

STIPE Therapeutics ApS

c/o Olesen Lyngsiesvej 18, 8230 Åbyhøj

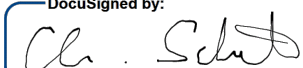
CVR no. 39 69 11 75

Annual report 2018/19

(As of the establishment of the Company 2 July 2018 - 31 December 2019)

Approved at the Company's annual general meeting on 29 April 2020

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements for the period 2 July 2018 - 31 December 2019	6
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9



Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of STIPE Therapeutics ApS for the financial year as of the establishment of the Company 2 July 2018 - 31 December 2019.

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 of the Company at 31 December 2019 and of the results of the Company's operations for the financial year as of the establishment of the Company 2 July 2018 - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 21 April 2020
Executive Board:

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Martin Roelsgaard
Jakobsen

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Claus Elsborg Olesen

Board of Directors:

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Christian Schetter
Chairman

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Jonathan Leslie Tobin

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Martin Roelsgaard
Jakobsen

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Morten Døssing

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Sten Verland

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Regina Hodits

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Natalie Sacks



Independent auditor's report

To the shareholders of STIPE Therapeutics ApS

Opinion

We have audited the financial statements of STIPE Therapeutics ApS for the financial year as of the establishment of the Company 2 July 2018 - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year as of the establishment of the company 2 July 2018 - 31 December 2019 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 rules and requirements.

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 as to 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 the financial statements.

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.



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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

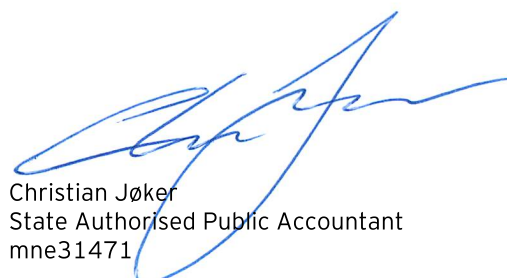
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 29 April 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Peter U. Faurschou
State Authorised Public Accountant
mne34502



Christian Jøker
State Authorised Public Accountant
mne31471



Management's review

Company details

Name STIPE Therapeutics ApS
Address, Postal code, City c/o Olesen Lyngsiesvej 18, 8230 Åbyhøj

CVR no. 39 69 11 75
Established 2 July 2018
Registered office Aarhus
Financial year 2 July 2018 - 31 December 2019

Board of Directors Christian Schetter, Chairman
Jonathan Leslie Tobin
Martin Roelsgaard Jakobsen
Morten Døssing
Sten Verland
Regina Hodits
Natalie Sacks

Executive Board Martin Roelsgaard Jakobsen
Claus Elsborg Olesen

Auditors Ernst & Young Godkendt Revisionspartnerselskab
Værkmestergade 25, P.O. Box 330, 8100 Aarhus C,
Denmark

Management commentary

Business review

The company's key activity is to develop novel treatments that focuses on harnessing the innate immune system to battle cancer.

Financial review

The income statement for 2018/19 shows a loss of EUR 1,784 thousand, and the balance sheet at 31 December 2019 shows equity of EUR 6,689 thousand.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



Financial statements for the period 2 July 2018 - 31 December 2019

Income statement

Note	EUR	2018/19 18 months
	Gross loss	-1,330,864
2	Staff costs	-739,845
	Profit/loss before net financials	-2,070,709
	Financial income	809
	Financial expenses	-82,989
	Profit/loss before tax	-2,152,889
3	Tax for the year	369,221
	Profit/loss for the year	-1,783,668
	Recommended appropriation of profit/loss	
	Retained earnings/accumulated loss	-1,783,668
		-1,783,668



Financial statements for the period 2 July 2018 - 31 December 2019

Balance sheet

Note	EUR	2018/19
	ASSETS	
	Non-fixed assets	
	Receivables	
	Corporation tax receivable	369,221
	Other receivables	77,098
		<u>446,319</u>
	Cash	<u>7,601,899</u>
	Total non-fixed assets	<u>8,048,218</u>
	TOTAL ASSETS	<u>8,048,218</u>
	EQUITY AND LIABILITIES	
	Equity	
4	Share capital	17,187
	Retained earnings	6,672,193
	Total equity	<u>6,689,380</u>
	Liabilities other than provisions	
	Non-current liabilities other than provisions	
	Convertible loan	942,685
	Other payables	22,251
		<u>964,936</u>
	Current liabilities other than provisions	
	Trade payables	323,029
	Other payables	70,873
		<u>393,902</u>
	Total liabilities other than provisions	<u>1,358,838</u>
	TOTAL EQUITY AND LIABILITIES	<u>8,048,218</u>

1 Accounting policies

5 Contractual obligations and contingencies, etc.

6 Contingent assets



Financial statements for the period 2 July 2018 - 31 December 2019

Statement of changes in equity

EUR	Share capital	Retained earnings	Total
Cash payments concerning formation of enterprise	6,693	0	6,693
Capital increase	10,494	8,455,861	8,466,355
Transfer through appropriation of loss	0	-1,783,668	-1,783,668
Equity at 31 December 2019	17,187	6,672,193	6,689,380



Financial statements for the period 2 July 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies

The annual report of STIPE Therapeutics ApS for 2018/19 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross loss

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Research and development costs

STIpe Therapeutic expenses all research costs. In line with industry practice, internal and sub-contracted development costs are also expensed as they are incurred, due to significant regulatory uncertainties and other uncertainties inherent in the development of new products. This means that they do not qualify for capitalisation as intangible assets until marketing approval by a regulatory authority is obtained or considered highly probable.

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.



Financial statements for the period 2 July 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.



Financial statements for the period 2 July 2018 - 31 December 2019

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Convertible loans

Convertible loans are broken down into a liability element and an equity element based on the relevant instrument of debt. On initial recognition, the liability is recognised at the fair value of a similar liability without a conversion right. The remaining amount of the convertible loan is recognised as equity. On subsequent recognition, the liability is measured at amortised cost until converted or repaid. The equity element is not re measured after initial recognition.



Financial statements for the period 2 July 2018 - 31 December 2019

Notes to the financial statements

EUR		2018/19 18 months
2	Staff costs	
	Wages/salaries	705,160
	Pensions	19,626
	Other social security costs	6,447
	Other staff costs	8,612
		<u>739,845</u>
	Average number of full-time employees	<u>7</u>
3	Tax for the year	
	Estimated tax charge for the year	<u>-369,221</u>
		<u>-369,221</u>
4	Share capital	
	Analysis of the share capital:	
	50,000 A shares of EUR 0,13 nominal value each	6,693
	74,074 B shares of EUR 0,13 nominal value each	9,916
	4,314 C shares of EUR 0,13 nominal value each	578
		17,187
	Changes in the share capital in the past year:	
	EUR	2018/19
	Establishment	6,693
	Capital increase	10,494
		<u>17,187</u>
5	Contractual obligations and contingencies, etc.	
	Other contingent liabilities	
	Rent and lease liabilities include a rent obligation totalling EUR 16 thousand in interminable rent agreements with remaining contract terms of 1 month.	
6	Contingent assets	
	The company has tax loss carry-forwards totalling EUR 426 thousand. The nominal value thereof is 22%, totalling EUR 94 thousand. The tax asset has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses.	