PANCRYOS
INSULIN. NATURALLY.

PANCRYOS APS

OLE MAALØES VEJ 3, 2200 KØBENHAVN N

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2022

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 14 June 2023

_____
Jacqueline Mehrnosh Ameri

CVR NO. 39 01 99 65

CONTENTS

	Page
Company Details	
Company Details	2
Statement and Report	
Statement by Board of Directors and Board of Executives	3
Independent Auditor's Report	4-5
Management's Review	
Management's Review	6
Financial Statements 1 January - 31 December	
Income Statement	7
Balance Sheet	8
Equity	9
Notes	10-11
Accounting Policies	12-14

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	Mustapha Leavenworth Bakali, chairman Jacqueline Mehrnosh Ameri Tor Henrik Semb
Board of Executives	Jacqueline Mehrnosh Ameri
Auditor	REDMARK, 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 2022.

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 2022 and of the results of the Company's operations for the *financial year* 1 January - 31 December 2022.

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

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

Copenhagen, 12 June 2023

Board of Executives

_____
Jacqueline Mehrnosh Ameri

Board of Directors

_____	_____	_____
Mustapha Leavenworth Bakali Chairman	Jacqueline Mehrnosh Ameri	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 2022, 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 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. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management´s responsibility for the Interim 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.

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements
  or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, 12 June 2023

REDMARK, GODKENDT REVISIONSPARTNERSELSKAB
CVR no. 29442789

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.

Development in activities and financial position

The company has continued its normal business activities. There has not been individual events in the financial year, which has been of a certain significance that it needs mentioned in the management report. Developments and results for the year are considered satisfactory.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2022 DKK	2021 DKK
GROSS PROFIT		**1,481,839**	**1,607,743**
Staff costs	1	-1,937,099	-2,150,722
OPERATING LOSS		**-455,260**	**-542,979**
Other financial expenses		-48,837	-27,264
LOSS BEFORE TAX		**-504,097**	**-570,243**
Tax on profit/loss for the year	2	391,065	464,836
LOSS FOR THE YEAR		**-113,032**	**-105,407**

PROPOSED DISTRIBUTION OF DIVIDEND

Retained earnings		-113,032	-105,407
TOTAL		**-113,032**	**-105,407**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK
Development projects in progress and prepayments		17,437,908	12,805,800
Intangible fixed assets	3	**17,437,908**	**12,805,800**
FIXED ASSETS		**17,437,908**	**12,805,800**
Receivables from group enterprises		3,000	1,071,905
Other receivables		78,126	244,416
Joint tax contribution receivable		933,901	1,107,215
Receivables		**1,015,027**	**2,423,536**
Cash and cash equivalents		**2,877,481**	**4,704,147**
CURRENT ASSETS		**3,892,508**	**7,127,683**
ASSETS		**21,330,416**	**19,933,483**
EQUITY AND LIABILITIES			
Share capital		40,001	40,001
Reserve for development costs		13,601,568	9,988,524
Retained profit		-3,781,392	-55,316
EQUITY		**9,860,177**	**9,973,209**
Provision for deferred tax		2,200,478	1,657,642
PROVISION FOR LIABILITIES		**2,200,478**	**1,657,642**
Other financial creditors		7,035,450	7,203,871
Accruals and deferred income		1,075,118	242,165
Long-term liabilities	4	**8,110,568**	**7,446,036**
Short-term portion of long-term liabilities	4	555,524	0
Trade payables		556,385	595,989
Other liabilities		47,284	260,607
Current liabilities		**1,159,193**	**856,596**
LIABILITIES		**9,269,761**	**8,302,632**
EQUITY AND LIABILITIES		**21,330,416**	**19,933,483**
Contingencies etc.	5		
Charges and securities	6		

EQUITY

	Share capital	Reserve for development costs	Retained profit	Total
Equity at 1 January 2022	40,001	9,988,524	-55,316	9,973,209
Proposed distribution of profit			-113,032	-113,032
Transferred to reserve for development costs		3,613,044	-3,613,044	
Equity at 31 December 2022	**40,001**	**13,601,568**	**-3,781,392**	**9,860,177**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

			Note
Staff costs			1
Average number of employees			
2 (2021: 3)			
Wages and salaries	1,919,477	2,123,865	
Social security costs	12,527	23,028	
Other staff costs	5,095	3,829	
	1,937,099	**2,150,722**	
Tax on profit/loss for the year			2
Calculated tax on taxable income of the year	-933,901	-1,107,215	
Adjustment of deferred tax	542,836	642,379	
	-391,065	**-464,836**	

Intangible fixed assets 3

	Development projects in progress and prepayments
Cost at 1 January 2022	12,805,800
Additions	4,632,108
Cost at 31 December 2022	**17,437,908**
Carrying amount at 31 December 2022	**17,437,908**
Interest expenses recognised as part of cost of assets	387,103

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

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.

Long-term liabilities 4

	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities	Current portion at the beginning of the year
Payables to associated enterprises	7,590,974	555,524	0	7,203,871	0
Accruals and deferred income	1,075,118	0	1,075,118	242,165	0
	8,666,092	**555,524**	**1,075,118**	**7,446,036**	**0**

Contingencies etc. 5

None.

NOTES

	Note
Charges and securities None.	**6**

ACCOUNTING POLICIES

The Annual Report of PanCryos ApS for 2022 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 earn-ings 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 exchanges 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.

The company is subject to Danish regulations on compulsory joint taxation of the parent company and its Danish subsidiaries.

For settlement of the joint tax contribution, the current Danish income tax is distributed between the jointly taxed companies in proportion to their taxable income. Under the joint taxation scheme, companies with tax losses receive joint tax contributions from companies that have been able to use these losses (full allocation).

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.