

Conrig Pharma ApS

Ole Maaløes Vej 3, 2200 København N

Company reg. no. 33 37 32 36

Annual report

2020

The annual report have been submitted and approved by the general meeting on 25 February 2021.

Niels Skjærbæk
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Financial highlights	6
Management commentary	7
Financial statements 1 January - 31 December 2020	
Accounting policies	8
Income statement	10
Statement of financial position	11
Statement of changes in equity	13
Notes	14

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 report

Today, the board of directors and the executive board have presented the annual report of Conrig Pharma ApS for the financial year 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

København N, 25 February 2021

Executive board

John Bondo Hansen

Mikael Søndergaard Thomsen

Board of directors

John Bondo Hansen
Chairman of the board

Mikael Søndergaard Thomsen

Niels Skjærbæk

Independent auditor's report

To the shareholders of Conrig Pharma ApS

Opinion

We have audited the financial statements of Conrig Pharma ApS for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Glostrup, 25 February 2021

PKF Munkebo Vindelev

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

Kasper Vindelev
State Authorised Public Accountant
mne29389

Company information

The company	Conrig Pharma ApS Ole Maaløes Vej 3 2200 København N
	Company reg. no. 33 37 32 36 Established: 20 December 2010 Domicile: The City of Copenhagen Financial year: 1 January - 31 December 10th financial year
Board of directors	John Bondo Hansen, Chairman of the board Mikael Søndergaard Thomsen Niels Skjærbæk
Executive board	John Bondo Hansen Mikael Søndergaard Thomsen
Auditors	PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab Hovedvejen 56 2600 Glostrup
Bankers	Nordea Bank, Lyngby Torv 2, 2800 Kgs. Lyngby

Financial highlights

DKK in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income statement:					
Gross profit	-555	-165	-388	-305	-684
Profit from operating activities	-555	-165	-388	-305	-684
Net financials	-48	-33	-18	-7	0
Net profit or loss for the year	-604	-198	-398	-286	-531
Statement of financial position:					
Balance sheet total	250	226	97	139	273
Equity	-1.397	-793	-595	-197	90

Management commentary

The principal activities of the company

The company's principal activity is developing new medical drugs and other related operations.

Development in activities and financial matters

The gross loss for the year totals DKK -555.000 against DKK -165.000 last year. Income or loss from ordinary activities after tax totals DKK -604.000 against DKK -198.000 last year. Management considers the net profit or loss for the year satisfactory.

In 2020 Conrig Pharma ApS has been in a positive development. Our lead project (ST-015) is focused on new treatments of serious respiratory disorders with primary focus on chronic cough.

Conrig Pharma ApS' projects has been affected by COVID-19 and has been delayed in development. The planned start of a clinical PIIa study has been delayed with a bit more than 6 months.

Conrig Pharma ApS is currently in negotiations with potential investors.

There is a considerable unmet medical need for new efficacious and safe treatment of server respiratory disorders (chronic cough), and it is expected, that there will be considerable interest in ST-015, provided that positive data can be produced.

The company has lost more than 50 % of the equity and is thereby included in the regulation of the Danish Company Act. art. 119. It is the managements' expectation, that the share capital will be reestablished by capital increase or future earnings.

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

The annual report for Conrig Pharma ApS 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

Income statement

Gross loss

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

Other external costs comprise costs for administration.

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.

Research and development costs

Research and development costs comprise costs that directly or indirectly attributable to the consolidated research and development activities.

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.

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

Receivables

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

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.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Liabilities other than provisions

Other liabilities concerning payables 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>2020</u>	<u>2019</u>
Gross loss	-555.136	-165.433
Other financial costs	-48.409	-33.066
Pre-tax net profit or loss	-603.545	-198.499
Tax on net profit or loss for the year	0	0
Net profit or loss for the year	-603.545	-198.499
Proposed appropriation of net profit:		
Allocated from retained earnings	-603.545	-198.499
Total allocations and transfers	-603.545	-198.499

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Current assets		
Other receivables	58.456	11.130
Total receivables	<u>58.456</u>	<u>11.130</u>
Cash on hand and demand deposits	<u>191.326</u>	<u>215.233</u>
Total current assets	<u>249.782</u>	<u>226.363</u>
Total assets	<u>249.782</u>	<u>226.363</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity		
Contributed capital	123.802	123.802
Retained earnings	-1.520.417	-916.872
Total equity	-1.396.615	-793.070
Liabilities other than provisions		
Other payables	1.646.397	1.019.433
Total short term liabilities other than provisions	1.646.397	1.019.433
Total liabilities other than provisions	1.646.397	1.019.433
Total equity and liabilities	249.782	226.363

1 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	123.802	-718.373	-594.571
Profit or loss for the year brought forward	0	-198.499	-198.499
Equity 1 January 2020	123.802	-916.872	-793.070
Profit or loss for the year brought forward	0	-603.545	-603.545
	123.802	-1.520.417	-1.396.615

Notes

All amounts in DKK.

1. Contingencies

Contingent assets

The company has not recognized a deferred tax asset of t.DKK 727 due to uncertainty regarding for future usage.