
Circius Pharma ApS

Strandvejen 100, DK-2900 Hellerup

Annual Report for 2023

CVR No. 42 44 76 41

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 22/5 2024

Jan Gustav Smith
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Practitioner's Extended Review Report	2
Management's Review	
Company information	4
Management's Review	5
Financial Statements	
Income Statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

Management's statement

The Executive Board has today considered and adopted the Annual Report of Circius Pharma ApS for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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.

Hellerup, 22 May 2024

Executive Board

Jan Gustav Smith

Johan Lindberg

Jan Erik Gustav Smith

Independent Practitioner's Extended Review Report

To the shareholder of Circius Pharma ApS

Conclusion

We have performed an extended review of the Financial Statements of Circius Pharma ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work performed, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibility 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.

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

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.

Independent Practitioner's Extended Review Report

In connection with our extended review 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 extended review, 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, 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.

Ringsted, 22 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Vagner Hansen

State Authorised Public Accountant

mne33245

Theis Engholm Slebo

State Authorised Public Accountant

mne50653

Company information

The Company

Circius Pharma ApS
Strandvejen 100
DK-2900 Hellerup

CVR No: 42 44 76 41

Financial period: 1 January - 31 December

Municipality of reg. office: Gentofte

Executive Board

Jan Gustav Smith
Johan Lindberg
Jan Erik Gustav Smith

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Eventyrvej 16
DK-4100 Ringsted

Management's review

Key activities

The company's purpose is the marketing and sale of medicines and medical equipment.

Development in the year

The income statement of the Company for 2023 shows a loss of DKK 2,242,451, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 3,437,320.

Towards the end of the financial year, due to unforeseen actions, the distribution of one of the company's ear products has ended, which will affect the company's development in the coming year. However, a competitive replacement product will be launched during the latter half of year 2024

The assumed impact of the lost activity level has been reflected in the write-down of the goodwill arising from the acquisition of the product portfolio from ABIGO in 2021.

The Management is positive about the company's future development - Competent employees with long experience and interesting current and upcoming products contribute to this. A continued national and international expansion will also take place, as well as new product launches.

Capital resources

The Company has received a letter of Financial Support from Parent Company and a confirmation that Parent Company will subordinate receivables in favor of other creditors. On this basis, Management has prepared the Financial Statements on the assumption of going concern.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit		2,770,374	2,765,694
Staff expenses	1	-2,017,493	-2,085,736
Amortisation and impairment losses of intangible assets	2	-2,936,299	-693,848
Other operating expenses		0	-1,110
Profit/loss before financial income and expenses		-2,183,418	-15,000
Financial income		1,697	54,173
Financial expenses		-60,730	-55,079
Profit/loss before tax		-2,242,451	-15,906
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-2,242,451	-15,906
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		-2,242,451	-15,906
		-2,242,451	-15,906

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Goodwill		3,077,051	6,013,350
Intangible assets	3	3,077,051	6,013,350
Deposits		43,260	42,000
Fixed asset investments		43,260	42,000
Fixed assets		3,120,311	6,055,350
Trade receivables		2,176,466	2,878,744
Receivables from group enterprises		672,288	661,547
Other receivables		2,161	6,000
Prepayments		24,666	14,094
Receivables		2,875,581	3,560,385
Cash at bank and in hand		663,119	181,032
Current assets		3,538,700	3,741,417
Assets		6,659,011	9,796,767

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		100,000	100,000
Retained earnings		3,337,320	5,579,770
Equity		3,437,320	5,679,770
Payables to group enterprises		1,905,661	3,183,988
Long-term debt	4	1,905,661	3,183,988
Trade payables		530,001	278,654
Other payables		786,029	654,355
Short-term debt		1,316,030	933,009
Debt		3,221,691	4,116,997
Liabilities and equity		6,659,011	9,796,767
Contingent assets, liabilities and other financial obligations	5		
Related parties	6		
Accounting Policies	7		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	100,000	5,579,771	5,679,771
Net profit/loss for the year	0	-2,242,451	-2,242,451
Equity at 31 December	100,000	3,337,320	3,437,320

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	1,219,769	1,771,800
Pensions	770,597	308,484
Other social security expenses	6,205	4,687
Other staff expenses	20,922	765
	<u>2,017,493</u>	<u>2,085,736</u>
Average number of employees	<u>2</u>	<u>2</u>

	<u>2023</u>	<u>2022</u>
	DKK	DKK
2. Amortisation and impairment losses of intangible assets		
Amortisation of intangible assets	693,848	693,848
Impairment of intangible assets	2,242,451	0
	<u>2,936,299</u>	<u>693,848</u>

	<u>Goodwill</u>
	DKK
3. Intangible fixed assets	
Cost at 1 January	6,938,481
Cost at 31 December	<u>6,938,481</u>
Impairment losses and amortisation at 1 January	925,131
Impairment losses for the year	2,242,451
Amortisation for the year	693,848
Impairment losses and amortisation at 31 December	<u>3,861,430</u>
Carrying amount at 31 December	<u>3,077,051</u>
Amortised over	<u>10 years</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
4. 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:		
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	<u>1,905,661</u>	<u>3,183,988</u>
Long-term part	1,905,661	3,183,988
Within 1 year	<u>0</u>	<u>0</u>
	<u>1,905,661</u>	<u>3,183,988</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
5. Contingent assets, liabilities and other financial obligations		
Contingent assets		
The Company has a deferred tax asset of TDKK 790 (2022: TDKK 299), which has not been recognized in the balance due to uncertainty about its future use.		
Rental and lease obligations		
Rent obligations	42,000	42,000

There are no other security and contingent liabilities at 31 December 2023.

Notes to the Financial Statements

6. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Gobia Enterprises AB	Askim

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Notes to the Financial Statements

7. Accounting policies

The Annual Report of Circius Pharma ApS for 2023 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 2023 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.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

Other external expenses

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

Gross profit

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

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

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.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

Management's assessment of the useful life of the investment is based on the business case that was determined at the time of purchase.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation.

If so, the asset is written down to its lower recoverable amount.

Other fixed asset investments

Fixed asset investments consist of deposits.

Notes to the Financial Statements

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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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, including the tax base of tax loss carry-forwards, 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.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

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