calculated recoverable amount, the asset's carrying amount is increased to the adjusted recoverable amount, however, up to the carrying amount that the asset would have had if write-down had not been made.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less provisions for expected credit losses.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Dividend

Dividend is recognized as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Income taxes payable or receivable and deferred tax

Current tax liabilities and current tax receivable are recognized in the balance sheet as calculated tax on the year's taxable income adjusted for paid tax on account.

Deferred tax is measured under the balance sheet liability method on temporary differences between the carrying amount and tax-based value of assets and liabilities. In cases where the calculation of the tax value can be made according to alternative tax rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability, respectively.

Notes

25. Accounting policies (continued)

Deferred tax assets, including the tax base of tax loss carryforwards, are measured at the estimated realizable value at which the asset is expected to be realized, either by offsetting tax on future earnings or by offsetting deferred tax liabilities. Any deferred net tax assets are measured at net realizable value.

Deferred tax is measured on the basis of the tax rules and tax rates that are expected to apply when the deferred tax is expected to be triggered as current tax. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement. For the current year, a tax rate of 22% has been applied.

Other financial liabilities

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses

26. New standards

The following new or amended IFRS Standards and Interpretations of relevance to the Company became effective as of 1 January 2021:

- Amendments to IAS 1 and IAS 8 'Definition of material'
- Amendments to IFRS 3 'Business Combinations'
- Amendments to 'Reference to the Conceptual Framework in IFRS Standards'
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

In addition to the above, new or amended standards (IFRSs) and interpretations (IFRIC) have been issued but not yet adopted by EU as at 31 December 2020.

Cytovac have assessed the impact of above and it is expected that they do not have a material impact on Cytovac.

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Lone Dahl Andersen

Adm. direktør

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