

Acesion Pharma ApS

Ole Maaløes Vej 3, 2200 Copenhagen N

Company reg. no. 34 08 37 38

Annual report

2019

The annual report was submitted and approved by the general meeting on the 28 May 2020.

Søren S. Skjærbæk
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British 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 Acesion Pharma ApS for the financial year 2019 of Acesion Pharma ApS.

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 2019 and of the company's results of activities in the financial year 1 January – 31 December 2019.

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.

Copenhagen N, 28 May 2020

Executive board

Frans Gustaf Wuite
CEO

Torgeir Vaage
CFO

Board of directors

Ingelise Saunders
Chairman of the Board

Karen Juo-Lai Chu

Ann Mills-Duggan

Morten Døssing

Morten Grunnet

Paul David Goldenheim

Independent auditor's report

To the shareholders of Acesion Pharma ApS

Opinion

We have audited the financial statements of Acesion Pharma ApS for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position 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 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 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 and 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, 28 May 2020

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	Acesion Pharma ApS Ole Maaløes Vej 3 2200 Copenhagen N
	Company reg. no. 34 08 37 38
	Established: 15 December 2011
	Domicile: The City of Copenhagen
	Financial year: 1 January - 31 December 7th financial year
Board of directors	Ingelise Saunders, Chairman of the Board Karen Juo-Lai Chu Ann Mills-Duggan Morten Døssing Morten Grunnet Paul David Goldenheim
Executive board	Frans Gustaf Wuite, CEO Torgeir Vaage, CFO
Auditors	PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab Hovedvejen 56 2600 Glostrup
Bankers	Danske Bank, Holmens kanal 2, 1090 København K
Lawyer	Ursus law firm, Stærmosevej 12, 7120 Vejle Øst

Management commentary

The principal activities of the company

Acesion Pharma ApS was founded in 2011 and is engaged in the research and development of new and better pharmaceuticals for the treatment of atrial fibrillation, the most common type of cardiac arrhythmia.

Development in activities and financial matters

The gross loss for the year totals DKK -35,8m against DKK -18,9m last year. Income or loss from ordinary activities after tax totals DKK -41,2m against DKK -25,1m last year. Management considers the net profit or loss for the year satisfactory.

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 management's expectation, that the share capital will be reestablished by capital increase or future earnings.

Events occurring after the end of the financial year

The company is in advanced discussions with its main investors as well as external investors to secure further long term financing for the company's development program. A bridge financing round was closed in May 2020 that will fund the company through the ongoing clinical proof of concept study anticipated to be completed in the 1st half of 2021. Based on the feedback received to date the management is confident that the company will successfully close the planned long term financing.

Besides this, 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 Acesion 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.

Changes in the accounting policies

The item "Staff costs" has been reclassified so that certain types of expenses previously recognised under "Staff costs" will, in the future, be recognised under the item "Other external charges".

The change in classification has no effect on the net profit or loss for the year, nor on the statement of financial position, neither for the current financial year, nor the previous financial year. The comparative figures have been adjusted in accordance with the reclassification.

Except for the above, the accounting policies for the financial statements remain unchanged from last year. The annual accounts are presented in Danish kroner (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 transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Accounting policies

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.

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

Income statement

Gross loss

Gross loss comprises cost of sales, other operating income, and other external costs.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise 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 tangible assets, respectively.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

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.

Accounting policies

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

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 when the useful lives of each individual components differ.

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	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.

Investments

Deposits

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

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

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.

Accounting policies

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Other liabilities other than provisions 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>2019</u>	<u>2018</u>
Gross loss	-35.793.780	-18.918.384
1 Staff costs	-10.768.120	-11.519.557
Depreciation and impairment of property, land, and equipment	-29.000	-103.735
Operating profit	-46.590.900	-30.541.676
Other financial costs	-132.261	-46.716
Pre-tax net profit or loss	-46.723.161	-30.588.392
2 Tax on net profit or loss for the year	5.500.000	5.500.000
Net profit or loss for the year	-41.223.161	-25.088.392
Proposed appropriation of net profit:		
Allocated from retained earnings	-41.223.161	-25.088.392
Total allocations and transfers	-41.223.161	-25.088.392

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Non-current assets		
3 Other fixtures and fittings, tools and equipment	2.417	31.417
Total property, plant, and equipment	2.417	31.417
Deposits	84.825	82.354
Total investments	84.825	82.354
Total non-current assets	87.242	113.771
Current assets		
4 Income tax receivables	5.500.000	5.500.000
Other debtors	3.723.181	671.151
Prepayments and accrued income	45.822	65.743
Total receivables	9.269.003	6.236.894
Available funds	22.119.083	23.028.289
Total current assets	31.388.086	29.265.183
Total assets	31.475.328	29.378.954

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Equity		
5 Contributed capital	7.548.114	5.155.497
7 Retained earnings	-7.024.421	-11.651.449
Total equity	<u>523.693</u>	<u>-6.495.952</u>
 Liabilities other than provisions		
Convertible and profit sharing debt instruments	0	30.593.394
Other payables	<u>225.837</u>	<u>0</u>
Total long term liabilities other than provisions	<u>225.837</u>	<u>30.593.394</u>
 Bank debts	99.757	70.717
Trade payables	2.815.107	2.124.123
Other debts	<u>27.810.934</u>	<u>3.086.672</u>
Total short term liabilities other than provisions	<u>30.725.798</u>	<u>5.281.512</u>
 Total liabilities other than provisions	<u>30.951.635</u>	<u>35.874.906</u>
 Total equity and liabilities	<u>31.475.328</u>	<u>29.378.954</u>

8 Contingencies

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	10.400.361	10.903.959
Pension costs	310.380	545.580
Other costs for social security	57.379	70.018
	<u>10.768.120</u>	<u>11.519.557</u>
Average number of employees	<u>7</u>	<u>10</u>
2. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	<u>-5.500.000</u>	<u>-5.500.000</u>
	<u>-5.500.000</u>	<u>-5.500.000</u>
	<u>31/12 2019</u>	<u>31/12 2018</u>
3. Other fixtures and fittings, tools and equipment		
Cost 1 January 2019	<u>1.067.279</u>	<u>1.067.279</u>
Cost 31 December 2019	<u>1.067.279</u>	<u>1.067.279</u>
Depreciation and writedown 1 January 2019	-1.035.862	-932.127
Amortisation and depreciation for the year	<u>-29.000</u>	<u>-103.735</u>
Depreciation and writedown 31 December 2019	<u>-1.064.862</u>	<u>-1.035.862</u>
Carrying amount, 31 December 2019	<u>2.417</u>	<u>31.417</u>
4. Income tax receivables		
Income tax receivables 1 January 2019	5.500.000	5.500.000
Income tax paid during the financial year	-5.500.000	-5.500.000
Income tax calculated for the current year	<u>5.500.000</u>	<u>5.500.000</u>
	<u>5.500.000</u>	<u>5.500.000</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Contributed capital		
Contributed capital 1 January 2019	5.155.497	3.594.496
Cash capital increase	<u>2.392.617</u>	<u>1.561.001</u>
	<u>7.548.114</u>	<u>5.155.497</u>
6. Share premium		
Share premium 1 January 2019	0	0
Share premium for the year	45.850.189	26.949.599
Transferred to retained earnings	<u>-45.850.189</u>	<u>-26.949.599</u>
	<u>0</u>	<u>0</u>
7. Retained earnings		
Retained earnings 1 January 2019	-11.651.449	-13.512.656
Retained earnings for the year	-41.223.161	-25.088.392
Transferred from share premium	<u>45.850.189</u>	<u>26.949.599</u>
	<u>-7.024.421</u>	<u>-11.651.449</u>

8. Contingencies

Contingent assets

A deferred tax asset of t.DKK 8,780 has not been recognized due to uncertainty regarding the timeline for future usage.

Contingent liabilities

Interest of the convertible loan will be calculated if the loan will be repaid and is not converted into shares. The interest amounts to t.DKK 1,208 as per 31 December 2019.

Rental liabilities

The company has entered into two separate tenancy agreements. The rental commitment is t.DKK 265 as per 31 December 2019.