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# ***CytoKi Pharma ApS***

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

## **Annual Report for 12 June - 31 December 2019**

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CVR No 40 59 41 32

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
31/8 20

Rasmus Jørgensen  
Chairman of the General  
Meeting



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# **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of CytoKi Pharma ApS for the financial year 12 June - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

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

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

Værløse, 31 August 2020

## **Executive Board**

Rasmus Jørgensen

# 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 2019 and of the results of the Company's operations for the financial year 12 June - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of CytoKi Pharma ApS for the financial year 12 June - 31 December 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.

## **Independent Auditor's Report**

- 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, 31 August 2020

**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: 12 June - 31 December  
Municipality of reg. office: Værløse

### **Executive Board**

Rasmus Jørgensen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## **Management's Review**

Financial Statements of CytoKi Pharma ApS for 2019 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.

### **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 2019 shows a loss of DKK 3,058,879, and at 31 December 2019 the balance sheet of the Company shows negative equity of DKK 3,014,079.

### **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 2019 shows a loss of DKK 3,058,879, consequently the equity is negative at the end of 2019.

In November 2019 and July 2020, the Company established loans of DKK 8,213,708 (EUR 1,100,000) and DKK 3,725,000 (EUR 500,000) to finance the Company's operations and development in the coming year. The loans expires on 31 March 2021. If the loans at the expiry date is not repaid, the lender may, under certain conditions, convert the loans into shares in the Company.

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

### **Subsequent events**

The Management is of the opinion that the current situation, in relation to the virus outbreak of COVID-19, will not have a significant impact on the Company's activities and operations in 2020. Management continuously monitors the situation.

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



## Income Statement 12 June - 31 December

	<u>Note</u>	<u>2019</u> DKK
<b>Gross profit/loss</b>		<b>-2.123.904</b>
Staff expenses	3	<u>-733.780</u>
<b>Profit/loss before financial income and expenses</b>		<b>-2.857.684</b>
Financial income	4	8.045
Financial expenses	5	<u>-209.240</u>
<b>Profit/loss before tax</b>		<b>-3.058.879</b>
Tax on profit/loss for the year		<u>0</u>
<b>Net profit/loss for the year</b>		<b><u>-3.058.879</u></b>

## Distribution of profit

### Proposed distribution of profit

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

# Balance Sheet 31 December

## Assets

	<u>Note</u>	<u>2019</u> DKK
Deposits		18.050
<b>Fixed asset investments</b>		<b>18.050</b>
<b>Fixed assets</b>		<b>18.050</b>
Other receivables		95.896
<b>Receivables</b>		<b>95.896</b>
<b>Cash at bank and in hand</b>		<b>5.509.848</b>
<b>Currents assets</b>		<b>5.605.744</b>
<b>Assets</b>		<b>5.623.794</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2019</u> DKK
Share capital		40.000
Retained earnings		-3.054.079
<b>Equity</b>		<b>-3.014.079</b>
Convertible instruments of debt		8.395.614
<b>Long-term debt</b>	<b>6</b>	<b>8.395.614</b>
Trade payables		188.692
Other payables		53.567
<b>Short-term debt</b>		<b>242.259</b>
<b>Debt</b>		<b>8.637.873</b>
<b>Liabilities and equity</b>		<b>5.623.794</b>
Going concern	1	
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## Statement of Changes in Equity

	Share capital	Share premium	Retained	Total
	<u>DKK</u>	<u>account</u>	<u>earnings</u>	<u>DKK</u>
	DKK	DKK	DKK	DKK
Equity at 12 June	0	0	0	0
Cash payment concerning formation of entity	40.000	4.800	0	44.800
Net profit/loss for the year	0	0	-3.058.879	-3.058.879
Transfer from share premium account	0	-4.800	4.800	0
<b>Equity at 31 December</b>	<b>40.000</b>	<b>0</b>	<b>-3.054.079</b>	<b>-3.014.079</b>

# 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 2019 shows a loss of DKK 3,058,880, consequently the equity consequently negative at the end of 2019.

In November 2019 and July 2020, the Company established loans of DKK 8,213,708 (EUR 1,100,000) and DKK 3,725,000 (EUR 500,000) to finance the Company's operations and development in the coming year. The loans expires on 31 March 2021. If the loans at the expiry date is not repaid, the lender may, under certain conditions, convert the loans into shares in the Company.

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

## 2 Subsequent events

The consequence of COVID-19, in which many governments around the world have decided to "shut down the countries", has a major impact on the world economy. Management considers the consequence of COVID-19 as an event that occurred after the balance sheet date (31 December 2019) and therefore constitutes a non-adjusting event for the Company.

The Company's planned capital increase in the autumn of 2020 is not expected to be affected by COVID-19.

## 3 Staff expenses

	2019 DKK
Wages and salaries	732.833
Other social security expenses	947
	<u>733.780</u>

<b>Average number of employees</b>	<u>1</u>
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## 4 Financial income

Exchange adjustments	1.975
Exchange gains	6.070
	<u>8.045</u>

## Notes to the Financial Statements

	2019
	DKK
<b>5 Financial expenses</b>	
Other financial expenses	190.826
Exchange loss	18.414
	<u>209.240</u>

### 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	8.395.614
Long-term part	8.395.614
Within 1 year	0
	<u>8.395.614</u>

### 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 2019 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 2019 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.

## Income Statement

### Other external expenses

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

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### 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

### 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.

### 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.



# Notes to the Financial Statements

## 8 Accounting Policies (continued)

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.