
Kariya Pharmaceuticals IVS

Ole Maaløes Vej 3
DK-2200 København N

Annual Report for 1 January - 31 December 2020

CVR No 39 27 06 84

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
24/6 2021

Ian Laquian
Chairman of the General
Meeting



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Practitioner's Statement on Compilation of Financial Statements	2
Company Information	
Company Information	3
Management's Review	4
Financial Statements	
Income Statement 1 January - 31 December	5
Balance Sheet 31 December	6
Statement of Changes in Equity	8
Notes to the Financial Statements	9

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Kariya Pharmaceuticals IVS for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. The Company complies with the exemption provisions governing the omission to have its Financial Statements audited.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

København, 24 June 2021

Executive Board

Christian Hölscher
Executive Officer

The Annual General Meeting has decided that the Financial Statements for next year are not to be subject to any audit.

Practitioner's Statement on Compilation of Financial Statements

To the Management of Kariya Pharmaceuticals IVS

We have compiled the Financial Statements of Kariya Pharmaceuticals IVS for the financial year 1 January - 31 December 2020 on the basis of the Enterprise's accounting records and other information you have provided.

The Financial Statements comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

We performed our work in accordance with ISRS 4410, Engagements to Compile Financial Information.

Based on our professional expertise, we have assisted you with the preparation and presentation of the Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms and IESBA's Code of Ethics, including the principles of integrity, objectivity, professional competence and due care.

The Financial Statements and the accuracy and completeness of the information forming the basis of the compilation of the Financial Statements are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are under no duty to verify the accuracy or completeness of the information you provided to us to compile the Financial Statements. Accordingly, we express no audit opinion or review opinion as to whether the Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

Hellerup, 24 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Nikolaj Erik Johnsen
statsautoriseret revisor
mne35806

Company Information

The Company

Kariya Pharmaceuticals IVS
Ole Maaløes Vej 3
DK-2200 København N

CVR No: 39 27 06 84

Financial period: 1 January - 31 December

Incorporated: 18 January 2018

Financial year: 3rd financial year

Municipality of reg. office: København

Executive Board

Christian Hölscher

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The primary activity of the company is research and development within biotechnology.

Development in the year

The income statement of the Company for 2020 shows a loss of DKK 2,207,146, and at 31 December 2020 the balance sheet of the Company shows negative equity of DKK 9,511,324.

The result is as expected and is mainly related to cost for research and development activities is not capitalized.

Capital resources

The Company does not fulfill the requirements regarding equity in Section 119 of the Companies Act. The Management expects the share capital re-established from capital contributions of a Series A equity financing round of DKK 40 million and/or financial proceeds from an exclusive license agreement entered into with a global pharmaceutical company. Both the financing round and/or partnership agreement are expected to be secured in the forthcoming year.

Innovationsfonden has awarded the company a Grant of up to DKK 4 mio. under the "InnoBooster" programme during 2020. The first reimbursement is expected to be received in February 2020.

Furthermore, the company expects to receive refund from the Danish Tax authorities under "skatte kredit ordningen". The receivable Corporation tax is not recognized as per 31 December 2020.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Gross profit/loss		-1.493.450	-6.324.847
Staff expenses	2	-1.814.715	-706.909
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-7.813	0
Profit/loss before financial income and expenses		-3.315.978	-7.031.756
Financial income	3	203	0
Financial expenses	4	-524.334	-272.522
Profit/loss before tax		-3.840.109	-7.304.278
Tax on profit/loss for the year	5	1.632.963	0
Net profit/loss for the year		-2.207.146	-7.304.278

Distribution of profit

Proposed distribution of profit

Retained earnings		-2.207.146	-7.304.278
		-2.207.146	-7.304.278

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		15.626	23.439
Property, plant and equipment	6	15.626	23.439
Fixed assets		15.626	23.439
Other receivables		187.935	2.404.416
Prepayments		390.488	0
Receivables		578.423	2.404.416
Cash at bank and in hand		1.089.232	750.917
Currents assets		1.667.655	3.155.333
Assets		1.683.281	3.178.772

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		100	100
Retained earnings		-9.511.424	-7.304.278
Equity		-9.511.324	-7.304.178
Convertible and profit-yielding instruments of debt		10.781.630	10.268.219
Long-term debt	7	10.781.630	10.268.219
Trade payables		113.689	47.990
Payables to owners and Management		2.806	2.144
Other payables		296.480	164.597
Short-term debt		412.975	214.731
Debt		11.194.605	10.482.950
Liabilities and equity		1.683.281	3.178.772
Going concern	1		
Contingent assets, liabilities and other financial obligations	8		
Accounting Policies	9		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	100	-7.304.278	-7.304.178
Net profit/loss for the year	0	-2.207.146	-2.207.146
Equity at 31 December	100	-9.511.424	-9.511.324

Notes to the Financial Statements

1 Going concern

During the year the company has lost the equity. The management will on the general meeting discuss the matter including going concern.

Innovationsfonden has awarded the company a Grant of up to DKK 4 mio. under the "InnoBooster" programme during 2020, which will secure the liquidity of the company during 2020. The first reimbursement is expected to received in February 2020.

The management considers the loss of equity as temporary and that the share capital will be reestablished in the coming year.

	<u>2020</u> DKK	<u>2019</u> DKK
2 Staff expenses		
Wages and salaries	1.787.917	694.274
Other social security expenses	9.889	2.608
Other staff expenses	<u>16.909</u>	<u>10.027</u>
	<u>1.814.715</u>	<u>706.909</u>
Average number of employees	<u>2</u>	<u>1</u>
	<u>2020</u> DKK	<u>2019</u> DKK
3 Financial income		
Other financial income	65	0
Exchange gains	<u>138</u>	<u>0</u>
	<u>203</u>	<u>0</u>
4 Financial expenses		
Other financial expenses	524.000	270.326
Exchange loss	<u>334</u>	<u>2.196</u>
	<u>524.334</u>	<u>272.522</u>

Notes to the Financial Statements

	<u>2020</u> DKK	<u>2019</u> DKK
5 Tax on profit/loss for the year		
Current tax for the year	0	0
Adjustment of tax concerning previous years	<u>-1.632.963</u>	<u>0</u>
	<u>-1.632.963</u>	<u>0</u>
 6 Property, plant and equipment		
		Other fixtures and fittings, tools and equipment <u>DKK</u>
Cost at 1 January		<u>23.439</u>
Cost at 31 December		<u>23.439</u>
Impairment losses and depreciation at 1 January		0
Depreciation for the year		<u>7.813</u>
Impairment losses and depreciation at 31 December		<u>7.813</u>
 Carrying amount at 31 December		<u>15.626</u>

Notes to the Financial Statements

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2020</u> DKK	<u>2019</u> DKK
Convertible and profit-yielding instruments of debt		
Between 1 and 5 years	10.781.630	10.268.219
Long-term part	10.781.630	10.268.219
Within 1 year	0	0
	<u>10.781.630</u>	<u>10.268.219</u>

8 Contingent assets, liabilities and other financial obligations

There are no security and contingent liabilities at 31 December 2020.

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Kariya Pharmaceuticals IVS for 2020 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 2020 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income Statement

Other external expenses

Other external expenses comprise of costs for administration and expenses for premises, sales and distribution as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

Notes to the Financial Statements

9 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and 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 gains and losses on the sale of intangible assets and property, plant and equipment and income from grants. Income from Grants is accrued in accordance with project costs incurs.

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:

Other fixtures and fittings, tools and equipment	5 years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

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 conferences, lease and subscriptions.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Notes to the Financial Statements

9 Accounting Policies (continued)

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

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.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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