



CiVi Biopharma A/S

Sundkrogsgade 21

c/o Harbour House, DK-2100 Copenhagen

CVR no. 38 02 77 94

Annual report for the period 1 January to 31 December 2022

Adopted at the annual general
meeting on 10 July 2023

Martin Lavesen
chairman

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Statement by Board of Directors and the Executive Board on the annual report

The Board of Directors and executive board have today discussed and approved the annual report of Civi Biopharma A/S for the financial year 1 January - 31 December 2022.

The annual report is 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 financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

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

Copenhagen, 10 July 2023

Executive board

Henrik Ørum

Supervisory board

Martin Lavesen

Jess Thiersen

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 2022. 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 company's financial position 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' 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 requirements and 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 the 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 judgement 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 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.

Independent auditor's report

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.

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 Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 10 July 2023

KPMG P/S
CVR no. 25 57 81 98

Klaus Rytz
State Authorized Public Accountant
MNE no. mne33205

Company details

The company

CiVi Biopharma A/S
c/o Harbour House
Sundkrogsgade 21
DK-2100 Copenhagen

CVR no.: 38 02 77 94

Reporting period: 1 January - 31 December 2022

Supervisory board

Martin Lavesen
Jess Thiersen
Henrik Ørum

Executive board

Henrik Ørum

Auditors

KPMG P/S
Dampfærgevej 28
DK-2100 Copenhagen

Consolidated financial statements

The consolidated financial statements of CiVi Biopharma A/S are included in the consolidated financial statements of CiVi Biopharma Inc and may be obtained at the following adress: 5425 Wisconsin Avenue, 6th Floor, Chevy Chase, MD 20815, USA.

Management's review

Business review

The company is a biopharmaceutical company focused on creating novel therapies against cardiometabolic diseases.

Financial review

The company's income statement for the year ended 31 December 2022 shows a profit of DKK 326.318, and the balance sheet at 31 December 2022 shows equity of DKK 3.375.353.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit		3.530.115	4.035.566
Staff expenses	1	-3.099.955	-3.582.798
Profit before financial income and expenses		430.160	452.768
Financial expenses		-10.782	-10.930
Profit/loss before tax		419.378	441.838
Tax on profit/loss for the year	2	-93.060	-97.834
Profit/loss for the year		326.318	344.004
Distribution of profit			
Retained earnings		326.318	344.004
		326.318	344.004

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Assets			
Receivables from group entities		3.488.241	1.725.291
Other receivables		109.885	154.498
Corporation tax		0	87.166
Prepayments		78.689	63.621
Deposits		21.819	19.256
Receivables		3.698.634	2.049.832
 Cash at bank and in hand		 248.910	 2.282.316
 Total current assets		 3.947.544	 4.332.148
 Total assets		 3.947.544	 4.332.148

Balance sheet 31 December

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Equity and liabilities			
Share capital		500.000	500.000
Retained earnings		<u>2.875.353</u>	<u>2.549.035</u>
Equity		<u>3.375.353</u>	<u>3.049.035</u>
Trade payables		158.612	133.708
Corporation tax		11.060	0
Other payables		<u>402.519</u>	<u>1.149.405</u>
Total current liabilities		<u>572.191</u>	<u>1.283.113</u>
Total liabilities		<u>572.191</u>	<u>1.283.113</u>
Total equity and liabilities		<u>3.947.544</u>	<u>4.332.148</u>
Contingent liabilities	3		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2022	500.000	2.549.035	3.049.035
Net profit/loss for the year	0	326.318	326.318
Equity at 31 December 2022	500.000	2.875.353	3.375.353

Notes

	2022 DKK	2021 DKK
1 Staff expenses		
Wages and salaries	3.095.261	3.578.736
Other social security costs	4.694	4.062
	3.099.955	3.582.798
 Average number of employees	 1	 1
 2 Tax on profit/loss for the year		
Current tax for the year	93.060	97.834
	93.060	97.834
 3 Contingent liabilities		
The company has a tenancy lease of with 3 months as notice of termination and an average monthly payment of DKK 10.173, totalling DKK 30.519.		

Accounting policies

The annual report of Civi Biopharma A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in DKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff expenses

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Accounting policies

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.