

# **Blue Cell Therapeutics ApS**

Ole Maaløes Vej 3, 2200 København N

Company reg. no. 39 98 16 10

## **Annual report**

**1 January - 31 December 2021**

The annual report was submitted and approved by the general meeting on the 9 June 2022.

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**Michael Ulveman**  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## **Management's statement**

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Today, the board of directors and the managing director have presented the annual report of Blue Cell Therapeutics ApS for the financial year 1 January - 31 December 2021.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

København N, 1 June 2022

### **Managing Director**

Søren Paludan Sheikh

### **Board of directors**

Michael Ulveman

Søren Paludan Sheikh

Ole Vahlgren

Casper Tind Hansen

## Independent auditor's report

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### To the Shareholders of Blue Cell Therapeutics ApS

#### Opinion

We have audited the financial statements of Blue Cell Therapeutics ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 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.

## Independent auditor's report

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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.
- 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.

## **Independent auditor's report**

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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 Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 1 June 2022

### **Grant Thornton**

State Authorised Public Accountants  
Company reg. no. 34 20 99 36

### **Claus Carlsen**

State Authorised Public Accountant  
mne23451

## Company information

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### **The company**

Blue Cell Therapeutics ApS  
Ole Maaløes Vej 3  
2200 København N

Company reg. no. 39 98 16 10  
Financial year: 1 January - 31 December

### **Board of directors**

Michael Ulveman  
Søren Paludan Sheikh  
Ole Vahlgren  
Casper Tind Hansen

### **Managing Director**

Søren Paludan Sheikh

### **Auditors**

Grant Thornton, Statsautoriseret Revisionspartnerselskab  
Stockholmsgade 45  
2100 København Ø

## Management's review

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### The principal activities of the company

The principal activities of the company is to develop novel stem cell therapies to treat chronic diseases including erectile dysfunction.

There is a large unmet clinical need for stem cell treatment of chronic diseases, however stem cell populations including Adipose Derived Regenerative Cells (ADRCs) are heterogenous and our understanding of their in vivo origin and properties is incomplete. Stem cell treatments hold the promise of modifying or even curing diseases, however the current regulatory environment need strong data for approval.

We have discovered that one specific cell type, dubbed 'blue cells' has remarkable clinical effects in multiple diseases. In phase 1 trials, we have found that a single injection of the patients own ADRCs reversed erectile dysfunction in men. Only the blue cells correlated with clinical efficiency.

Our mission is to translate knowledge from basic science and animal experiments into novel treatments for chronic diseases including erectile dysfunction and lymphedema using specific stem cell types including the so-called blue cells that are a subset of ADRCs with angiogenic and regenerative properties.

Our goal is to introduce Blue Cell treatment for Erectile Dysfunction (ED) as the gold standard in hospitals and clinics to make the treatments available to patients worldwide. We shall develop Blue Cell products and methodologies in an allogenic approach with the goal of delivering an 'over-the-counter' stem cell therapy product for erectile dysfunction.

### Development in activities and financial matters

The gross loss for the year totals DKK -844.000 against DKK -2.070.000 last year. Income or loss from ordinary activities after tax totals DKK -14.241.000 against DKK -14.027.0000 last year. Management considers the net loss for the year as expected.

### Corrected misstatement

At the reporting of the 2021 annual report, the management has identified that the report for 2020 contain a material error as a result of a misinterpretation of a capital increase, where the non-receiving share premium not was recognized in the annual report.

The error has been corrected retrospectively, and comparative figures have been adjusted in the report. The corrected error revalues the equity per. 1 January 2021 with thousand DKK 16.000 and adds a asset under "Contributed capital in arrears and share premium" of thousand DKK 16.000.

The corrected error has no effect on the income statement in the comparative figures.

### Treasury shares

The enterprise's holding of treasury shares is 1.480,38 shares at DKK 0,01 each, corresponding to 3,70 % of the contributed capital.



## **Management's review**

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During the year, the enterprise acquired 1.480,38 treasury shares. The purchase price amounts to DKK 500.000. The reason for the purchase of treasury shares was to ensure that all the current shareholders' ownership was not changed, why the company's management decided to acquire the 1.480,38 treasury shares.

## Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Gross profit</b>	<b>-843.696</b>	<b>-2.069.778</b>
1 Staff costs	-8.474.463	-12.007.228
Depreciation and impairment of property, land, and equipment	-218.680	0
Research and development costs	-5.845.133	-873.822
<b>Profit before net financials</b>	<b>-15.381.972</b>	<b>-14.950.828</b>
Other financial costs	-51.455	-41.071
<b>Pre-tax net profit or loss</b>	<b>-15.433.427</b>	<b>-14.991.899</b>
Tax on net profit or loss for the year	1.192.019	965.000
<b>Net profit or loss for the year</b>	<b>-14.241.408</b>	<b>-14.026.899</b>
<b>Proposed appropriation of net profit:</b>		
Allocated from retained earnings	-14.241.408	-14.026.899
<b>Total allocations and transfers</b>	<b>-14.241.408</b>	<b>-14.026.899</b>

**Balance sheet at 31 December**

All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Non-current assets</b>		
Other fixtures and fittings, tools and equipment	602.063	0
Total property, plant, and equipment	602.063	0
Deposits	56.238	0
Total investments	56.238	0
<b>Total non-current assets</b>	<b>658.301</b>	<b>0</b>
<b>Current assets</b>		
Deferred tax assets	0	965.000
Income tax receivables	2.157.019	0
Other receivables	576.137	2.793.541
Contributed capital in arrears and share premium	0	16.000.000
Prepayments	6.461	0
Total receivables	2.739.617	19.758.541
Cash on hand and demand deposits	10.606.823	9.745.554
<b>Total current assets</b>	<b>13.346.440</b>	<b>29.504.095</b>
<b>Total assets</b>	<b>14.004.741</b>	<b>29.504.095</b>

**Balance sheet at 31 December**

All amounts in DKK.

<b>Equity and liabilities</b>		
<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Equity</b>		
Contributed capital	40.000	40.000
Share premium	0	29.962.000
Reserve for contributed capital not paid	0	16.000.000
Retained earnings	12.441.214	-20.226.178
<b>Total equity</b>	<b><u>12.481.214</u></b>	<b><u>25.775.822</u></b>
 <b>Liabilities other than provisions</b>		
Trade payables	885.332	963.396
Other payables	638.195	514.877
Accruals and deferred income	0	2.250.000
Total short term liabilities other than provisions	<u>1.523.527</u>	<u>3.728.273</u>
 <b>Total liabilities other than provisions</b>	<b><u>1.523.527</u></b>	<b><u>3.728.273</u></b>
 <b>Total equity and liabilities</b>	<b><u>14.004.741</u></b>	<b><u>29.504.095</u></b>

**2 Contingencies**

## Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for contributed capital not paid	Retained earnings	Total
Equity 1					
January 2021	40.000	29.962.000	16.000.000	-20.226.178	25.775.822
Retained earnings for the year	0	0	0	-14.241.408	-14.241.408
Transferred to retained earnings	0	-29.962.000	-16.000.000	45.962.000	0
Acquisition of treasury shares	0	0	0	-500.000	-500.000
Share-based compensation expenses	0	0	0	1.446.800	1.446.800
	<b>40.000</b>	<b>0</b>	<b>0</b>	<b>12.441.214</b>	<b>12.481.214</b>

## Notes

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All amounts in DKK.

	<u>2021</u>	<u>2020</u>
<b>1. Staff costs</b>		
Salaries and wages	6.823.274	11.519.446
Pension costs	1.606.472	482.386
Other costs for social security	23.005	5.396
Other staff costs	21.712	0
	<u>8.474.463</u>	<u>12.007.228</u>
 Average number of employees	 <u>7</u>	

## 2. Contingencies

### Contingent liabilities

	DKK in thousands
Annual rent cost liabilities	<u>791</u>
<b>Total contingent liabilities</b>	<b><u>791</u></b>

### Joint taxation

With Spsheikh Holding ApS, company reg. no 40297448 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

## Accounting policies

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The annual report for Blue Cell Therapeutics ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

### Corrected misstatement

At the reporting of the 2021 annual report, the management has identified that the accounts for 2020 contain a material error as a result of a misinterpretation of a capital increase, where the non-receiving share premium was not recognized in the annual report.

The error has been corrected retrospectively, and comparative figures have been adjusted in the report. The corrected error revalues the equity per. 1 January 2021 with thousand DKK 16.000 and adds a assets under "Contributed capital in arrears and share premium" of thousand DKK 16.000.

The corrected error has no effect on the income statement in the comparative figures.

### Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

## Income statement

### Gross loss

Gross loss comprises the cost of sales and external costs.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

### Grants

#### *Research and development projects*

The subsidies are recognised in the income statement in tandem with eligibility for the subsidy being achieved. Until the subsidy has been paid, which occurs regularly over the financial year, the subsidy is recognised under other receivables in the statement of financial position.

Other external costs comprise costs incurred for sales, advertising, administration and premises.

## Accounting policies

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### Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

### *Share-based payment*

The company has set up incentive programmes intended to motivate and retain directors and management employees. Furthermore, the implemented incentive programmes are designed to ensure a coincidence of employee and shareholder interests.

Share-based incentive programmes where employees can solely opt to buy shares in the parent company (equity-settled share-based payment transactions) are measured at the fair value of the equity instruments at the time of granting and recognised in the income statement under staff costs under the respective functions, allocated over the vesting period. The corresponding counter entry is recognised in the shareholders' equity. Fair value at the time of granting is calculated on the basis of the Black-Scholes model.

### Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

### Research and development costs

Research and development costs comprise costs, salaries, and wages and depreciation directly or indirectly attributable to the company's research and development activities.

Research costs are recognised in the income statement in the year incurred. Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. Furthermore, there must be a proven correlation between the costs incurred and future earnings. However, lack of official approvals, customer approvals, and other uncertainties will often imply that the requirements for recognition as assets are not met and that development costs are charged to the income statement as incurred.

### Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

### Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.



## Accounting policies

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The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

### Statement of financial position

#### Property, plant, and equipment

Plant, and equipment are measured at cost less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Plant and machinery	5-10 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

#### Investments

##### Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

##### Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

## Accounting policies

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In order to meet expected losses, impairment takes place at the net realisable value. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

### Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

### Equity

#### Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

#### Reserve for unpaid contributed capital

An amount corresponding to the unpaid contributed capital is reclassified from “Retained earnings” to “Reserve for unpaid contributed capital”.

#### Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as “Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Blue Cell Therapeutics ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

## **Accounting policies**

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Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

### **Liabilities other than provisions**

Other liabilities concerning payables to suppliers and other payables are measured at amortised cost which usually corresponds to the nominal value.

### **Accruals and deferred income**

Payments received concerning future income are recognised under accruals and deferred income.

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## Søren Paludan Sheikh

Adm. direktør

Serienummer: PID:9208-2002-2-661071177058

IP: 5.57.xxx.xxx

2022-06-09 10:47:05 UTC

NEM ID 

## Søren Paludan Sheikh

Direktionsmedlem

Serienummer: PID:9208-2002-2-661071177058

IP: 5.57.xxx.xxx

2022-06-09 10:47:05 UTC

NEM ID 

## Casper Tind Hansen

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-629877692698

IP: 5.57.xxx.xxx

2022-06-09 12:19:36 UTC

NEM ID 

## Michael Ulveman

Bestyrelsesformand

Serienummer: PID:9208-2002-2-345693610227

IP: 87.61.xxx.xxx

2022-06-12 18:30:44 UTC

NEM ID 

## Ole Vahlgren

Bestyrelsesmedlem

Serienummer: PID:9208-2002-2-899215136183

IP: 152.115.xxx.xxx

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## Claus Carlsen

Statsautoriseret revisor

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IP: 62.243.xxx.xxx

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## Michael Ulveman

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