


**Draupnir Bio ApS**  
**C/O Bio Innovation Institute**  
**Ole Maaløes Vej 3, 2200 Copenhagen N,**  
**Denmark**  
**Business Registration No. 38 54 68 80**

**Annual Report 1 January -**  
**31 December 2020**

As Annual General Meeting adopted on 9/6 2021

Thomas Gjø1-Trønning

Chairman of the General Meeting

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## **Company Details**

Draupnir Bio ApS  
C/O Bio Innovation Institute  
Ole Maaløes Vej 3  
DK-2200 Copenhagen N

Business Registration No.: 38 54 68 80  
Registered office: Copenhagen

Date of incorporation: 04.04.2017  
Financial year: 01.01.2020 – 31.12.2020

### **Board of Directors:**

Emmanuelle Coutanceau, Chairman  
Robert Andrew Donald Scott  
Roel Bulthuis  
Stefan Emanuel Luzi  
Simon Glerup Pedersen

### **Executive Board**

Simon Glerup Pedersen, CEO

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
2300 Copenhagen S  
Denmark

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## Statement by Management

The Board of Directors and Executive Board have today discussed and approved the Annual Report for Draupnir Bio ApS for the financial year.

The financial statements have been prepared in accordance with International Financial Reporting Standards, which have been adopted by the EU. Further, the financial statements have been prepared in accordance with additional requirements under the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of Draupnir Bio's assets, liabilities and financial position at December 31, 2020 and of the results of the Draupnir Bio's operations and cash flow for the financial year 01.01.2020 – 31.12.2020.

We believe that the management review a fair review of the affairs and conditions referred to therein.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 31 May 2021

## Executive Board

Simon Glerup Pedersen

*CEO*

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*Simon Glerup*  
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## Board of Directors

Emmanuelle Coutanceau

*Chairman*

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Robert Andrew Donald Scott

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*Rob Scott*  
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Roel Bulthuis

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*Roel Bulthuis*  
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Stefan Emanuel Luzi

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*Stefan Luzi*  
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Simon Glerup Pedersen

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*Simon Glerup*  
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## **Independent auditor's report**

### **To the Shareholders of Draupnir Bio ApS**

#### **Opinion**

We have audited the Financial Statements of Draupnir Bio ApS for the financial year 01.01.2020 – 31.12.2020, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the International Financial Reporting Standards.

In our opinion, the Financial Statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 – 31.12.2020 in accordance with the International Financial Reporting Standards.

#### **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 Entity in accordance with the International Ethics Standards Board of 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. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### **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 International Financial Reporting Standards 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 Entity'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 Entity 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

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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.

As part of an audit conducted in accordance with ISAs 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

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**Statement on Management's Review**

Management is responsible for the 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 the management's review and, in doing so, consider whether the 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 International Financial Reporting Standards.

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 International Financial Reporting Standards. We did not identify any material misstatement of management's review.

Copenhagen, 31 May 2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

**Thomas Hermann**

State-Authorised Public Accountant

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## **Management's Review**

### **Principal activities**

The principal activities comprise research, development, production and sell biotechnology products and pharmaceutical products.

### **Development in activities and finances**

The company's income statement for the financial year 2020 shows a loss of 60,620 DKK ('000) and the company's balance sheet per 31 December 2020 shows an equity of 54,225 DKK ('000).

The result is characterized by the fact that the company is in the start-up phase with limited operations and costs for research and patent application. The company's financial position complies with management's expectations and is considered satisfactory.

The company has obtained external capital and liquidity of 53,250 DKK ('000), and it is management's expectation that this can cover the company's continued research and patent application.

### **Uncertainty relating to recognition and measurement**

Management has assessed that there are key accounting estimates related to determining fair value of the share-based compensation as described in note 5 to the financial statements.

### **Subsequent Events**

We are continuously assessing the impact of the COVID-19 pandemic on the company and business environment. The rapid development of the COVID-19 pandemic and its social and economic impact globally may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the next financial year. We cannot reasonably estimate the near-term and long-term financial impact, if any, of the pandemic on our company.



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## Statement of comprehensive income

(DKK'000)	Note	2020	2019
Other external expenses	3	(45,992)	(15,910)
Staff costs	4	(19,622)	(3,384)
<b>Operating loss before amortisation and depreciation</b>		<b>(65,614)</b>	<b>(19,294)</b>
Depreciation	7	(117)	0
<b>Operating loss</b>		<b>(65,731)</b>	<b>(19,294)</b>
Financial income	6	7	1
Financial expenses	6	(396)	(799)
<b>Profit/(loss) before tax</b>		<b>(66,120)</b>	<b>(20,092)</b>
Tax on profit/(loss)	11	5,500	3,355
<b>Profit/(loss) for the year</b>		<b>(60,620)</b>	<b>(16,737)</b>
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Other comprehensive income		0	0
<b>Profit/(loss) and total comprehensive income for the financial year</b>		<b>(60,620)</b>	<b>(16,737)</b>

## Statement of financial position

### ASSETS

(DKK'000)	Note	31 December 2020	31 December 2019	1 January 2019
Plant and equipment	7	662	0	0
<b>Total non-current assets</b>		<b>662</b>	<b>0</b>	<b>0</b>
Other receivables	9	3,122	425	292
Corporation tax receivable	11	5,500	3,355	260
Prepayments		521	0	0
Cash and cash equivalents		50,985	49,615	4,030
<b>Total current assets</b>		<b>60,128</b>	<b>53,395</b>	<b>4,582</b>
<b>Total assets</b>		<b>60,790</b>	<b>53,395</b>	<b>4,582</b>

### EQUITY AND LIABILITIES

(DKK'000)	Note	31 December 2020	31 December 2019	1 January 2019
Share capital	10	375	251	80
Retained earnings		53,850	51,723	(1,869)
<b>Total equity</b>		<b>54,225</b>	<b>51,974</b>	<b>(1,789)</b>
Other payables	12	394	52	5,060
<b>Total long-term liabilities</b>		<b>394</b>	<b>52</b>	<b>5,060</b>
Trade payables	12	3,633	1,181	641
Other payables	12	2,538	188	670
<b>Total current liabilities</b>		<b>6,172</b>	<b>1,369</b>	<b>1,311</b>
<b>Total equity and liabilities</b>		<b>60,790</b>	<b>53,395</b>	<b>4,582</b>

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**Statement of changes in equity**

(DKK'000)	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Equity at 1 January 2020</b>	251	0	51,724	<b>51,975</b>
Net profit/(loss) for the period	0	0	(60,620)	<b>(60,620)</b>
Other comprehensive income	0	0	0	<b>0</b>
Share-based compensation expenses	0	0	9,620	<b>9,620</b>
Capital increase	124	53,126	0	<b>53,250</b>
Transfer to reserves	0	(53,126)	53,126	<b>0</b>
<b>Balance at 31 December 2020</b>	<b>375</b>	<b>0</b>	<b>53,850</b>	<b>54,225</b>

(DKK'000)	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Equity at 1 January 2019</b>	80	0	(1,868)	<b>(1,788)</b>
Net profit/(loss) for the period	0	0	(16,737)	<b>(16,737)</b>
Other comprehensive income	0	0	0	<b>0</b>
Share-based compensation expenses	0	0	1,542	<b>1,542</b>
Capital increase	171	68,786	0	<b>68,957</b>
Transfer to reserves	0	(68,786)	68,786	<b>0</b>
<b>Balance at 31 December 2019</b>	<b>251</b>	<b>0</b>	<b>51,723</b>	<b>51,974</b>

## Statement of cash flows

(DKK'000)	Note	2020	2019
Operating profit/loss		(65,731)	(19,294)
Depreciation	7	117	0
Shared based payments	5	9,620	1,542
Change in working capital	13	1,927	(5,083)
<b>Cash flow from operating activities before financial income and expenses</b>		<b>(54,067)</b>	<b>(22,834)</b>
Financial income, received		7	1
Financial expenses, paid		(396)	(799)
Income taxes, received/(paid)		3,355	260
<b>Cash flow from operating activities</b>		<b>(51,490)</b>	<b>(23,372)</b>
Purchase of property, plant and equipment	7	(779)	0
<b>Net cash flows from investing activities</b>		<b>(779)</b>	<b>0</b>
Proceeds from capital increase		53,250	68,957
<b>Cash flow from financing activities</b>		<b>53,250</b>	<b>68,957</b>
Cash and cash equivalents, beginning of the year		49,615	4,030
Net (decrease)/increase in cash and cash equivalents		1,370	45,585
<b>Cash and cash equivalents at December 31</b>		<b>50,985</b>	<b>49,615</b>
<i>Cash and cash equivalents in the cash flow statement comprise:</i>			
Cash and cash equivalents		50,985	49,615

The figures in the cash flow statement cannot be directly derived from the figures in the balance sheet.

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## **Notes to the consolidated financial statements**

### **Note 1 - Basis of reporting**

#### **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU and additional requirements under the Danish Financial Statements Act.

As set out in note 2, these are the Company's first Financial Statements prepared in accordance with IFRS.

The Financial Statements are presented in Danish kroner (DKK) which is the functional currency of the Draupnir Bio ApS.

The Company's general accounting policies are described below. In addition to this, specific accounting policies are described in each of the individual notes to the Financial Statements. The accounting policies set out below and, in each note, have been used consistently in respect of the financial year and the comparative figures. See note 2 for transition rules when implementing IFRS.

#### **New accounting standards**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are expected to have no impact on the Company's financial statements. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### **Materiality in financial reporting**

In the preparation of the financial statements, Management aims to focus on the information considered to be material and relevant for the understanding of the Company's performance in the reporting period.

If a line item is not individually material, it is aggregated with other items of a similar nature in the financial statements or in the notes.

Management provides specific disclosures required by IFRS unless the information is not applicable or considered immaterial to the economic decision-making of the users of these financial statements.

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**Key accounting estimates and judgements**

As part of the preparation of the financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Company's assets, liabilities, income and expenses as well as judgements made in applying the Company's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgements made.

**Cash flow statement**

The cash flow statement shows cash flow from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, changes in working capital and interest paid.

Cash flows from investing activities comprise payments in connection with acquisition of property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, repayment of interest-bearing debt.

**Note 2 - First time adoption of IFRS**

The financial statements for the year ended 31 December 2020 with comparative figures are the first set of financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements in the Danish Financial Statements Act.

For periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with the Danish Financial Statements Act.

Accordingly, The Company has prepared Financial Statements which comply with IFRS applicable for periods ending on or after 31 December 2020, together with the opening balance at 1 January 2019 as described in the accounting policies.

(DKK'000)	Note	1 January 2019			31 December 2019			
		Assets	Liabilities	Equity	Profit (loss) for the year	Assets	Liabilities	Equity
<b>According to previous GAAP (Danish Financial Statement Act)</b>								
		4,582	6,371	1,789	(15,195)	53,395	1,421	51,974
<i>Effect of transition to IFRS</i>								
		0	0	0	(1,542)	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,542)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>According to IFRS</b>								
<i>Other comprehensive income</i>								
		0	0	0	0	0	0	0
		<b>4,582</b>	<b>6,371</b>	<b>1,789</b>	<b>(16,737)</b>	<b>53,395</b>	<b>1,421</b>	<b>51,974</b>

### Reclassifications

In addition to the changes in accounting policies, reclassifications and adjustments to the presentation have been carried out, including assets being presented as current assets, compared to previous presentation as non-current assets.

### Estimates

The use of reasonable estimates and judgements is an essential part of the preparation of the financial statements. Given the uncertainties inherent in the Company's funding activities, Management must make certain key accounting estimates regarding valuation and judgements on the reported amounts.

The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment to the measurement of assets and liabilities in the following reporting period. Management bases its estimates on historical experience and various other assumptions that are held to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. If necessary, changes are recognized in the period in which the estimate is revised.

Management considers the key accounting estimates to be reasonable and appropriate based on currently available information. Management regards the accounting estimates related to shared-based payments as the key accounting estimates used in the preparation of the financial statements. No key judgement was applied in preparing the financial statements.



**Note 3 - Other external expenses****Accounting policies**

Other external costs comprise research and development costs include laboratory materials, patent costs, pre-clinical studies and other costs relating to the company's research, development activities, external consultancy costs, other employee related costs, IT and software costs, rent costs, and other administrative expenses.

	2020	2019
(DKK'000)		
Research and development costs	(42,827)	(14,206)
Other external expenses	(3,165)	(1,704)
<b>Total</b>	<b>45,992</b>	<b>15,910</b>

**Note 4 - Staff costs****Accounting policies**

Staff costs consist of wages and salaries, share-based payments, vacation pay, pensions and other costs for social security. Repayments from public authorities are deducted from staff costs. Salaries, pensions and social costs, share-based payments, vacation pay, and other benefits are recognised in the year in which the associated services are rendered by the employees.

	2020	2019
(DKK'000)		
Salary	9,709	1,829
Shared based payments	9,620	1,542
Other employee benefits	194	0
Social security costs	99	13
<b>Total</b>	<b>19,622</b>	<b>3,384</b>
Weighted average number of full-time employees	10	2

Breakdown of remuneration is as follows:

(DKK'000)	Salary	Bonus	Benefits and other related expenses	Share- based compensat ion	Total
2020:					
Executive Board	1,620	360	54	3,138	5,172
Board of Directors	148	0	0	80	228
<b>Total</b>	<b>1,768</b>	<b>360</b>	<b>54</b>	<b>3,218</b>	<b>5,400</b>

2019:

Executive Board	739	0	0	560	1,289
Board of Directors	0	0	0	0	0
<b>Total</b>	<b>739</b>	<b>0</b>	<b>0</b>	<b>550</b>	<b>1,289</b>

## **Note 5 - Share-based compensation**

### **Accounting policies**

Share-based compensation benefits are provided to employees and board members under a warrant program.

The warrant program is classified as equity arrangement. As such, the fair value of the warrants granted under the program is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the warrants granted including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the nonmarket vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### *Warrant program*

The Company's articles of association allow for the granting of equity compensation, in the form of warrants, to employees, consultants who provide services similar to employees, members of Executive Board. Warrants granted are subject to a graded vesting condition upon which the grant owner has a continued relationship to the Company as an employee, consultant or member of the Executive Board.

Warrants that have vested may be exercised at the beginning of a quarter, provided that the warrants in question have not lapsed. Vested warrants must be exercised within five years from the time of vesting and, in order to be exercised, the grant owner must have not resigned from its relationship with the Company. In case of an exit event (e.g. IPO), the Company's Board of Directors may decide that outstanding warrants (whether vested or not) will lapse without compensation and at the same time resolve acceleration of vesting of all warrants.

The Company is entitled to choose to exchange exercised warrants for existing shares in the Company instead of newly issued shares. Ownership to such shares shall be registered in the shareholders' register against simultaneous payment of an amount corresponding to the Subscription Price.

The following schedule specifies the granted warrants:

<b>Executive Board</b>	<b>Number of warrants granted</b>	<b>Weighted Average Exercise Price/Share (DKK)</b>	<b>Weighted Average fair value /Share (DKK)</b>	<b>Weighted Average Remaining Contractual Life (years)</b>
<b>Warrants as at January 1, 2019</b>	0			
Granted during the year	15,325	1	428,75	5
Forfeited during the year	0			
<b>Warrants as at December 31, 2019</b>	<b>15,325</b>			<b>5</b>
Granted during the year	3,831	193,81	428,75	4
Forfeited during the year	0			
<b>Warrants as at December 31, 2020</b>	<b>19,156</b>			<b>4</b>

<b>Employees and Consultants</b>	<b>Number of warrants granted</b>	<b>Weighted Average Exercise Price/Share (DKK)</b>	<b>Weighted Average fair value /Share (DKK)</b>	<b>Weighted Average Remaining Contractual Life (years)</b>
<b>Warrants as at January 1, 2019</b>	0			
Granted during the year	22,987	1	428,75	5
Forfeited during the year	0			
<b>Warrants as at December 31, 2019</b>	<b>22,987</b>			<b>5</b>
Granted during the year	19,157	193,81	428,75	4
Forfeited during the year	0			
<b>Warrants as at December 31, 2020</b>	<b>42,144</b>			<b>4</b>

As of 3 September 2020, the following warrants have been issued and granted by the Company to the warrant holders:

- In October 2019, 38,312 warrants were granted.
- In March 2020, 13,410 warrants were granted.
- In May 2020, 5,747 warrants were granted.
- In September 2020, 3,831 warrants were granted.

**Vesting condition:**

25% of the Warrants granted at any moment shall have vested upon the first anniversary of a Grant Date. ii. The remaining 75% of the Warrants shall vest with 2.083% per month and on a linear basis over a period of three years from the first anniversary of a Grant Date.

**Fair value**

The fair value at grant date is determined using a Black-Scholes Model calculation that takes into account the share price at grant date, the exercise price, the risk free interest rate for the term of the warrants, the expected volatility and the term of the warrant (the expected maturity).

The average model inputs for the warrants granted during the year ended 31 December 2019 and 2020 included:

- a. Share price at grant date: DKK 428.75 (2019: DKK 428.75)
- b. Exercise price: DKK 428.75 (2019: DKK 1)
- c. Expected price volatility of Draupnir common shares: 40% (2019: 40%)
- d. Risk-free interest rate: 0% (2019: 0%)

Share price at grant date is determined to equal the price per share as the external investors valuation in 2019.

The expected price volatility is estimated based upon an analysis of the historical volatility of peer-group in similar companies and factors specific to Draupnir.

The expected maturity corresponds to the expected number of years until the occurrence of an exit event. The expected likelihood of the occurrence of an exit event is taking into account in determining the fair values of the grants.

**Note 6 - Financial income and expenses****Accounting policies**

Financial income and expenses include interest income and expenses. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

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**Financial income**  
(DKK'000)

	<b>2020</b>	<b>2019</b>
Exchange rate adjustment	7	1
<b>Total</b>	<b>7</b>	<b>1</b>

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**Financial expenses**

(DKK'000)	<b>2020</b>	<b>2019</b>
Bank charges	379	76
Exchange rate adjustment	9	12
Associated enterprises	0	514
Other financial expenses	8	197
<b>Total</b>	<b>396</b>	<b>799</b>

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**Note 7 - Property, plant and equipment**

**Accounting policies**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost comprises the acquisition price and other directly attributable costs until the date on which the asset is available for use.

Depreciation is recognised on a straight-line basis from the time of acquisition, or when the asset is available for use, over the expected useful life. The expected useful lives are assessed individually for every class of assets. A reassessment is made once a year to ascertain that the depreciation basis reflects the expected useful lives and future residual values of the assets.

The expected useful lives are as follows:

Other plant, fixtures and operating equipment	3-5 years
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*Impairment of fixed assets*

The carrying amount of fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortization and depreciation.

In the event of impairment indications, an impairment test is made for each asset or Company of assets, respectively. If the net realizable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or Company of assets and the expected net cash flows from sale of the asset or Company of assets after the end of its useful life.

	<b>Other plant, fixtures and operating equipment</b>	<b>Total</b>
<b>(DKK'000)</b>		
Cost at 1 January 2020	0	0
Additions	779	779
<b>Cost at 31 December 2020</b>	<b>779</b>	<b>779</b>
Depreciation and impairment at 1 January 2020	0	0
Depreciation for the year	117	117
<b>Depreciation and impairment at 31 December 2020</b>	<b>117</b>	<b>117</b>
<b>Carrying amount at 31 December 2020</b>	<b>662</b>	<b>662</b>

## **Note 8 – Cash and cash equivalents**

### **Accounting policies**

Cash and cash equivalents are primarily held with financial institutions through which the Company conducts its day-to-day banking transactions.

## **Note 9 – Receivables**

### **Accounting policies**

Receivables are measured at amortized cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

<b>(DKK'000)</b>	<b>2020</b>	<b>2019</b>
VAT receivables	2,350	425
Other receivables	772	0
<b>Total</b>	<b>3,122</b>	<b>425</b>

## **Note 10 – Share capital**

### **Accounting policies**

The share capital comprises 374,938 shares of DKK 374,938 each (2019: 250,737). The shares are all authorised, issued and fully paid. No shares carry any additional special rights. The Company continuously assesses the need for adjustment of the capital structure.

There is no dividend proposed for 2020 (2019: 0).

## Note 11 - Tax on result for the year

### Accounting policies

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognized in the income statement by the portion that may be attributed to the profit for the year, and is recognized directly in the equity by the portion that may be attributed to entries directly to the equity.

According to the tax credit scheme the company has the opportunity to apply for a pay-out of an amount corresponding to the company tax (22 %) of the company's qualifying research and development costs, against a reduction of the remaining unused taxable losses.

### Tax for the year

(DKK'000)	2020	2019
<i>Tax on profit for the year:</i>		
Calculated tax on taxable income of the year	5,500	3,355
<b>Total tax on profit for the year</b>	<b>5,500</b>	<b>3,355</b>

Income tax benefits for both the years 2020 and 2019 relates to tax credit for research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

### Effective tax rate

(DKK'000)	2020	2019
Tax calculated as 22% of profit/(loss) for the year	14,546	4,420
Non-deductible income/expenses	(2,121)	(502)
Non-capitalised tax assets	(6,919)	(562)
<b>Effective tax</b>	<b>5,500</b>	<b>3,355</b>
<b>Tax rate for the year (%)</b>	<b>8,3%</b>	<b>16,7%</b>

The effective tax relates to the company's use of the tax credit scheme ("*skattekreditordningen*") cf. section below. The effective tax is therefore not related to the loss for the year.

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognized in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities. Corporation tax receivable relates to the company's use of the tax credit scheme

(“skattekreditordningen”) in according to section 8X of the Danish Tax Assessment Act (“ligningsloven”).

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

<b>Deferred tax liabilities, net</b> (DKK'000)	<b>2020</b>	<b>2019</b>
Tax on loss at 1 January	3,355	261
Received tax credit scheme doing the year	(3,355)	(261)
Tax on loss for the year	5,500	3,355
<b>Tax on loss at 31 December</b>	<b>5,500</b>	<b>3,355</b>
<i>Tax on loss recognised in the balance sheet:</i>		
Tax assets	5,500	3,355
Tax liabilities	0	0
<b>Tax on loss at 31 December</b>	<b>5,500</b>	<b>3,355</b>

<b>Deferred tax concerns:</b> (DKK'000)	<b>2020</b>	<b>2019</b>
Other fixtures and fittings, tools and equipment	(17)	0
Tax loss carried forward	11,023	860
<b>Total</b>	<b>11,006</b>	<b>860</b>

Description of deferred tax:

Due to uncertainty of utilisation of the tax loss carry-forward, 11,006 DKK ('000) has not recognised any deferred tax assets. Tax assets amount to DKK 0.



## Note 12 - Trade and other payables

### Accounting policies

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. These are classified as current liabilities if payment is due in one year or less. If payment is due at a later date, they are presented as non-current liabilities.

(DKK'000)	2020	2019
Trade payables	3,633	1,181
Other payables	2,932	240
<b>Total trade and other payables</b>	<b>6,565</b>	<b>1,421</b>

## Note 13 - Working capital

### Accounting policies

Working capital is defined as current assets (excluding cash), less current liabilities (excluding convertible debt) and measures the net liquid assets the Company has available for the business.

(DKK'000)	2020	2019
Change in other receivables	3,218	134
Change in trade payables and other payables	(5,145)	4,950
<b>Total change in working capital</b>	<b>(1,927)</b>	<b>5,084</b>

## Note 14 – Leasing

### Accounting policies

The Company applies the IFRS 16 recognition exemptions for short-term leases, which are leases with a term less than 12 month.

The company have recognised a total cost related to short-term leases of 268 DKK'000. (2019: DKK 0) as short-term leases in Other external expenses.

## Note 15 - Financial risk

### Accounting policies

#### Capital management

Management assesses whether the capital structure of Draupnir Bio ApS is in line with the interests of the Company and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. Following this, the financial facilities in the Company is considered sufficient to run the business for the coming years.

*Liquidity risk*

The purpose of the Company's cash management policy is to maintain adequate cash resources to meet financial liabilities. The Company's cash resources consist of cash and cash equivalents. The Company continuously monitors the cash flows in order to manage the liquidity risk. The Company has cash and other liquid funds of 50,985 DKK ('000) as of 31 December 2020 (2019: 49,615 DKK ('000)).

The following table reflects all contractually fixed pay-offs for settlement, repayments and interest resulting from recognised financial liabilities.

*Maturity of the Company's financial liabilities*

(DKK'000)	Less than 1 year	Between 1-5 years	More than 5 years	Total
<i>2020:</i>				
Trade payables	3,633	0	0	3,633
Other payables	2,538	394	0	2,932
<b>Total</b>	<b>6,171</b>	<b>394</b>	<b>0</b>	<b>6,565</b>
<i>2019:</i>				
Trade payables	1,181	0	0	1,181
Other payables	188	52	0	240
<b>Total</b>	<b>1,369</b>	<b>52</b>	<b>0</b>	<b>1,421</b>

*Foreign exchange risk*

The Company is only insignificantly affected by exchange rate fluctuations. The Company has in all material aspects only transactions in DKK and EUR.

The Company's Foreign exchange relates to external research and development and is deemed insignificant.

*Categories of financial assets and liabilities*

The fair value of financial assets and liabilities does not differ significantly from the carrying amount.

(DKK'000)	31 December 2020	31 December 2019	1 January 2019
<i>Financial assets measured at amortised cost:</i>			
Other receivables	3,122	425	292
Cash and cash equivalents	50,985	49,615	4,030
<b>Total cash and cash equivalents</b>	<b>54,107</b>	<b>50,040</b>	<b>4,322</b>

(DKK'000)	31 December 2020	31 December 2019	1 January 2019
<i>Financial liabilities measured at amortised cost</i>			
Trade payables	3,633	1,181	641
Other payables	2,932	239	670
<b>Total financial liabilities</b>	<b>6,565</b>	<b>1,420</b>	<b>1,311</b>

### Note 16 - Audit fees

Fees to auditors appointed at the Annual General Meeting:

(DKK'000)	2020	2019
Statutory audit	60	28
Tax advisory services	18	17
Other services	107	9
<b>Total audit fees</b>	<b>185</b>	<b>54</b>

### Note 17 - Related parties

There were no transactions with the Board of Directors or the Executive Board, besides remuneration as described in note 4.

### Note 18 - Events after the reporting period

In March 2020 the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic, and the effect of this pandemic may impact the results and financial condition in the global market.

In addition, as of the date the financial statements were available to be issued, there is uncertainty with respect to the extent or impact of restrictions or other measures that have been and may be implemented by local, state, federal or foreign governments or other parties, and how those measures may impact the Company. However, the outbreak of coronavirus disease is not expected to have a negative impact on the Company and its markets.

Apart from this, no events have occurred after the balance sheet date, which would change the evaluation of the annual report.