

MonTa Biosciences ApS

Diplomvej 377, 2800 Kgs Lyngby

Company reg. no. 36 69 70 16

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 9th April 2021

Peter Birk Rasmussen
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Management commentary	6
Financial statements 1 January - 31 December 2020	
Income statement	7
Statement of financial position	8
Statement of changes in equity	10
Notes	11
Accounting policies	12

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

The board of directors and the executive board have today presented the annual report of MonTa Biosciences ApS for the financial year 1 January to 31 December 2020.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Kgs Lyngby, 29 March 2021

Executive board

Simon Skjøde Jensen

Thomas Lars Andresen

Board of directors

Peter Birk Rasmussen

Esper Boel

Lone Schøtt Kunøe

Sven Madsen

Independent auditor's report

To the shareholders of MonTa Biosciences ApS

Opinion

We have audited the financial statements of MonTa Biosciences ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. 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 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.

Copenhagen, 29 March 2021

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Claus Carlsen

State Authorised Public Accountant
mne23451

Company information

The company

MonTa Biosciences ApS
Diplomvej 377
2800 Kgs Lyngby

Company reg. no. 36 69 70 16
Financial year: 1 January - 31 December

Board of directors

Peter Birk Rasmussen
Esper Boel
Lone Schøtt Kunøe
Sven Madsen

Executive board

Simon Skjøde Jensen
Thomas Lars Andresen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Bankers

Ringkøbing Landbobank, Torvet 1, 6950 Ringkøbing

Management commentary

The principal activities of the company

The object of the company is to develop novel oncology drugs using its proprietary drug delivery platform: immune stimulating compounds and formulations being mainly micelles carrying TLR7 agonists for potential treatment of cancer. In the first project the company uses the cationic liposomes for delivery of a TLR-7 agonist for the potential treatment of metastatic cancer.

Development in activities and financial matters

The gross loss for the year totals DKK -13.310.000 against DKK -7.101.000 last year. Income or loss from ordinary activities after tax totals DKK -13.293.000 against DKK -8.589.000 last year. Management considers the result for the year to be expected, which is a consequence of the company's activities within research and development.

The Company has entered into a convertible loan agreement, with one of the company's shareholders, which will ensure the company with the necessary liquidity to continue the research and development activities. The Company expect second tranche to be paid in April 2021, and third tranche in Q3 in connection with the fulfillment of milestone targets.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross loss	-13.309.779	-7.101.320
1 Staff costs	-2.345.168	-3.395.941
Operating profit	-15.654.947	-10.497.261
Other financial income	0	932
Other financial costs	-792.441	-76.060
Pre-tax net profit or loss	-16.447.388	-10.572.389
Tax on ordinary results	3.154.609	1.983.617
Net profit or loss for the year	-13.292.779	-8.588.772
Proposed appropriation of net profit:		
Allocated from retained earnings	-13.292.779	-8.588.772
Total allocations and transfers	-13.292.779	-8.588.772

Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
Development projects in progress and prepayments for intangible assets	9.514.608	0
Total intangible assets	9.514.608	0
Deposits	24.710	24.107
Total investments	24.710	24.107
Total non-current assets	9.539.318	24.107
Current assets		
Receivable corporate tax	5.247.823	1.983.617
Other receivables	314.610	112.322
Total receivables	5.562.433	2.095.939
Cash on hand and demand deposits	5.293.456	13.237.907
Total current assets	10.855.889	15.333.846
Total assets	20.395.207	15.357.953

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	2.629.981	2.629.981
Reserve for development costs	7.421.394	0
Retained earnings	-8.346.999	12.367.174
Total equity	<u>1.704.376</u>	<u>14.997.155</u>
Provisions		
Provisions for deferred tax	2.093.214	0
Total provisions	<u>2.093.214</u>	<u>0</u>
Liabilities other than provisions		
Convertible instruments	15.686.301	0
Other payables	0	86.045
Total long term liabilities other than provisions	<u>15.686.301</u>	<u>86.045</u>
Trade payables	52.000	32.000
Other payables	859.316	242.753
Total short term liabilities other than provisions	<u>911.316</u>	<u>274.753</u>
Total liabilities other than provisions	<u>16.597.617</u>	<u>360.798</u>
Total equity and liabilities	<u>20.395.207</u>	<u>15.357.953</u>

2 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2020	2.629.981	0	12.367.174	14.997.155
Profit or loss for the year brought forward	0	0	-13.292.779	-13.292.779
Transferred from results brought forward	0	7.421.394	-7.421.394	0
	2.629.981	7.421.394	-8.346.999	1.704.376

Notes

All amounts in DKK.

	<u>2020</u>	<u>2019</u>
1. Staff costs		
Salaries and wages	3.152.441	3.100.851
Pension costs	336.218	278.421
Other costs for social security	13.633	10.793
Other staff costs	<u>16.040</u>	<u>5.876</u>
	<u>3.518.332</u>	<u>3.395.941</u>
Average number of employees	<u>4</u>	

2. Contingencies

Contingent liabilities

The company has entered rent agreement with an yearly payment of k.DKK 145. The lease expires until June 2021.

The company has a dispute with a former supplier over payment for services. It is the assessment of the management and the company's lawyer that the supplier is not entitled to further payment.

Accounting policies

The annual report for MonTa Biosciences ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B 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 profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Income statement

Gross loss

Gross loss comprises appropriations, research and development costs and external costs.

Appropriations recognised in the income statement on receipt.

Other external costs comprise costs for sales and administration.

Staff costs

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

Research and development costs

Research and development costs comprise costs, salaries and wages and depreciation directly or indirectly attributable to the consolidated research and development activities.

Accounting policies

Research costs are recognised in the profit and loss account in the year they are incurred. Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical utilisation, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that a connection between the costs incurred and future earnings exists. Lack of official approvals, customer approvals and other uncertainties will often imply that the requirements for recognition as an asset are not met and that development costs therefore are expensed as 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 of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

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.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

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.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

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.

Accounting policies

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.

Penneo

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Lone Schøtt Kunø

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-878762951759

IP: 176.22.xxx.xxx

2021-04-09 11:22:55Z

NEM ID 

Sven Madsen

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-313441599267

IP: 188.244.xxx.xxx

2021-04-09 12:31:34Z

NEM ID 

Esper Boel

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-201342848016

IP: 80.197.xxx.xxx

2021-04-09 13:30:17Z

NEM ID 

Simon Skjøde Jensen

Adm. direktør

Serienummer: PID:9208-2002-2-521272393898

IP: 77.72.xxx.xxx

2021-04-09 13:45:57Z

NEM ID 

Peter Birk Rasmussen

Bestyrelsesformand

Serienummer: PID:9208-2002-2-034263321232

IP: 188.183.xxx.xxx

2021-04-09 13:47:16Z

NEM ID 

Thomas Lars Andresen

Direktør

Serienummer: PID:9208-2002-2-579574281626

IP: 213.83.xxx.xxx

2021-04-11 19:27:30Z

NEM ID 

Claus Carlsen

Statsautoriseret revisor

Serienummer: PID:9208-2002-2-046054366474

IP: 62.243.xxx.xxx

2021-04-12 06:14:05Z

NEM ID 

Simon Skjøde Jensen

Dirigent

Serienummer: PID:9208-2002-2-521272393898

IP: 77.72.xxx.xxx

2021-04-12 11:51:43Z

NEM ID 

Penneo dokumentnøgle: 52UK6-UGMEN-I4G52-TZ8N2-A8Z06-6XBTM

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstempelt med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <penneo@penneo.com>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>