
Bactolife ApS

Lersø Parkallé 38, DK-2100 Copenhagen

Annual Report for 2021

CVR No 38 87 90 73

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/5 2022

Morten Jensen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bactolife ApS for the financial year 1 January - 31 December 2021.

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 financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

Copenhagen, 17 May 2022

Executive Board

Mads Aage Laustsen
CEO

Sebastian Søderberg
Deputy CEO

Board of Directors

Jørgen Rugholm Jensen
Chairman

Per Falholt

Morten Aleksandr Engel

Independent Auditor's Report

To the Shareholders of Bactolife ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bactolife ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 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.

Independent Auditor's Report

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, 17 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Gert Fisker Tomczyk
statsautoriseret revisor
mne9777

André Nielsen
statsautoriseret revisor
mne46624

Company Information

The Company

Bactolife ApS
Lersø Parkallé 38
DK-2100 Copenhagen

CVR No: 38 87 90 73
Financial period: 1. januar 2021 - 31. december 2021
Municipality of reg. office: Copenhagen

Board of Directors

Jørgen Rugholm Jensen, Chairman
Per Falholt
Morten Aleksandr Engel

Executive Board

Mads Aage Laustsen
Sebastian Søderberg

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December 2021

	Note	2021 DKK	2020 DKK
Revenue		1.483.885	418.987
Other operating income		1.218.031	1.088.579
Other external expenses		<u>-4.777.371</u>	<u>-2.813.834</u>
Gross profit/loss		-2.075.455	-1.306.268
Staff expenses	4	-8.537.905	-2.479.321
Depreciation		<u>-77.276</u>	<u>0</u>
Profit/loss before financial income and expenses		-10.690.636	-3.785.589
Financial income		225	0
Financial expenses	5	<u>-126.249</u>	<u>-98.877</u>
Profit/loss before tax		-10.816.660	-3.884.466
Tax on profit/loss for the year	6	<u>2.592.487</u>	<u>1.166.975</u>
Net profit/loss for the year		<u>-8.224.173</u>	<u>-2.717.491</u>

Distribution of profit

Proposed distribution of profit/loss

Retained earnings etc.		<u>-8.224.173</u>	<u>-2.717.491</u>
		<u>-8.224.173</u>	<u>-2.717.491</u>

Balance Sheet 31 December 2021

Assets

	Note	2021 DKK	2020 DKK
Laboratories and research equipment		3.897.096	0
Other fixtures and fittings, tools and equipment		401.578	32.058
Leasehold improvements		1.004.549	0
Property, plant and equipment	7	5.303.223	32.058
Fixed assets		5.303.223	32.058
Inventories		448.870	0
Trade receivables		782.372	0
Other receivables		3.558.019	868.457
Corporate tax		2.592.487	1.166.972
Prepayments		643.188	0
Receivables		7.576.066	2.035.429
Cash at bank		44.184.890	7.574.975
Currents assets		52.209.826	9.610.404
Assets		57.513.049	9.642.462

Balance Sheet 31 December 2021

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		390.780	248.240
Retained earnings etc.		51.066.171	6.690.161
Equity		51.456.951	6.938.401
Other provisions		342.001	0
Provisions		342.001	0
Prepayments received from customers		0	701.513
Trade payables		3.046.759	1.108.943
Other payables		2.167.538	893.605
Deferred income		499.800	0
Short-term debt		5.714.097	2.704.061
Debt		5.714.097	2.704.061
Liabilities and equity		57.513.049	9.642.462
Capital resources	1		
Subsequent events	2		
Key activities	3		
Contingent liabilities and other financial obligations	8		
Accounting Policies	9		

Statement of Changes in Equity

	Share capital	Retained earnings etc.	Total
	DKK	DKK	DKK
Equity at 1 January	248.240	6.690.161	6.938.401
Cash contribution	142.540	52.937.803	53.080.343
Cost related to cash contribution	0	-337.620	-337.620
Net profit/loss for the year	0	-8.224.173	-8.224.173
Equity at 31 December	390.780	51.066.171	51.456.951

15 April 2021, the share capital was increased through a cash contribution of nominal DKK 139.850 at a share price of 37.240 corresponding to DKK 52,1 million.

Furthermore the share capital was 10 October 2021 increased through a cash contribution of nominal DKK 2.687 at a share price of 37.229 corresponding to DKK 1 million.

The total share capital of 390.780 DKK hereafter consist of 390.780 shares of DKK 1. The share capital is divided in 250.927 A-shares and 139.853 B-shares. The B-shares has special rights.

The board is authorized to issue warrants of 31.467 A-shares to employees, of which 26.235 has been granted.

Notes to the Financial Statements

1 Capital resources

The Company has 31 December 2021 equity of DKK 51,6 million and cash at bank of DKK 44,2 million.

To finance the further development activities the Company received a capital contribution of DKK 52,1 million in April 2021. The Company expects to raise further capital in Q1 2023 to finance the development activities.

2 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

3 Key activities

The company's key activity is to develop products related to infectious diseases and other related activities.

	2021 DKK	2020 DKK
4 Staff expenses		
Wages and salaries	8.460.270	2.461.706
Other social security expenses	39.306	14.918
Other staff expenses	38.329	2.697
	8.537.905	2.479.321
Average number of employees	8	2

At the end of December 2021 Bactolife had 12 employees (December 2020: 3 employees).

5 Financial expenses

Interest on loans from shareholders	0	87.763
Exchange rate loss	126.249	11.114
	126.249	98.877

Notes to the Financial Statements

	2021 DKK	2020 DKK
6 Tax on profit/loss for the year		
Current tax for the year	-2.592.487	-1.166.975
	-2.592.487	-1.166.975

Current tax for the year is related to certain research and development expenses incurred by Bactolife that are refundable according to the Danish tax legislation.

The value of tax assets related to tax loss carry forward etc. of DKK 829 thousands (2020: 277 thousands) is not recognized as an asset as the use of the tax loss carry-forward is highly uncertain.

7 Property, plant and equipment

	Laboratories and research equipment DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	0	32.058	0
Additions for the year	3.955.398	388.494	1.004.549
Cost at 31 December	3.955.398	420.552	1.004.549
Depreciation for the year	58.302	18.974	0
Depreciation at 31 December	58.302	18.974	0
Carrying amount at 31 December	3.897.096	401.578	1.004.549

The Company has in December 2021 moved into new leased premises and invested in laboratories and equipment etc. which have increased investment in tangibles assets considerably.

8 Contingent assets, liabilities and other financial obligations

Rent- and lease obligations

The Company has one lease contract for rent of office desks and laboratory which is non-cancellable until 2027. The total future lease payments for the non-cancellable lease period are DKK 5,8 million.

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Bactolife ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Share based payment

The Company has granted warrants to employees. The warrants are equity settled programs which Management has chosen not to recognize in the Financial Statements.

Notes to the Financial Statements

9 Accounting Policies (continued)

Income Statement

Revenue

Revenue consists of fees related to joint development agreements with partners.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Other external expenses

Other external expenses comprise expenses for premises, consultants/advisors and office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as salary dependent expenses.

Depreciation

Depreciation comprise depreciation of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including received grants.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

9 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Laboratories and research equipment(10-20 years)

Other fixtures and fittings, tools and equipment (3-10 years)

Leasehold improvements (15 years)

Impairment of property, plant of equipment.

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

Inventories

Inventory consist of raw materials used for the research and development activities.

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent etc.

Notes to the Financial Statements

9 Accounting Policies (continued)

Provisions

Other provisions relates to estimated decommissioning obligations for leased premises.

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Other debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.