
GlyProVac ApS

Rørhatten 4, DK-5220 Odense SØ

Annual Report for 3 July 2018 - 30 June 2019

CVR No 39 72 47 58

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
8 /11 2019

Kirsten Winther
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GlyProVac ApS for the financial year 3 July 2018 - 30 June 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 at 30 June 2019 of the Company and of the results of the Company operations for 2018/19.

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

Odense, 8 November 2019

Executive Board

Anders Boysen

Ann Zahle Andersen

Board of Directors

Kirsten Winther
Chairman

Anders Boysen

Ann Zahle Andersen

Independent Auditor's Report

To the Shareholders of GlyProVac ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2019 and of the results of the Company's operations for the financial year 3 July 2018 - 30 June 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of GlyProVac ApS for the financial year 3 July 2018 - 30 June 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 misstate-

Independent Auditor's Report

ment, 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 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.
- 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

Independent Auditor's Report

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.

Odense, 8 November 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Petersen

statsautoriseret revisor

mne33722

Company Information

The Company

GlyProVac ApS
Rørhatten 4
DK-5220 Odense SØ

CVR No: 39 72 47 58
Financial period: 3 July - 30 June
Incorporated: 3 July 2018
Financial year: 1st financial year
Municipality of reg. office: Odense

Board of Directors

Kirsten Winther, Chairman
Anders Boysen
Ann Zahle Andersen

Executive Board

Anders Boysen
Ann Zahle Andersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Rytterkasernen 21
DK-5000 Odense C

Bankers

Sydbank

Management's Review

Key activities

The company's objective is to develop and commercialise bacterial vaccines.

Development in the year

The income statement of the Company for 2018/19 shows a loss of DKK 917,733, and at 30 June 2019 the balance sheet of the Company shows equity of DKK 1,370,867.

The main objective of GlyProVac ApS is to use the GlyProVac proprietary platform technology BEMAP to identify and subsequently develop bacterial vaccines, based on novel glycoproteins, which display an increased stimulation of the human immune system. The GlyProVac vaccine candidates may be incorporated in entirely new vaccines, but may also improve current vaccines against bacterial infections. The main candidate of GlyProVac development targets infections by E. coli.

In the fiscal year 18/19 the Company has moved forward in establishing the potential of vaccine candidate YghJ. Blood sample analysis from infected patients have been conducted. These results support the company hypothesis; that protein glycosylation increases patient immune response. In 2020 a number of investigations will be conducted with glycosylated YghJ from another two E. coli clinical isolates in addition to further investigations of the unique physical properties, which make GlyProVac's vaccine candidates exceptionally immunoreactive.

During spring 2019 the Company has expanded its IP portfolio by initiating patent protection of its proprietary platform technology BEMAP.

The Company has continuously participated in conferences and events expanding its network of collaborators, investors, funding bodies and potential future customers. The interest in the GlyProVac technology and unique glycoproteins is increasing. In the past year several new collaborations with both companies and academia have been initialized and formalized. These collaborations bring expertise, patient contact and technologies to the Company, which is expected to bring significant value to both the short and long term development of GlyProVac.

Capital resources

The company is fully funded by the owners through equity and loans.

The Company will secure further financial resources in the fiscal year 19/20 in order to continue development activities. This development is as expected for this type of R&D company and therefore the process of securing further funding has already been initiated.

Management's Review

Uncertainty relating to recognition and measurement

See Note 1 concerning recognition and measurement of capitalized development costs.

In addition, there has been no uncertainty regarding recognition and measurement in the annual report..

Subsequent events

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

Income Statement 3 July - 30 June

	<u>Note</u>	<u>2018/19</u> DKK
Work on own account recognised in assets		941.000
Other external expenses		<u>-795.686</u>
Gross profit/loss		145.314
Staff expenses	2	<u>-1.306.525</u>
Profit/loss before financial income and expenses		-1.161.211
Financial expenses	3	<u>-13.997</u>
Profit/loss before tax		-1.175.208
Tax on profit/loss for the year	4	<u>257.475</u>
Net profit/loss for the year		<u>-917.733</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>-917.733</u>
		<u>-917.733</u>

Balance Sheet 30 June

Assets

	<u>Note</u>	<u>2018/19</u> DKK
Development projects in progress		764.120
Intangible assets	5	764.120
Fixed assets		764.120
Receivables from group enterprises		14.500
Other receivables		295.777
Corporation tax receivable from group enterprises		403.015
Prepayments		251.658
Receivables		964.950
Cash at bank and in hand		865.374
Currents assets		1.830.324
Assets		2.594.444

Balance Sheet 30 June

Liabilities and equity

	<u>Note</u>	<u>2018/19</u> DKK
Share capital		68.655
Reserve for development costs		596.014
Retained earnings		706.198
Equity		<u>1.370.867</u>
Provision for deferred tax		145.540
Provisions		<u>145.540</u>
Payables to group enterprises		41.630
Payables to owners and Management		478.751
Long-term debt	6	<u>520.381</u>
Trade payables		395.843
Payables to owners and Management	6	825
Other payables		160.988
Short-term debt		<u>557.656</u>
Debt		<u>1.078.037</u>
Liabilities and equity		<u>2.594.444</u>
Uncertainty relating to recognition and measurement	1	
Contingent assets, liabilities and other financial obligations	7	
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Statement of Changes in Equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 3 July	0	0	0	0	0
Cash etc. formation of entity	68.655	2.219.945	0	0	2.288.600
Development costs for the year	0	0	596.014	-596.014	0
Net profit/loss for the year	0	0	0	-917.733	-917.733
Transfer from share premium account	0	-2.219.945	0	2.219.945	0
Equity at 30 June	68.655	0	596.014	706.198	1.370.867

Notes to the Financial Statements

1 Uncertainty relating to recognition and measurement

The company has started the development of bacterial vaccines based on novel glycoproteins.

As of 30 June 2019, the value of capitalised development project was TDKK 764, which is recognised as intangible assets in the company's annual report. As product development is not finalised, further capitalisation of development costs is expected in the next years.

The valuation of these presupposes that the future earnings from the Company's product exceed the amount capitalised.

As expected future earnings are based on expectations for the future, there is inherently an uncertainty that may put doubt on the valuation of capitalised development costs.

Management expects that the company in the long term will achieve sufficient earnings that exceeds the capitalised development costs.

	<u>2018/19</u> DKK
2 Staff expenses	
Wages and salaries	1.115.758
Pensions	173.635
Other social security expenses	<u>17.132</u>
	<u>1.306.525</u>
Average number of employees	<u>2</u>
3 Financial expenses	
Interest paid to group enterprises	1.041
Other financial expenses	<u>12.956</u>
	<u>13.997</u>
4 Tax on profit/loss for the year	
Current tax for the year	-403.015
Deferred tax for the year	<u>145.540</u>
	<u>-257.475</u>

Notes to the Financial Statements

5 Intangible assets

	Development projects in progress DKK
Cost at 3 July	50.000
Additions for the year	714.120
Cost at 30 June	<u>764.120</u>
Impairment losses and amortisation at 3 July	<u>0</u>
Impairment losses and amortisation at 30 June	<u>0</u>
Carrying amount at 30 June	<u>764.120</u>

Development projects relate to the current development of af new bacterial vaccines in connection with the foundation of the company. The development is progressing according to plan through the use of the resources allocated by Management to the development. .

6 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:

Payables to group enterprises

Between 1 and 5 years	41.630
Long-term part	<u>41.630</u>
Within 1 year	<u>0</u>
	<u>41.630</u>

Payables to owners and Management

Between 1 and 5 years	478.751
Long-term part	<u>478.751</u>
Other short-term debt to owners and Management	<u>825</u>
	<u>479.576</u>

Notes to the Financial Statements

2018/19

DKK

7 Contingent assets, liabilities and other financial obligations

Rental, lease and usufruct obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	232.000
Between 1 and 5 years	19.000
	<u>251.000</u>

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Boysen Bio IVS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of GlyProVac ApS for 2018/19 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 Financial Statements for 2018/19 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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Income Statement

Other external expenses

Other external expenses comprise expenses for premises, sales and development as well as office expenses, etc.

Staff expenses

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

Notes to the Financial Statements

8 Accounting Policies (continued)

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.

The Company is jointly taxed with the parent companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

Costs of development projects comprise salaries and other expenses directly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

Notes to the Financial Statements

8 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets 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 rent, insurance premiums, subscriptions and interest.

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

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