

# **Blue Cell Therapeutics ApS**

Ole Maaløes Vej 3, 2200 København N

Company reg. no. 39 98 16 10

## **Annual report**

**1 January - 31 December 2020**

The annual report was submitted and approved by the general meeting on the

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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 report**

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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 2020.

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 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

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 by the general meeting.

København N, 15 July 2021

### **Managing Director**

Søren Paludan Sheikh

### **Board of directors**

Michael Ulveman

Søren Paludan Sheikh

André Rafal Rogaczewski

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 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## **Independent auditor's report**

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In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 15 July 2021

### **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  
André Rafal Rogaczewski  
Ole Vahlgren  
Casper Tind Hansen

### **Managing Director**

Søren Paludan Sheikh

### **Auditors**

Grant Thornton, Statsautoriseret Revisionspartnerselskab  
Stockholmsgade 45  
2100 København Ø

## Management commentary

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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.

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 prostatectomized men and alliviated lympehedema in women after breast cancer operation. 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 and Lymphedema 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 two steps: first, we will treat the patients with their own Blue Cells to obtain facilitate regulatory approval, and secondly, we shall use knowledge and data from step 1 to develop an allogenic therapy product.

### Development in activities and financial matters

The gross loss for the year totals DKK -2.944.000 against DKK 0 last year. Income or loss from ordinary activities after tax totals DKK -14.027.000 against DKK 0 last year. Management considers the net profit or loss for the year as expected.

On 30 March 2020 subject to an investment agreement an investor invested in Blue Cell Therapeutics ApS by the amount of DKK 3.000.000 at a subscription rate of 472.440,94 by subscription of 635 new shares corresponding to 23,5 % of the company's share capital. As a part of the investment agreement the investor should pay another DKK 27.000.000 to achieve the right over 23,5% of the share capital. The remaining investment of DKK 27.000.000 is to be completed by four payments over 18 months from the capital increase according to milestones set up in the Company's business plan. The first two payments, nominally DKK 11.000.000, were completed in 2020. The remaining payments of DKK 16.000.000 are to be completed in 2021 according to the milestones.



## **Management commentary**

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### **Events occurring after the end of the financial year**

After the balance sheet date DKK 8.000.000 regarding the capital increase according to the investment agreement has been paid to the Company.

No further events have occurred subsequent to the balance sheet date which could significantly affect the Company's financial position.

## Income statement 1 January - 31 December

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Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Gross profit</b>	<b>-2.943.601</b>	<b>0</b>
1 Staff costs	-12.007.227	0
<b>Operating profit</b>	<b>-14.950.828</b>	<b>0</b>
Other financial costs	-41.071	0
<b>Pre-tax net profit or loss</b>	<b>-14.991.899</b>	<b>0</b>
Tax on net profit or loss for the year	965.000	0
<b>Net profit or loss for the year</b>	<b>-14.026.899</b>	<b>0</b>
<b>Proposed appropriation of net profit:</b>		
Allocated from retained earnings	-14.026.899	0
<b>Total allocations and transfers</b>	<b>-14.026.899</b>	<b>0</b>

## Statement of financial position at 31 December

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Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<b>Assets</b>		
<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Current assets</b>		
Deferred tax assets	965.000	0
Other receivables	2.793.541	2
Total receivables	<u>3.758.541</u>	<u>2</u>
Cash on hand and demand deposits	9.745.554	0
<b>Total current assets</b>	<u><b>13.504.095</b></u>	<u><b>2</b></u>
<b>Total assets</b>	<u><b>13.504.095</b></u>	<u><b>2</b></u>

## Statement of financial position at 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

<b>Equity and liabilities</b>		
<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Equity</b>		
Contributed capital	40.000	2
Share premium	13.962.000	0
Retained earnings	-4.226.178	0
<b>Total equity</b>	<b><u>9.775.822</u></b>	<b><u>2</u></b>
<b>Liabilities other than provisions</b>		
Trade payables	963.396	0
Other payables	514.877	0
Accruals and deferred income	2.250.000	0
Total short term liabilities other than provisions	<u>3.728.273</u>	<u>0</u>
<b>Total liabilities other than provisions</b>	<b><u>3.728.273</u></b>	<b><u>0</u></b>
<b>Total equity and liabilities</b>	<b><u>13.504.095</u></b>	<b><u>2</u></b>

## Statement of changes in equity

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All amounts in DKK.

	<b>Contributed capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Total</b>
Equity 1 January 2020	2.000	0	0	2.000
Cash capital increase	38.000	13.962.000	0	14.000.000
Retained earnings for the year	0	0	-14.026.899	-14.026.899
Share-based compensation expenses	0	0	9.800.721	9.800.721
	<b>40.000</b>	<b>13.962.000</b>	<b>-4.226.178</b>	<b>9.775.822</b>

## Notes

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Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

	<u>2020</u>	<u>2019</u>
<b>1. Staff costs</b>		
Salaries and wages	11.519.445	0
Pension costs	482.386	0
Other costs for social security	5.396	0
	<u><b>12.007.227</b></u>	<u><b>0</b></u>
Average number of employees	<u>2</u>	<u>0</u>

In 'Salaries and wages' there are recognized warrants for m.DKK 9,8

## 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.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

### Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### 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.

Cost of sales comprises costs concerning research and development costs.

## Accounting policies

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

### 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.

### 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.

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

### Receivables

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

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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.



## Accounting policies

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### Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

### 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.

### 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.

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.

## **Accounting policies**

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### **Liabilities other than provisions**

Other liabilities concerning payables to suppliers, group enterprises, 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

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2021-07-18 21:10:07Z

NEM ID 

## Søren Paludan Sheikh

Bestyrelsesmedlem

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2021-07-18 21:10:07Z

NEM ID 

## Casper Tind Hansen

Bestyrelsesmedlem

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2021-07-19 08:17:33Z

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## Ole Vahlgren

Bestyrelsesmedlem

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2021-07-19 13:19:56Z

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## André Rafal Rogaczewski

Bestyrelsesmedlem

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2021-07-19 13:36:45Z

NEM ID 

## Michael Ulveman

Bestyrelsesformand

Serienummer: PID:9208-2002-2-345693610227

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2021-07-19 19:29:11Z

NEM ID 

## Claus Carlsen

Statsautoriseret revisor

Serienummer: PID:9208-2002-2-046054366474

IP: 188.183.xxx.xxx

2021-07-19 20:10:18Z

NEM ID 

## Michael Ulveman

Dirigent

Serienummer: PID:9208-2002-2-345693610227

IP: 80.208.xxx.xxx

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