



Cystotech ApS

Inge Lehmanns Gade 10, 5.
8000 Aarhus C
CVR No. 42773565

Annual report 20.10.2021 - 31.12.2022

The Annual General Meeting adopted the
annual report on 13.06.2023

Claus Hansen

Chairman of the General Meeting

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Entity details

Entity

Cystotech ApS
Inge Lehmanns Gade 10, 5.
8000 Aarhus C

Business Registration No.: 42773565
Registered office: Aarhus
Financial year: 20.10.2021 - 31.12.2022

Board of Directors

Claus Hansen, chairman
Jacob Elmoose Jensen
Ole Niels Jakob Jensen
Brian Hedegaard

Executive Board

Jacob Elmoose Jensen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Cystotech ApS for the financial year 20.10.2021 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 20.10.2021 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We consider the preconditions for not auditing the financial statements for the financial year 20.10.2021 - 31.12.2022 as complied with.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 13.06.2023

Executive Board

Jacob Elmoose Jensen

Board of Directors

Claus Hansen
chairman

Jacob Elmoose Jensen

Ole Niels Jakob Jensen

Brian Hedegaard

Independent auditor's compilation report

To Management of Cystotech ApS

We have compiled the financial statements of Cystotech ApS for the financial year 20.10.2021 - 31.12.2022 based on the Entity's bookkeeping records and other information Management has provided.

These financial statements comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies.

We performed this compilation engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist Management in the preparation and presentation of these financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct for professional accountants, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile the financial statements are Management's responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the disclosures Management provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion about whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Aarhus, 13.06.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jens Lauridsen

State Authorised Public Accountant
Identification No (MNE) mne34323

Management commentary

Primary activities

Cystotech's objective is to develop AI-based Software as Medical Device for detecting and categorizing bladder cancer during cystoscopy.

Development in activities and finances

2022 has been an exciting year for Cystotech. We secured soft funding and successfully completed a pre-seed round in the spring. These financial accomplishments have enabled the Company to continue its product development efforts unhindered. Furthermore, a Clinical Advisory Board consisting of internationally recognized Key Opinion Leaders in Urology has been formed and the R&D team has expanded with three highly talented employees.

Moving forward in 2023, Cystotech is ready to pursue its product development plans as originally outlined. We anticipate obtaining regulatory approval for our first product in 2024, marking a significant milestone for the Company.

Research and development activities

Cystotech has entered into an agreement on the use of data collected prior to the forming of the Company to secure continued development. Moreover, a contractual agreement was secured for future data collection. With the support of our dedicated team and the progress we have made thus far, we are confident in our ability to achieve continued success and make a meaningful impact in the field of urology.

The Company has decided to capitalise development costs as it is Management's opinion that the relating future amortization burden can be encompassed in future financial benefits. For more details, see note 5 to the financial statements.

Events after the balance sheet date

No events have taken place from the balance sheet date to the present date that would impact the assessment of this annual report. However, in the second quarter of 2023, the Company successfully obtained funding, ensuring the continuation of its operations well into 2024.

Income statement for 2021/22

	Notes	2021/22 DKK
Gross profit/loss	1	765,313
Staff costs	2	(1,390,437)
Operating profit/loss		(625,124)
Other financial expenses		(182,714)
Profit/loss before tax		(807,838)
Tax on profit/loss for the year	3	269,692
Profit/loss for the year		(538,146)
Proposed distribution of profit and loss		
Retained earnings		(538,146)
Proposed distribution of profit and loss		(538,146)

Balance sheet at 31.12.2022

Assets

	Notes	2021/22 DKK
Development projects in progress	5	1,398,606
Intangible assets	4	1,398,606
Deposits		6,000
Financial assets	6	6,000
Fixed assets		1,404,606
Other receivables		51,259
Income tax receivable	7	305,692
Prepayments		330
Receivables		357,281
Cash		6,391,005
Current assets		6,748,286
Assets		8,152,892

Equity and liabilities

	Notes	2021/22 DKK
Contributed capital		47,600
Reserve for development expenditure		1,090,913
Retained earnings		2,980,416
Equity		4,118,929
Deferred tax		36,000
Provisions		36,000
Debt to other credit institutions		3,107,108
Non-current liabilities other than provisions	8	3,107,108
Trade payables		95,548
Other payables		146,057
Deferred income	9	649,250
Current liabilities other than provisions		890,855
Liabilities other than provisions		3,997,963
Equity and liabilities		8,152,892
Assets charged and collateral	10	

Statement of changes in equity for 2021/22

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Contributed upon formation	40,000	0	0	0	40,000
Increase of capital	7,600	4,742,400	0	0	4,750,000
Transferred from share premium	0	(4,742,400)	0	4,742,400	0
Costs related to equity transactions	0	0	0	(132,925)	(132,925)
Transfer to reserves	0	0	1,090,913	(1,090,913)	0
Profit/loss for the year	0	0	0	(538,146)	(538,146)
Equity end of year	47,600	0	1,090,913	2,980,416	4,118,929

Notes

1 Gross profit/loss

Herein included "Own work capitalised" regarding development projects, which amounts to DKK 1.399k and 173k in received grants.

2 Staff costs

	2021/22 DKK
Wages and salaries	1,382,365
Other social security costs	6,627
Other staff costs	1,445
	1,390,437
Average number of full-time employees	3

3 Tax on profit/loss for the year

	2021/22 DKK
Current tax	(305,692)
Change in deferred tax	36,000
	(269,692)

Current tax relates to tax credit for research and development expenses at the applicable tax rate under the Danish Corporation Tax. Act. See also note 7.

4 Intangible assets

	Development projects in progress DKK
Additions	1,398,606
Cost end of year	1,398,606
Carrying amount end of year	1,398,606

5 Development projects

Cystotech develops AI-based Software as Medical Device for detecting and categorizing bladder cancer during cystoscopy.

In connection to the preparation of the financial statements Managements have considered whether indications for impairment exist. This assessment is based on current expectations and require Management to exercise

professional judgment. On basis of the expectations for the future cash flows from the development projects Management have concluded that no impairment loss should be recognized.

6 Financial assets

	Deposits DKK
Additions	6,000
Cost end of year	6,000
Carrying amount end of year	6,000

7 Tax receivable

Tax receivable recognized in the balance sheet relates to the application of the tax credit scheme under LL\$8X of the equalization law, whereby the company is paid the tax value of tax losses arising from costs to research and development.

Based on the examination of the criteria for the application of the scheme, management is of the opinion that the company is entitled to apply the scheme and the recognition has been based on this assessment.

There may be a risk that the Tax Authorities considers that the conditions for applying the scheme are not met. In this case, subsequent financial years are adversely affected by the fact that corporate tax receivable is written down via the accounting item "Tax on the profit for the year" in the income statement.

8 Non-current liabilities other than provisions

	Due after more than 12 months 2021/22 DKK	Outstanding after 5 years 2021/22 DKK
Debt to other credit institutions	3,107,108	709,791
	3,107,108	709,791

9 Deferred income

Deferred income includes grants related to development project in progress. Deferred income is recognized in line with the depreciation of the associated development project.

10 Assets charged and collateral

A floating charge of a maximum of DKK 3,000k secured on unsecured claims, operating equipment and intellectual property rights has been provided as security for the Company's credit commitments.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Non-comparability

As it is the company's first financial year, no comparative figures have been included. The financial year consists of the period 20.10.2021-31.12.2022.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises other external expenses.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including administrations costs, etc.

Staff costs

Staff costs comprise other personal costs for entity staff.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intellectual property rights etc.**

Intellectual property rights etc comprise development projects in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.