

Kesmalea Therapeutics ApS

Ole Maaløes Vej 3

2200 København N

CVR no. 41 80 45 05

**Annual report for the period
28 October 2020 to 31 December 2021
(1st Financial year)**

Adopted at the annual general
meeting on 1. April 2022

Harry Finch
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Kesmalea Therapeutics ApS for the financial year 28 October 2020 - 31 December 2021.

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 company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 28 October 2020 - 31 December 2021.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

København N, 1 April 2022

Executive board

Harry Finch

Independent auditor's report

To the shareholder of Kesmalea Therapeutics ApS

Opinion

We have audited the financial statements of Kesmalea Therapeutics ApS for the financial year 28 October 2020 - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 28 October 2020 - 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' 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 and 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 the 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.

Independent auditor's report

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.

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 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 Statements Act. We did not identify any material misstatement of management's review.

Taastrup, 1 April 2022

JH Revision
Godkendt Revisionspartnerselskab
CVR no. 55 39 97 19

Martin Santino Lo Turco
statsautoriseret revisor
MNE no. mne35467

Company details

The company

Kesmalea Therapeutics ApS
Ole Maaløes Vej 3
2200 København N

CVR no.: 41 80 45 05

Reporting period: 28 October 2020 - 31 December 2021

Incorporated: 28 October 2020

Domicile: Copenhagen

Executive board

Harry Finch

Auditors

JH Revision
Godkendt Revisionspartnerselskab
Kingsvej 3
2630 Taastrup

Management's review

Business review

The company's main activity is to develop and commercialize medical drugs as well as other related business.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2021 and the results of its operations for the financial year ended 31 December 2021 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2021 shows a loss of DKK 3.314.395, and the balance sheet at 31 December 2021 shows negative equity of DKK 3.274.395.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Kesmalea Therapeutics ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities, as well as provisions applying to reporting class C entities.

The annual report for 2020/21 is presented in DKK

As 2020/21 is the company's first reporting period, no comparatives have been presented.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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 measured reliably.

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 measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Accounting policies

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Income tax and deferred tax

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Income statement 28 October 2020 - 31 December 2021

	<u>Note</u>	<u>2020/2021</u> DKK
Other external expenses		-3.110.715
Gross profit		-3.110.715
Profit/loss before net financials		-3.110.715
Financial costs		-203.680
Profit/loss before tax		-3.314.395
Tax on profit/loss for the year		0
Profit/loss for the year		-3.314.395
Retained earnings		-3.314.395
		-3.314.395

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2020/2021</u> DKK
Assets		
Other receivables		47.920
Receivables		<u>47.920</u>
Cash at bank and in hand		<u>379.352</u>
Total current assets		<u>427.272</u>
Total assets		<u><u>427.272</u></u>

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2020/2021</u> DKK
Equity and liabilities		
Share capital		40.000
Retained earnings		-3.314.395
Equity		<u>-3.274.395</u>
Convertible and profit-yielding instruments of debt		3.686.667
Total non-current liabilities		<u>3.686.667</u>
Trade payables		15.000
Total current liabilities		<u>15.000</u>
Total liabilities		<u>3.701.667</u>
Total equity and liabilities		<u><u>427.272</u></u>

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 28 October 2020	40.000	0	40.000
Net profit/loss for the year	0	-3.314.395	-3.314.395
Equity at 31 December 2021	40.000	-3.314.395	-3.274.395

Noter til årsrapporten

	<u>2020/2021</u> DKK
1 Staff costs	
Average number of employees	<u>1</u>
2 Contingent liabilities	
The company has no contingent liabilities.	