

PANCRYOS APS
OLE MAALØES VEJ 3, 2200 KØBENHAVN N
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 16 June 2021**

Jacqueline Ameri

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COMPANY DETAILS

Company	PanCryos ApS Ole Maaløes Vej 3 2200 Copenhagen N CVR No.: 39 01 99 65 Established: 16 October 2017 Registered Office: Copenhagen Financial Year: 1 January - 31 December
Board of Directors	Jacqueline Ameri, chairman Tor Henrik Semb
Board of Executives	Jacqueline Ameri
Auditor	Dansk Revision Mariagerfjord Godkendt Revisionspartnerselskab Aalborgvej 51 9560 Hadsund

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of PanCryos ApS for the financial year 1 January - 31 December 2020.

The Annual Report is presented 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

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

Copenhagen, 16 June 2021

Board of Executives

Jacqueline Ameri

Board of Directors

Jacqueline Ameri
Chairman

Tor Henrik Semb

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of PanCryos ApS

Opinion

We have audited the Financial Statements of PanCryos ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations 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 (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. 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 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

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.

Hadsund, 16 June 2021

Dansk Revision Mariagerfjord Godkendt Revisionspartnerselskab
CVR no. 31778530

Michael Carstens
State Authorised Public Accountant
MNE no. mne34300

MANAGEMENT'S REVIEW

Principal activities

The principal activities comprise to conduct research and experimental development in biotechnology and related business.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK
GROSS PROFIT.....		1,324,131	451,691
Staff costs.....	1	-1,614,388	-557,513
OPERATING LOSS.....		-290,257	-105,822
Other financial expenses.....		-2,531	3,941
LOSS BEFORE TAX.....		-292,788	-101,881
Tax on profit/loss for the year.....	2	402,142	13,068
PROFIT FOR THE YEAR.....		109,354	-88,813
PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		109,354	-88,813
TOTAL.....		109,354	-88,813

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Development projects in progress and prepayments.....		7,138,539	2,010,075
Intangible fixed assets	3	7,138,539	2,010,075
FIXED ASSETS		7,138,539	2,010,075
Receivables from group enterprises.....		377,461	0
Other receivables.....		392,909	173,008
Joint tax contribution receivable.....		1,071,905	377,461
Receivables		1,842,275	550,469
Cash and cash equivalents		9,869,759	1,819,441
CURRENT ASSETS		11,712,034	2,369,910
ASSETS		18,850,573	4,379,985
EQUITY AND LIABILITIES			
Share capital.....		40,001	10,000
Reserve for development costs.....		5,568,060	1,567,859
Retained profit.....		4,470,555	-1,593,449
EQUITY		10,078,616	-15,590
Provision for deferred tax.....		1,015,263	348,500
PROVISION FOR LIABILITIES		1,015,263	348,500
Convertible and interest-bearing debt instruments.....		0	2,744,380
Other financial creditors.....		6,790,875	0
Other liabilities.....		70,200	25,000
Accruals and deferred income.....		242,165	242,165
Long-term liabilities	4	7,103,240	3,011,545
Trade payables.....		552,211	975,070
Other liabilities.....		101,243	60,460
Current liabilities		653,454	1,035,530
LIABILITIES		7,756,694	4,047,075
EQUITY AND LIABILITIES		18,850,573	4,379,985
Share capital	5		
Contingencies etc.	6		
Charges and securities	7		

EQUITY

	Share capital	Share premium account	Reserve for development costs	Retained profit	Total
Equity at 1 January 2020.....	10,000	0	1,567,859	-1,593,449	-15,590
Capital increase.....	30,001	9,984,851			10,014,852
Transfers to/from other items.....		-9,984,851		9,954,851	-30,000
Proposed distribution of profit.....				109,354	109,354
Transferred to reserve for development costs.....			4,000,201	-4,000,201	
Equity at 31 December 2020.....	40,001	0	5,568,060	4,470,555	10,078,616

NOTES

	2020 DKK	2019 DKK	Note
Staff costs			1
Average number of employees 2 (2019: 1)			
Wages and salaries.....	1,595,409	547,500	
Social security costs.....	9,424	2,188	
Other staff costs.....	9,555	7,825	
	1,614,388	557,513	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year.....	-1,068,905	-377,461	
Adjustment of tax in previous years.....	0	15,893	
Adjustment of deferred tax.....	666,763	348,500	
	-402,142	-13,068	
Intangible fixed assets			3
		Development projects in progress and prepayments	
Cost at 1 January 2020.....		2,010,075	
Additions.....		5,128,464	
Cost at 31 December 2020.....		7,138,539	
Carrying amount at 31 December 2020.....		7,138,539	
Interest expenses recognised as part of cost of assets.....		269,806	

PanCryos ApS is developing a next generation stem cell derived cell therapy PanINSULA; where the purpose is to improve life quality for millions of people suffering from diabetes.

The beta cell has been designed by nature to maintain blood glucose at the optimal level. Insulin therapy, CGMs and insulin pumps try to mimic the function of the beta cell and require the patient or a computer to perform many of the steps such as testing blood, evaluating the results and administering insulin. Beta cell therapy aims to provide the same glucose control as the islet with no outside intervention, to control and cure diabetes by sensing changes in blood glucose and producing Insulin, Naturally.

The development project is estimated to be completed in the end of 2028.

Management has high expectations for the product and has no indication of a need for impairment in relation to the carrying amount.

NOTES

					Note
Long-term liabilities					4
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities	Current portion at the beginning of the year
Convertible and interest- bearing debt instruments.....	0	0	0	2,744,380	0
Payables to associated enterprises.....	6,790,875	0	2,218,553	0	0
Other liabilities.....	70,200	0	0	25,000	0
Accruals and deferred income..	242,165	0	242,165	242,165	0
	7,103,240	0	2,460,718	3,011,545	0
Share capital					5
The share capital is composed of shares of DKK 1 or multiples thereof.					
The share capital was changes on 13th of September 2020, where it has not has been changes before this.					
Contingencies etc.					6
None.					
Charges and securities					7
None.					

ACCOUNTING POLICIES

The Annual Report of PanCryos ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

General principles for recognition and measurement

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 out of the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item. Certain financial assets and liabilities are measured at amortised cost, implying the recognition of a constant effective interest rate to maturity. Amortised cost is determined as original cost less any repayments and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount. In recognition and measurement, foreseeable losses and risks are taken into consideration when arising before the annual report is prepared and proving or disproving matters existing on the balance sheet date.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Also recognised are expenses incurred to generate the earnings for the year, including depreciation, amortisation, impairment losses and provisions, as well as reversals resulting from changes in accounting estimates of amounts previously recognised in the income statement.

Foreign currency translation

During the year, foreign currency transactions are translated at the exchange rates prevailing on the transaction date. Foreign currency receivables, payables and other items that have not been settled on the balance sheet date are translated at the exchange rates prevailing on the balance sheet date.

Realised and unrealised foreign currency translation adjustments are recognised in the income statement under net financials.

INCOME STATEMENT

Gross profit

Revenue less expenses for raw materials and consumables and other external expenses are aggregated in the item 'Gross profit'.

Other external expenses

Other external expenses include cost of administration, buildings, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

ACCOUNTING POLICIES

Tax

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

BALANCE SHEET

Intangible fixed assets

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Impairment of fixed assets

The carrying amount of intangible fixed assets are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

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 group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Cash and cash equivalents

Includes cash.

ACCOUNTING POLICIES

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised 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.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

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 will 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.

Liabilities

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.