

Dragonfly Therapeutics CPH ApS

Baltorpvej 154
2750 Ballerup

CVR.nr.: 41 55 79 58

ANNUAL REPORT 2020/2021

Accounting period: 29/7 2020 to 31/12 2021

(1st financial year)

The annual report was presented to and adopted by the company's annual general meeting on

8. July 2022



Gary Arthur Martell
CEO

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Company information

Company

Dragonfly Therapeutics CPH ApS
Baltorpevej 154
2750 Ballerup

CVR.nr.: 41 55 79 58

Accounting period 29/7 2020 - 31/12 2021

Date of formation: 29/7 2020

Management

Gary Arthur Martell

Auditors

RSM Denmark
Statsautoriseret Revisionspartnerselskab
Ved Vesterport 6, 5. sal
1612 København V

Parent company

Dragonfly Therapeutics Inc.
35 Gatehouse Drive Waltham
MA 02451
USA

Management statement

The board of directors and the executive management have today dealt with and adopted the annual report for the financial year 29 July 2020 to 31 December 2021 for Dragonfly Therapeutics CPH ApS.

The annual report has been presented in compliance 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 29 July 2020 - 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.

Ballerup, den 8. July 2022

Management


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Gary Arthur Martell
Dragonfly Therapeutics CPH ApS

The independent auditor's report

To the shareholder of Dragonfly Therapeutics CPH ApS

Opinion

We have audited the financial statements of Dragonfly Therapeutics CPH ApS for the financial year 29 July 2020 - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet and notes, 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 29 July 2020 - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for the 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.

Auditors' responsibilities for the auditing 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.

The independent auditor's report

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.

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.

The independent auditor's report

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.

København, 8. July 2022

RSM Danmark
Statsautoriseret Revisionspartnerselskab
(CVR no. 25492145)

Peter Arent Benkjer
State authorised public accountant
mne35785

Management's review

The company's most important activities

The objectives of the company is research, development and commercialization of medicines.

Development in activities and financial matters

The result of the year is considered satisfactory.

Similar results are expected for the coming year.

Important events occurred after the financial year end

No events of material importance to the company's financial position have occurred after the financial year end.

Accounting policies adopted

The company's 2021 annual report has been presented according to reporting class B of the Danish Financial Statements Act with the addition of individual rules from class C.

Generally about recognition and measurement

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

In the income statement, incomes are recognised as they are earned, including the recognition of value adjustments of financial assets and liabilities. In the income statement, all costs, including depreciation, amortisation and write-downs are recognised.

Assets are recognised in the balance sheet when it is 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 balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be reliably measured.

In the first recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described in each item below.

In the recognition and measurement, predictable gains, losses and risks are taken into account arising before the annual report is presented, and which confirm or dismiss circumstances existing as at the balance sheet date.

The carrying amount of intangible and tangible non-current assets is reviewed annually to determine if there is any indication of impairment in addition to what is expressed in usual depreciation and amortisation. In such case, write-off is made at a lower recoverable amount.

INCOME STATEMENT

Net revenue

Sale of services is recognised in the income statement if delivery and passing of the risk have taken place before the end of the year. The net revenue is recognised and less discounts in connection with the sale.

Gross profit

The management has chosen not to show the net revenue in the income statement, for which reason the revenue has been combined with costs in compliance with section 32 of the Danish Financial Statements Act.

Gross profit includes net revenue, cost of sales, other operating income and other external expenses.

Cost of sales

Cost of sales includes direct costs paid to obtain the net revenue of the year. Freight and forwarding are also recognised in cost of sales.

Accounting policies adopted

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the principal activity of the company, including losses from the sale of non-current assets.

Staff costs

Staff costs include wages and salaries, including holiday pay and pensions as well as other costs for social security etc. for the employees of the company. In the item staff costs, received reimbursements from public enterprises have been deducted.

Financial income and expenses, net

Financial income and costs are recognised in the income statement with the amounts relating to the financial year. Financial income and expenses, net, include interest income and costs, financial costs for financial leasing, realised and unrealised capital gains and losses relating to securities, debts and transactions in foreign currency, amortisation of mortgage loans and additions and reimbursement under the tax prepayment scheme.

Tax

Tax for the year which consists of the current income tax for the year, and changes in deferred tax, 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 the equity.

In the calculation of the tax for the year, the tax rates and rules applicable as at the balance sheet date are applied. Tax for this year has been calculated at 22%.

Deferred tax is measured at net realisation value and is calculated at 22% on all temporary differences between carrying amount and tax bases.

However, no deferred tax is recognised on temporary differences of assets on which there is no tax-related right of depreciation, such as office buildings. Deferred tax is measured based on the planned use of the asset, or respectively decommissioning of the liability in cases where the determination of the tax base can be made according to alternative taxation rules.

BALANCE SHEET

Tangible fixed assets

The property, plant and equipment are measured at cost less accumulated depreciation, amortisation and any write-downs.

The depreciation base is the cost less expected residual value after ended useful life. No depreciation is made on land.

Accounting policies adopted

The cost includes the cost and costs directly related to the cost until the date when the asset is ready for entry into service.

Straight-line depreciation is made based on an assessment of the expected useful lives and residual values of the assets.

Assets at a cost below the tax limit for minor assets are recognised as costs in the income statement in the acquisition year.

Profit or loss on the sale of tangible assets is determined as the difference between selling price less selling costs and the carrying amount at the time of the sale. Profit or loss is recognised under other operating income and other operating expenses, respectively.

The cost includes the cost with directly related acquisition costs for acquired structures and the cost which includes salary costs and cost of materials directly consumed for fitting out.

Fitting out of rented premises is measured at cost less accumulated depreciation, amortisation and write-downs.

Other technical plants, cars, operating materials and inventory are measured at cost less accumulated depreciation amortisation and write-downs.

The cost includes the cost and costs directly related to the cost until the date when the asset is ready for use.

Other technical plants, cars, operating materials and inventory are measured at cost less accumulated depreciation, amortisation and write-downs.

The cost includes the cost and costs directly related to the cost until the date when the asset is ready for use.

The tangible assets are amortised on a straight-line basis based on the following assessment of the expected useful lives of the assets:

	Useful life
Fitting-out of rented premises	5 år
Plant and machinery	5 år
Fixtures, fittings, tools and equipment	5 år

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. The value is reduced by the amortisation to counter expected losses.

Prepayments and accrued income

Prepayments and accrued income recognised under assets include costs paid concerning subsequent financial years.

Cash

Cash include deposits in banks and cash translated into the exchange rate on the balance sheet date.

Accounting policies adopted

Income tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as calculated tax on the taxable income of the year adjusted for tax on taxable incomes from previous years and for taxes paid on account.

Liabilities other than provision

Liabilities other than provision are measured at amortised cost, which usually corresponds to nominal value.

Income statement 29/7 2020 to 31/12 2021

Note	<u>2020/2021</u> (18 mdr.)
GROSS PROFIT	38.742.054
1 Payroll Expenses	-31.005.906
2 Depreciation and write-down of plant, rented premises and equipment.	-4.622.339
Other operating expenses	<u>-209.582</u>
INCOME OR LOSS FROM ORDINARY ACTIVITIES	2.904.227
Financial expenses	<u>-249.318</u>
INCOME OR LOSS FROM ORDINARY ACTIVITIES BEFORE TAX	2.654.909
3 Tax on profit for the year	<u>-588.977</u>
NET PROFIT OR LOSS FOR THE YEAR	<u>2.065.932</u>
 PROPOSAL FOR THE DISTRIBUTION OF NET PROFIT	
Retained earnings	<u>2.065.932</u>
TOTAL	<u>2.065.932</u>

Balance sheet as at 31/12 2021
Assets

<u>Note</u>	<u>2021</u>
2 Fitting-out of rented premises	1.349.870
2 Plant and machinery	19.852.897
2 Fixtures, fittings, tools and equipment	<u>2.040.807</u>
Plant, rented premises and equipment, total	<u>23.243.573</u>
Deposit	<u>385.003</u>
Other financial non-current assets	<u>385.003</u>
 NON-CURRENT ASSETS, TOTAL	 <u>23.628.576</u>
Other receivables	1.993.219
Prepayments and accrued income	<u>548.392</u>
Receivables, total	<u>2.541.611</u>
 Cash	 <u>2.630.181</u>
CURRENT ASSETS, TOTAL	<u>5.556.794</u>
 TOTAL ASSETS	 <u>28.800.367</u>

Balance sheet as at 31/12 2021
Equity and liabilities

<u>Note</u>	<u>2021</u>
Contributed capital	40.000
Retained earnings	<u>2.065.932</u>
EQUITY, TOTAL	<u>2.105.932</u>
3 Deferred tax	<u>161.253</u>
Reserved obligations, total	<u>161.253</u>
Accounts payable	639.986
Payables to equity interests	22.491.704
Other debts, including payable taxes and social security contributions	<u>3.401.492</u>
Current liabilities other than provision	<u>26.533.182</u>
LIABILITIES OTHER THAN PROVISION, TOTAL	<u>26.533.182</u>
TOTAL LIABILITIES	<u>28.800.367</u>
4 Contingent liabilities	

STATEMENT OF CHANGES IN EQUITY

Changes in equity 2021

	<u>29/7 2020</u>	<u>Proposals for results allocation</u>	<u>31/12 2021</u>
Share capital	40.000	0	40.000
Retained earnings	0	2.142.986	2.142.986
	<u>40.000</u>	<u>2.142.986</u>	<u>2.142.986</u>

NOTES

Note 1 - Payroll expenses

	2020/2021
Average number of employees in the financial year	12
Salaries and wages	29.340.818
Pension contributions	1.217.194
Other costs for social security	447.894
	31.005.906
Salary, remuneration and pension to management	334.750

Note 2 - Fixed assets

	Fitting-out of rented premises	Plant and machinery	Fixtures, fittings, tools and equipment
Tangible fixed assets			
Cost as at 29. juli 2020	0	0	0
Additions	1.634.050	23.919.408	2.603.249
Disposals	0	-290.794	0
Cost as at 31 December 2021	1.634.050	23.628.614	2.603.249
Depreciation and amortisation as at 29 July 2020	0	0	0
Depreciation and amortisation concerning disposals	0	-33.212	0
Depreciation and amortisation of the year	284.180	3.742.505	562.442
Depreciation and amortisation 31 December 2021	284.180	3.775.717	562.442
Carrying amount as at 31 December 2021	1.349.870	19.852.897	2.040.807
Depreciation and amortisation:			2020/2021
Fitting-out of rented premises			284.180
Plant and machinery			3.775.717
Fixtures, fittings, tools and equipment			562.442
Depreciation and amortisation, total			4.622.339

Note 3 - Tax

	2020/2021
Tax on profit for the year:	
Tax on the taxable income of the year	449.724
Adjustment in deferred tax	161.253
	610.977

Note 4 - Contingent liabilities

The company has entered into rental contracts with minimum rental obligations during the non-termination period of TDKK 5.305.

Note 5 - Related parties

Consolidated financial statements
The company is included in the consolidated financial statements of Dragonfly Therapeutics Inc.



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Serienummer: PID:9208-2002-2-805331531789

Peter Arent Benkjer

08-07-2022 15:14

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Nærværende dokument

Regnskab underskrevet af Gary - Dragonfly 2021.pdf

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