
Kariya Pharmaceuticals ApS

Ole Maaløes Vej 3, DK-2200 Copenhagen N

Annual Report for 2022

CVR No. 39 27 06 84

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 30/6 2023

Ian Laquian
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Practitioner's Statement on Compilation of Financial Statements	2
Management's Review	
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 and Board of Directors have today considered and adopted the Financial Statements of Kariya Pharmaceuticals ApS for the financial year 1 January - 31 December 2022.

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 our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Copenhagen N, 30 June 2023

Executive Board

Christian Hölscher
CEO

Board of Directors

Ian Rodney Laquian
Chairman

Claus Elsborg Olesen

Mikael Søndergaard Thomsen

Christian Hölscher

John Connell

Practitioner's Statement on Compilation of Financial Statements

To the Management of Kariya Pharmaceuticals ApS

We have compiled the Financial Statements of Kariya Pharmaceuticals ApS for the financial year 1 January - 31 December 2022 on the basis of the Company'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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), 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, 30 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Nikolaj Erik Johnsen

State Authorised Public Accountant

mne35806

Company information

The Company	<p>Kariya Pharmaceuticals ApS Ole Maaløes Vej 3 DK-2200 Copenhagen N</p> <p>CVR No: 39 27 06 84 Financial period: 1 January - 31 December Incorporated: 18 January 2018 Financial year: 5th financial year Municipality of reg. office: Copenhagen</p>
Board of Directors	<p>Ian Rodney Laquian, chairman Claus Elsborg Olesen Mikael Søndergaard Thomsen Christian Hölscher John Connell</p>
Executive Board	<p>Christian Hölscher</p>
Auditors	<p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup</p>

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 2022 shows a loss of DKK 14,005,570, and at 31 December 2022 the balance sheet of the Company shows negative equity of DKK 26,732,069.

Capital resources

The Management expects the share capital re-established from capital contributions of a Series A equity financing round of DKK 50 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 4,9 mio. This will be disbursed throughout 2022-2023.

Furthermore, the company expects to receive refund from the Danish Taxauthorities under "skattekreditordningen". The receivable Corporation tax is not recognized as per 31 December 2022.

Subsequent events

At the time of preparing this statement, the company entered into an equity financing agreement of DKK 15 million with MAC Clinical Research Finance. Additional financing and/or partnering proceeds are expected to be secured in the forthcoming year.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross loss		-13,798,220	-2,712,238
Staff expenses	2	-13,664	-505,582
Depreciation and impairment losses of property, plant and equipment		-7,813	-7,813
Profit/loss before financial income and expenses		-13,819,697	-3,225,633
Financial income	3	6,602	4,891
Financial expenses	4	-811,506	-648,595
Profit/loss before tax		-14,624,601	-3,869,337
Tax on profit/loss for the year	5	619,031	614,262
Net profit/loss for the year		-14,005,570	-3,255,075

Distribution of profit

	2022 DKK	2021 DKK
Proposed distribution of profit		
Retained earnings	-14,005,570	-3,255,075
	-14,005,570	-3,255,075

Balance sheet 31 December

Assets

	Note	2022 DKK	2021 DKK
Other fixtures and fittings, tools and equipment		0	7,813
Property, plant and equipment	6	<u>0</u>	<u>7,813</u>
Fixed assets		<u>0</u>	<u>7,813</u>
Receivables from associates		0	48,000
Other receivables		1,364,680	75,906
Receivable from shareholders and Management		48,000	0
Prepayments		0	6,712
Receivables		<u>1,412,680</u>	<u>130,618</u>
Cash at bank and in hand		<u>792,177</u>	<u>913,325</u>
Current assets		<u>2,204,857</u>	<u>1,043,943</u>
Assets		<u>2,204,857</u>	<u>1,051,756</u>

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		40,000	40,000
Retained earnings		-26,772,069	-12,766,499
Equity		-26,732,069	-12,726,499
Convertible and profit-yielding instruments of debt		11,886,748	11,320,712
Long-term debt	7	11,886,748	11,320,712
Trade payables		15,280,058	201,667
Payables to owners and Management		1,745,120	2,217,684
Other payables		25,000	38,192
Short-term debt		17,050,178	2,457,543
Debt		28,936,926	13,778,255
Liabilities and equity		2,204,857	1,051,756
Going concern	1		
Contingent assets, liabilities and other financial obligations	8		
Accounting Policies	9		

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	40,000	-12,766,499	-12,726,499
Net profit/loss for the year	0	-14,005,570	-14,005,570
Equity at 31 December	40,000	-26,772,069	-26,732,069

Notes to the Financial Statements

1. Going concern

The Management expects the share capital re-established from capital contributions of a Series A equity financing round of DKK 50 million and/or financial proceeds from an exclusive license agreement entered into with a global pharmaceutical company. At the time of preparing this statement, the company entered into an equity financing agreement of DKK 15 million with MAC Clinical Research Finance. Additional financing and/or partnering proceeds are expected to be secured in the forthcoming year.

Innovationsfonden has awarded the company a Grant of up to DKK 4,9 mio. This will be disbursed throughout 2022-2024. Furthermore, the company expects to receive a refund from the Danish Taxauthorities under "skattekredit ordningen". The receivable Corporation tax is not recognized as per 31 December 2022.

2. Staff Expenses

	2022	2021
	DKK	DKK
Wages and salaries	0	478,864
Other social security expenses	1,251	7,347
Other staff expenses	12,413	19,371
	<u>13,664</u>	<u>505,582</u>
Average number of employees	<u>1</u>	<u>1</u>

3. Financial income

	2022	2021
	DKK	DKK
Exchange gains	6,602	4,891
	<u>6,602</u>	<u>4,891</u>

4. Financial expenses

	2022	2021
	DKK	DKK
Other financial expenses	757,984	641,687
Exchange loss	53,522	6,908
	<u>811,506</u>	<u>648,595</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
5. Income tax expense		
Adjustment of tax concerning previous years	-619,031	-614,262
	<u>-619,031</u>	<u>-614,262</u>

6. Property, plant and equipment

	<u>Other fixtures and fittings, tools and equipment</u>
	DKK
Cost at 1 January	23,439
Cost at 31 December	<u>23,439</u>
Impairment losses and depreciation at 1 January	15,626
Depreciation for the year	7,813
Impairment losses and depreciation at 31 December	<u>23,439</u>
Carrying amount at 31 December	<u>0</u>

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>2022</u>	<u>2021</u>
	DKK	DKK
Convertible and profit-yielding instruments of debt		
After 5 years	0	0
Between 1 and 5 years	11,886,748	11,320,712
Long-term part	11,886,748	11,320,712
Within 1 year	0	0
	<u>11,886,748</u>	<u>11,320,712</u>

Notes to the Financial Statements

8. Contingent assets, liabilities and other financial obligations

There are no security and contingent liabilities at 31 December 2022.

Notes to the Financial Statements

9. Accounting policies

The Annual Report of Kariya Pharmaceuticals ApS for 2022 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 2022 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

Net sales

Revenue from services is recognised when the risks and rewards relating to the services have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

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.

Gross loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, 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.

Notes to the Financial Statements

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment 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 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 incurred.

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 deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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
--	---------

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 property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by 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 rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

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.

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.