

# CiVi Biopharma A/S

c/o Harbour House, Sundkrogsgade 21  
2100 København Ø

CVR no. 38 02 77 94

## **Annual report for the period 1 January – 31 December 2018**

The annual report was presented and approved at  
the Company's annual general meeting on

6 June 2019

Martin Lavesen  
chairman

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**CiVi Biopharma A/S**  
Annual report 2018  
CVR no. 38 02 77 94

## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of CiVi Biopharma A/S for the financial year 1 January – 31 December 2018.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

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

København , 6 June 2019  
Executive Board:

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Henrik Ørum

Board of Directors:

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Martin Lavesen  
Chairman

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Jess Thiersen

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Henrik Ørum

## Independent auditor's report

### To the shareholder of CiVi Biopharma A/S

#### Opinion

We have audited the financial statements of CiVi Biopharma A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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.



## Independent auditor's report

- 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.

Copenhagen, 6 June 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Klaus Rytz  
State Authorised  
Public Accountant  
mne33205

**CiVi Biopharma A/S**  
Annual report 2018  
CVR no. 38 02 77 94

## Company details

CiVi Biopharma A/S  
c/o Harbour House  
Sundkrogs­gade 21  
2100 København Ø

CVR no.:	38 02 77 94
Established:	20 September 2016
Registered office:	København
Financial year:	1 January – 31 December

## Board of Directors

Martin Lavesen, Chairman  
Jess Thiersen  
Henrik Ørum

## Executive Board

Henrik Ørum

## Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen

## Financial statements 1 January – 31 December

### Income statement

DKK	Note	1 Jan - 31 Dec 2018	20 Sep 2016 - 31 Dec 2017
<b>Gross profit</b>		6,038,811	4,230,107
Staff costs	2	<u>-5,126,861</u>	<u>-3,629,986</u>
<b>Operating profit</b>		911,950	600,121
Financial expenses		<u>-3,060</u>	<u>-2,031</u>
<b>Profit before tax</b>		908,890	598,090
Tax on profit/loss for the year	3	<u>-202,158</u>	<u>-140,492</u>
<b>Profit for the year</b>		<u>706,732</u>	<u>457,598</u>
<b>Proposed profit appropriation</b>			
Retained earnings		<u>706,732</u>	<u>457,598</u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Investments</b>			
Deposits		<u>24,143</u>	<u>24,143</u>
<b>Total fixed assets</b>		<u>24,143</u>	<u>24,143</u>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group entities		6,240,444	711,228
Other receivables		34,066	0
Prepayments		<u>0</u>	<u>131,106</u>
		<u>6,274,510</u>	<u>842,334</u>
<b>Cash at bank and in hand</b>		<u>738,567</u>	<u>1,185,321</u>
<b>Total current assets</b>		<u>7,013,077</u>	<u>2,027,655</u>
<b>TOTAL ASSETS</b>		<u><u>7,037,220</u></u>	<u><u>2,051,798</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	4		
Contributed capital	4	500,000	500,000
Retained earnings		<u>1,164,330</u>	<u>457,598</u>
<b>Total equity</b>		<u>1,664,330</u>	<u>957,598</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		1,551	279,894
Payables to group entities		4,645,438	360,898
Corporation tax		202,158	140,492
Other payables		522,849	312,916
Payables to shareholders and Management		<u>894</u>	<u>0</u>
		<u>5,372,890</u>	<u>1,094,200</u>
<b>Total liabilities</b>		<u>5,372,890</u>	<u>1,094,200</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7,037,220</u>	<u>2,051,798</u>
<b>Related party disclosures</b>	5		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2018	500,000	457,598	957,598
Transferred over the profit appropriation	0	706,732	706,732
<b>Equity at 31 December 2018</b>	<b>500,000</b>	<b>1,164,330</b>	<b>1,664,330</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of CiVi Biopharma A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### Income statement

#### Gross Profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

#### Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### Other external costs

Other external costs comprise distribution costs and costs related to rent, administration, office premises, etc.

#### Staff costs

Staff costs comprise wages and salaries, including pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

#### Financial income and expenses

Financial income and expenses comprise transactions denominated in foreign currencies, etc.

#### Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

### Balance sheet

#### Receivables

Receivables are measured at amortised cost.

#### Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

#### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

#### Liabilities

Liabilities are measured at net realisable value.

## Financial statements 1 January – 31 December

### Notes

DKK	1 Jan - 31 Dec 2018	20 Sep 2016 - 31 Dec 2017
<b>2 Staff costs</b>		
Wages and salaries	5,122,838	3,626,926
Other social security costs	<u>4,023</u>	<u>3,060</u>
	<u><u>5,126,861</u></u>	<u><u>3,629,986</u></u>
 Average number of full-time employees	 <u>1</u>	 <u>1</u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	<u>202,158</u>	<u>140,492</u>
	<u><u>202,158</u></u>	<u><u>140,492</u></u>
<b>4 Equity</b>		
The contributed capital consists of 5.000 shares of a nominal value of DKK 100 each.		
All shares rank equally.		
There has been no change to the share capital since the establishment		
<b>5 Related party disclosures</b>		
CiVi Biopharma A/S' related parties comprise the following:		
<b>Control</b>		
RINC Biotech, Inc., 1 Town Place, Suite 200, United States		
RINC Biotech, Inc. holds the majority of the contributed capital in the Company.		