
CytoKi Pharma ApS

Lejrvej 19, 1., Kirke Værløse, DK-3500 Værløse

Annual Report for 1 January - 31 December 2020

CVR No 40 59 41 32

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/06 2021

Rasmus Jørgensen
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 CytoKi Pharma ApS for the financial year 1 January - 31 December 2020.

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 31 December 2020 of the Company and of the results of the Company operations for 2020.

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

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

Værløse, 30 June 2021

Executive Board

Rasmus Jørgensen

Board of Directors

Christian Ellebæk Elling
Chairman

Daniel Bach Gonzalez

Karen Ina Barbara Wagner

Amanda Viven Gett-Chaperot

Independent Auditor's Report

To the Shareholder of CytoKi Pharma ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of CytoKi Pharma ApS for the financial year 1 January - 31 December 2020, 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.

Independent Auditor's Report

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.

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.

Independent Auditor's Report

- 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.

Hellerup, 30 June 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff

State Authorised Public Accountant

mne30221

Company Information

The Company

CytoKi Pharma ApS
Lejrvej 19, 1.
Kirke Værløse
DK-3500 Værløse

CVR No: 40 59 41 32

Financial period: 1 January - 31 December

Municipality of reg. office: Værløse

Board of Directors

Christian Ellebæk Elling, Chairman
Daniel Bach Gonzalez
Karen Ina Barbara Wagner
Amanda Viven Gett-Chaperot

Executive Board

Rasmus Jørgensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The company's purpose is to research, develop, manufacture and commercialize protein-based drugs, which initiate and regulate the human immune system and, in the opinion of the Executive Board, related company.

Development in the year

The income statement of the Company for 2020 shows a loss of DKK 6,793,432, and at 31 December 2020 the balance sheet of the Company shows negative equity of DKK 9,807,511.

Capital resources

In the financial year, the Company did not have any sales activities as the Company's product is not ready for sale. The income statement of the Company for 2020 shows a loss of DKK 6,793,432, consequently the equity is negative at the end of 2020.

In November 2019, July 2020 and December 2020, the Company established loans of DKK 8,213,708 (EUR 1,100,000), DKK 3,725,000 (EUR 500,000) and DKK 2,980,000 (EUR 400,000) to finance the Company's operations and development in the coming year. The loans were to expire on 31 March 2021 and June 2021.

Subsequent to the balance sheet date, convertible loans of nom. DKK 14,918,708 (EUR 2,000,000) has been converted into shares in the Company. Furthermore, at the end of April 2021, the Company received a cash capital increase of DKK 91,834,216 (EUR 12,349,978).

Therefore, Management expects to have the necessary capital resources and presents the Annual Report on going concern basis.

Unusual events

Management is of the opinion that the virus outbreak of COVID-19, did not have a significant impact on the Company's activities and operations in 2020, and does not expect it to affect the Company's activities materially in 2021. Management continuously monitors the situation.

Subsequent events

Besides the above, no circumstances have occurred after the balance sheet date that have a material impact on the assessment of the Annual Report.

Income Statement 1 January - 31 December

	<u>Note</u>	1/1 - 31/12 2020 <u>DKK</u>	12/6 - 31/12 2019 <u>DKK</u>
Gross profit/loss		-6.039.747	-2.123.904
Staff expenses	2	<u>-1.448.391</u>	<u>-733.780</u>
Profit/loss before financial income and expenses		-7.488.138	-2.857.684
Financial income	3	5.305	8.045
Financial expenses	4	<u>-796.670</u>	<u>-209.240</u>
Profit/loss before tax		-8.279.503	-3.058.879
Tax on profit/loss for the year	5	<u>1.486.071</u>	<u>0</u>
Net profit/loss for the year		<u>-6.793.432</u>	<u>-3.058.879</u>

Distribution of profit

Proposed distribution of profit

Retained earnings	<u>-6.793.432</u>	<u>-3.058.879</u>
	<u>-6.793.432</u>	<u>-3.058.879</u>

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Deposits		18.411	18.050
Fixed asset investments		18.411	18.050
Fixed assets		18.411	18.050
Other receivables		811.708	95.896
Corporation tax, tax credit		1.486.071	0
Prepayments		16.001	0
Receivables		2.313.780	95.896
Cash at bank and in hand		4.715.740	5.509.848
Currents assets		7.029.520	5.605.744
Assets		7.047.931	5.623.794

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		40.000	40.000
Retained earnings		-9.847.511	-3.054.079
Equity		-9.807.511	-3.014.079
Convertible instruments of debt		0	8.395.614
Long-term debt	6	0	8.395.614
Convertible instruments of debt	6	15.842.243	0
Trade payables		786.595	188.692
Other payables		226.604	53.567
Short-term debt		16.855.442	242.259
Debt		16.855.442	8.637.873
Liabilities and equity		7.047.931	5.623.794
Going concern	1		
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	40.000	-3.054.079	-3.014.079
Net profit/loss for the year	0	-6.793.432	-6.793.432
Equity at 31 December	40.000	-9.847.511	-9.807.511

Notes to the Financial Statements

1 Going concern

In the financial year, the Company did not have any sales activities as the Company's product is not ready for sale. The income statement of the Company for 2020 shows a loss of DKK 6,793,432, consequently the equity is negative at the end of 2020.

In November 2019, July 2020 and December 2020, the Company established loans of DKK 8,213,708 (EUR 1,100,000), DKK 3,725,000 (EUR 500,000) and DKK 2,980,000 (EUR 400,000) to finance the Company's operations and development in the coming year. The loans were to expire on 31 March 2021 and June 2021.

Subsequent to the balance sheet date, convertible loans of nom. DKK 14,918,708 (EUR 2,000,000) has been converted into shares in the Company. Furthermore, at the end of April 2021, the Company received a cash capital increase of DKK 91,834,216 (EUR 12,349,978).

Therefore, Management expects to have the necessary capital resources and presents the Annual Report on going concern basis.

	1/1 - 31/12 2020 DKK	12/6 - 31/12 2019 DKK
2 Staff expenses		
Wages and salaries	1.439.484	732.833
Other social security expenses	5.179	947
Other staff expenses	3.728	0
	1.448.391	733.780
Average number of employees	1	1
3 Financial income		
Exchange adjustments	0	1.975
Exchange gains	5.305	6.070
	5.305	8.045

Notes to the Financial Statements

	1/1 - 31/12 2020 DKK	12/6 - 31/12 2019 DKK
4 Financial expenses		
Other financial expenses	771.346	190.826
Exchange loss	25.324	18.414
	796.670	209.240

5 Tax on profit/loss for the year

Current tax for the year	-1.486.071	0
	-1.486.071	0

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:

Convertible instruments of debt

Between 1 and 5 years	0	8.395.614
Long-term part	0	8.395.614
Within 1 year	15.842.243	0
	15.842.243	8.395.614

7 Contingent assets, liabilities and other financial obligations

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 Rasmus Jorgensem Holding ApS, 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 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 CytoKi Pharma ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

Other external expenses

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

Gross profit/loss

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

Staff expenses

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

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 its parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Fixed asset investments

Fixed asset investments consist of deposits.

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.

Notes to the Financial Statements

8 Accounting Policies (continued)

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.

Financial debts

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