

Conrig Pharma ApS

Ole Maaløes Vej 3, 2200 København N

Company reg. no. 33 37 32 36

Annual report

2022

The annual report have been submitted and approved by the general meeting on 12 May 2023.

Niels Skjærbæk
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

Today, the Board of Directors and the Executive Board have approved the annual report of Conrig Pharma ApS for the financial year 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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.

København N, 12 May 2023

Executive board

Lars Christer Fredrik Fåhraeus Snickar Karl Johan Tobieson

Board of directors

Lars Christer Fredrik Fåhraeus Snickar Karl Johan Tobieson 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 2022, 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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

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

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, 12 May 2023

PKF Munkebo Vindelev

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

Thomas Funch
State Authorised Public Accountant
mne47782

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
12th financial year

Board of directors

Lars Christer Fredrik Fåhraeus
Snickar Karl Johan Tobieson
Niels Skjærbæk

Executive board

Lars Christer Fredrik Fåhraeus
Snickar Karl Johan Tobieson

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income statement:					
Gross profit	1.266	-392	-555	-165	-388
Profit from operating activities	1.266	-392	-555	-165	-388
Net financials	-21	-62	-48	-33	-18
Net profit or loss for the year	1.245	-454	-604	-198	-398
Statement of financial position:					
Balance sheet total	1.195	90	250	226	97
Equity	409	-1.851	-1.397	-793	-595

Management's review

Description of key 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 profit for the year totals DKK 1.266.000 against DKK -392.000 last year. Income or loss from ordinary activities after tax totals DKK 1.245.000 against DKK -454.000 last year. Management considers the net profit or loss for the year satisfactory.

In 2022, Conrig Pharma has been in a positive development. Our lead project (ME-015) is focused on new treatments of serious respiratory disorders with primary focus on chronic cough.

Conrig Pharma projects have matured accordingly. It is expected that the positive development continues in 2023 with the initial start of a clinical project PIIa, funded by capital from Sweden - negotiations ongoing.

There is a considerable medical unmet need for new efficacious and safe treatments of severe respiratory disorders (chronic cough), and it is expected, that there will be considerable interest in ME-015 and other Conrig Pharma projects.

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.

Significant errors

The company has per 31 December 2021 recognised the following matter wrongly; The parent company has paid patent costs on behalf of Conrig Pharma ApS, and this was not recognized in the annual report 2021. The following posts have been adjusted: Gross loss, other receivables and payables to group enterprises.

Amount impact in 2021

The corrections have a positive impact of DKK 36.511 to the balance sheet total, and has a negative impact on the profit and equity of DKK 146.045

Amount impact in 2022

The corrections have no impact on neither profit, balance sheet total nor equity.

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, write-downs 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.

Accounting policies

Income statement

Gross profit

Gross profit comprises research and development costs, other operating income and other external costs.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise.

Other external expenses comprise expenses incurred for administration.

Research and development costs

Research and development costs comprise costs, that directly or indirectly attributable to the company's research and development activities.

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.

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 and cash equivalents

Cash and cash equivalents comprise cash at bank.

Accounting policies

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>2022</u>	<u>2021</u>
Gross profit	1.265.932	-392.371
1 Other financial expenses	-21.430	-61.841
Pre-tax net profit or loss	1.244.502	-454.212
Tax on ordinary results	0	0
Net profit or loss for the year	1.244.502	-454.212
Proposed distribution of net profit:		
Transferred to retained earnings	1.244.502	0
Allocated from retained earnings	0	-454.212
Total allocations and transfers	1.244.502	-454.212

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Current assets		
Receivables from group enterprises	1.015.350	0
Other receivables	115.931	55.518
Total receivables	<u>1.131.281</u>	<u>55.518</u>
Cash and cash equivalents	<u>63.713</u>	<u>34.373</u>
Total current assets	<u>1.194.994</u>	<u>89.891</u>
Total assets	<u>1.194.994</u>	<u>89.891</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity		
Contributed capital	123.802	123.802
Retained earnings	285.223	-1.974.629
Total equity	409.025	-1.850.827
Liabilities other than provisions		
Trade payables	347.398	0
Payables to group enterprises	375.587	182.556
Other payables	62.984	1.758.162
Total short term liabilities other than provisions	785.969	1.940.718
Total liabilities other than provisions	785.969	1.940.718
Total equity and liabilities	1.194.994	89.891

2 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2021	123.802	-1.520.417	-1.396.615
Profit or loss for the year brought forward	0	-454.212	-454.212
Equity 1 January 2022	123.802	-1.974.629	-1.850.827
Profit or loss for the year brought forward	0	1.244.502	1.244.502
Shareholder contribution	0	1.015.350	1.015.350
	123.802	285.223	409.025

Notes

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
1. Other financial expenses		
Financial costs, group enterprises	2.361	20.433
Other financial costs	<u>19.069</u>	<u>41.408</u>
	<u>21.430</u>	<u>61.841</u>

2. Contingencies

Contingent assets

The company has not recognized a deferred tax asset of t.DKK 553 due to uncertainty regarding for future usage.