

# Contera Pharma A/S

Agern Alle 24, 2970 Hørsholm

Company reg. no. 33 06 22 14

## Annual report

**2021**

The annual report have been submitted and approved by the general meeting on 13 June 2022.

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Hee-Won Yoo  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## **Management's statement**

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Today, the Board of Directors and the Managing Director have approved the annual report of Contera Pharma A/S for the financial year 2021.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Hørsholm, 13 June 2022

### **Managing Director**

Thomas Nikolaj Sager

### **Board of directors**

Hee Won Yoo

Sung Joon Kim

Sun Ho Kim

## **Independent auditor's report**

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### **To the Shareholders of Contera Pharma A/S**

#### **Opinion**

We have audited the financial statements of Contera Pharma A/S for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

#### **Basis for Opinion**

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

#### **Management's Responsibilities for the Financial Statements**

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

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

## **Independent auditor's report**

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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 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 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.

### **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.

## **Independent auditor's report**

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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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Glostrup, 13 June 2022

### **PKF Munkebo Vindelev**

State Authorised Public Accountants  
Company reg. no. 14 11 92 99

Kasper Vindelev  
State Authorised Public Accountant  
mne29389

## Company information

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<b>The company</b>	Contera Pharma A/S Agern Alle 24 2970 Hørsholm
	Company reg. no. 33 06 22 14 Established: 9 July 2010 Domicile: City of Rudersdal Financial year: 1 January - 31 December 12th financial year
<b>Board of directors</b>	Hee Won Yoo Sung Joon Kim Sun Ho Kim
<b>Managing Director</b>	Thomas Nikolaj Sager
<b>Auditors</b>	PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab Hovedvejen 56 2600 Glostrup
<b>Bankers</b>	Nordea Bank Danmark A/S, Lyngby Hovedgade 96, 2800 Kgs. Lyngby
<b>Parent company</b>	Bukwang Pharm. Co., LTD

## Financial highlights

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DKK in thousands.	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Income statement:</b>					
Gross profit	-24.154	-9.725	-1.250	1.508	1.419
Profit from operating activities	-36.392	-13.496	-2.178	231	-303
Net financials	-189	-339	-8	-5	6
Net profit or loss for the year	-31.519	-12.259	-2.003	-968	-419
<b>Statement of financial position:</b>					
Balance sheet total	167.213	201.326	18.225	3.639	1.423
Investments in property, plant and equipment	170	374	0	0	0
Equity	163.442	194.961	17.800	3.203	1.048
<b>Employees:</b>					
Average number of full-time employees	13	4	1	2	2



## **Management's review**

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### **The principal activities of the company**

Like previous years, the activities is to develop new pharmaceuticals and other related activities.

### **Development in activities and financial matters**

The gross loss for the year totals DKK -24.154.000 against DKK -9.725.000 last year. Income or loss from ordinary activities after tax totals DKK -31.519.000 against DKK -12.259.000 last year. Management considers the net profit or loss for the year satisfactory.

### **Events occurring after the end of the financial year**

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

## Accounting policies

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The annual report for Contera Pharma A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

### Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

## Accounting policies

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### Income statement

#### **Gross loss**

Gross loss comprises costs for research and development and other external costs.

Other external costs comprise costs incurred for sales, administration and premises.

#### **Staff costs**

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

#### **Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

#### **Research and development costs**

Research and development costs comprise external costs for the research and development process and patent costs.

Research costs are recognised in the income statement in the year incurred.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, debt and transactions in foreign currency as well as surcharges and reimbursements under the advance tax scheme, etc.

#### **Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

### Statement of financial position

#### **Intangible assets**

##### **Patents, and licences**

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

##### **Tangible fixed assets**

Tangible fixed assets are measured at cost less accrued depreciation and writedown for impairment.

## Accounting policies

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The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

### Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

### Investments

#### Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

#### Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

## **Accounting policies**

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In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

### **Prepayments and accrued income**

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

### **Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

### **Liabilities other than provisions**

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

## Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Gross loss</b>	<b>-24.154.462</b>	<b>-9.724.551</b>
1 Staff costs	-12.111.664	-3.720.091
Depreciation and impairment of property, land, and equipment	-126.057	-51.723
<b>Operating profit</b>	<b>-36.392.183</b>	<b>-13.496.365</b>
Other financial income	36.421	517
Other financial expenses	-225.064	-339.190
<b>Pre-tax net profit or loss</b>	<b>-36.580.826</b>	<b>-13.835.038</b>
2 Tax on net profit or loss for the year	5.061.995	1.576.063
<b>Net profit or loss for the year</b>	<b>-31.518.831</b>	<b>-12.258.975</b>
<b>Proposed appropriation of net profit:</b>		
Allocated from retained earnings	-31.518.831	-12.258.975
<b>Total allocations and transfers</b>	<b>-31.518.831</b>	<b>-12.258.975</b>

## Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Non-current assets</b>		
3 Patents and licenses	0	0
Total intangible assets	0	0
4 Other fixtures and fittings, tools and equipment	364.392	321.183
Total property, plant, and equipment	364.392	321.183
5 Deposits	441.916	280.129
Total investments	441.916	280.129
<b>Total non-current assets</b>	<b>806.308</b>	<b>601.312</b>
<b>Current assets</b>		
6 Income tax receivables	5.183.730	1.670.063
Other receivables	920.237	969.754
Prepayments	415.762	1.865.938
Total receivables	6.519.729	4.505.755
Cash and cash equivalents	159.886.570	196.218.789
<b>Total current assets</b>	<b>166.406.299</b>	<b>200.724.544</b>
<b>Total assets</b>	<b>167.212.607</b>	<b>201.325.856</b>

## Balance sheet at 31 December

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All amounts in DKK.

<b>Equity and liabilities</b>		
<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Equity</b>		
Contributed capital	621.443	621.443
Retained earnings	162.820.638	194.339.469
<b>Total equity</b>	<b>163.442.081</b>	<b>194.960.912</b>
<b>Long term liabilities other than provisions</b>		
Trade payables	1.897.697	5.343.047
7 Income tax payable	69.735	0
Other payables	1.803.094	1.021.897
Total short term liabilities other than provisions	3.770.526	6.364.944
<b>Total liabilities other than provisions</b>	<b>3.770.526</b>	<b>6.364.944</b>
<b>Total equity and liabilities</b>	<b>167.212.607</b>	<b>201.325.856</b>

## 8 Contingencies



## Statement of changes in equity

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All amounts in DKK.

	<b>Contributed capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 1 January 2020	511.443	0	17.288.444	17.799.887
Cash capital increase	110.000	189.310.000	0	189.420.000
Profit or loss for the year brought forward	0	0	-12.258.975	-12.258.975
Transferred to results brought forward	0	-189.310.000	0	-189.310.000
Disposed from share premium account	0	0	189.310.000	189.310.000
Equity 1 January 2021	621.443	0	194.339.469	194.960.912
Profit or loss for the year brought forward	0	0	-31.518.831	-31.518.831
	<b>621.443</b>	<b>0</b>	<b>162.820.638</b>	<b>163.442.081</b>

## Notes

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All amounts in DKK.

	<u>2021</u>	<u>2020</u>
<b>1. Staff costs</b>		
Salaries and wages	10.840.553	3.524.921
Pension costs	969.726	78.000
Other costs for social security	27.833	5.018
Other staff costs	<u>273.552</u>	<u>112.152</u>
	<b><u>12.111.664</u></b>	<b><u>3.720.091</u></b>
Average number of employees	<u>13</u>	<u>4</u>
<b>2. Tax on net profit or loss for the year</b>		
Tax of the results for the year	-5.100.837	-1.576.063
Adjustment of tax for previous years	<u>38.842</u>	<u>0</u>
	<b><u>-5.061.995</u></b>	<b><u>-1.576.063</u></b>
	<u>31/12 2021</u>	<u>31/12 2020</u>
<b>3. Patents and licenses</b>		
Cost 1 January 2021	<u>80.000</u>	<u>80.000</u>
<b>Cost 31 December 2021</b>	<b><u>80.000</u></b>	<b><u>80.000</u></b>
Amortisation and writedown 1 January 2021	<u>-80.000</u>	<u>-80.000</u>
<b>Amortisation and writedown 31 December 2021</b>	<b><u>-80.000</u></b>	<b><u>-80.000</u></b>
<b>Carrying amount, 31 December 2021</b>	<b><u>0</u></b>	<b><u>0</u></b>

## Notes

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All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
<b>4. Other fixtures and fittings, tools and equipment</b>		
Cost 1 January 2021	373.511	0
Additions during the year	<u>169.927</u>	<u>373.511</u>
<b>Cost 31 December 2021</b>	<b><u>543.438</u></b>	<b><u>373.511</u></b>
Depreciation and writedown 1 January 2021	-52.328	0
Depreciation for the year	<u>-126.718</u>	<u>-52.328</u>
<b>Depreciation and writedown 31 December 2021</b>	<b><u>-179.046</u></b>	<b><u>-52.328</u></b>
<b>Carrying amount, 31 December 2021</b>	<b><u>364.392</u></b>	<b><u>321.183</u></b>
<b>5. Deposits</b>		
Cost 1 January 2021	280.129	29.258
Additions during the year	216.205	277.129
Disposals during the year	<u>-54.418</u>	<u>-26.258</u>
<b>Cost 31 December 2021</b>	<b><u>441.916</u></b>	<b><u>280.129</u></b>
<b>Carrying amount, 31 December 2021</b>	<b><u>441.916</u></b>	<b><u>280.129</u></b>
<b>6. Income tax receivables</b>		
Income tax receivables 1 January 2021	1.670.063	283.489
Paid tax regarding previous year	-1.670.063	-283.489
Calculated corporate tax for the present year	5.131.730	1.576.063
Paid tax on account for the present year	<u>52.000</u>	<u>94.000</u>
	<b><u>5.183.730</u></b>	<b><u>1.670.063</u></b>

## Notes

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All amounts in DKK.

	<u>31/12 2021</u>	<u>31/12 2020</u>
<b>7. Income tax payable</b>		
Income tax payables 1 January 2021	0	0
Adjustment of previous years' tax	<u>38.842</u>	<u>0</u>
Income tax payables concerning previous years	38.842	0
Calculated corporate tax for the present year	<u>30.893</u>	<u>0</u>
	<b><u>69.735</u></b>	<b><u>0</u></b>

## 8. Contingencies

### Contingent assets

A deferred tax asset of t.DKK 10.365 has not been recognized due to uncertainty regarding the timeline for future usage.

### Contingent liabilities

#### Lease liabilities

The company has entered into two leasing contracts. The leasing contracts have 51 months left to run, and the total outstanding leasing payment is t.DKK 81 as of 31 December 2021.

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#### Rental liabilities

The company has entered into two tenancy agreements. The company has a rental commitment of t.DKK 181 as of 31 December 2021.