STipe Therapeutics ApS

Inge Lehmanns Gade 10, 8000 Aarhus C

CVR no. 39 69 11 75

Annual report 2021

Approved at the Company's annual general meeting on 29 April 2022

Chair of the meeting:

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Christina Bruun Geertsen

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of STipe Therapeutics ApS for the financial year 1 January - 31 December 2021.

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 of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 26 April 2022
Executive Board:

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Claus Elsborg Olesen

Board of Directors:

DocuSigned by:
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Christian Schetter
Chair

DocuSigned by:
Sten Verland
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Sten Verland

DocuSigned by:
Morten Graugaard Døssing
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DocuSigned by:
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Martin Roelsgaard Jakobsen

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Regina Hodits

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Natalie Rose Sacks

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Mark Chin
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Mark David Chin

Independent auditor's report

To the shareholders of STipe Therapeutics ApS

Opinion

We have audited the financial statements of STipe Therapeutics ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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.

Independent auditor's report

- 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Aarhus, 26 April 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter U. Faurschou State Authorised Public Accountant mne34502	Christian Jøker State Authorised Public Accountant mne31471

Management's review

Company details

Name	STipe Therapeutics ApS
Address, Postal code, City	Inge Lehmanns Gade 10, 8000 Aarhus C
CVR no.	39 69 11 75
Established	2 July 2018
Registered office	Aarhus
Financial year	1 January - 31 December
Board of Directors	Christian Schetter, Chair Sten Verland Morten Døssing Martin Roelsgaard Jakobsen Regina Hodits Natalie Rose Sacks Mark David Chin
Executive Board	Claus Elsborg Olesen
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management commentary

Business review

The company's key activity is to develop novel treatments that focuses on harnessing the innate immune system to battle cancer.

Financial review

The income statement for 2021 shows a loss of EUR 5,485 thousand against a loss of EUR 3,868 thousand last year, and the balance sheet at 31 December 2021 shows equity of EUR 10,232 thousand.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	EUR	2021	2020
	Gross loss	-4,086,580	-2,948,722
2	Staff costs	-1,990,630	-1,608,156
	Profit/loss before net financials	-6,077,210	-4,556,878
	Financial income	3,505	9,586
	Financial expenses	-147,972	-56,645
	Profit/loss before tax	-6,221,677	-4,603,937
3	Tax for the year	736,285	736,285
	Profit/loss for the year	-5,485,392	-3,867,652
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-5,485,392	-3,867,652
		-5,485,392	-3,867,652

Financial statements 1 January - 31 December

Balance sheet

Note	EUR	2021	2020
	ASSETS		
	Non-fixed assets		
	Receivables		
	Corporation tax receivable	736,285	938,494
	Other receivables	186,569	140,496
	Contributed capital in arrears	7,971,183	0
		8,894,037	1,078,990
	Cash	5,617,443	3,545,945
	Total non-fixed assets	14,511,480	4,624,935
	TOTAL ASSETS	14,511,480	4,624,935
	EQUITY AND LIABILITIES		
	Equity		
4	Share capital	32,062	17,187
	Reserve for unpaid capital	7,971,183	0
	Retained earnings	2,228,643	3,747,225
	Total equity	10,231,888	3,764,412
	Liabilities other than provisions		
5	**Non-current liabilities other than provisions**		
	Credit institution	2,758,636	0
	Other payables	0	110,366
		2,758,636	110,366
	Current liabilities other than provisions		
	Trade payables	1,430,782	513,403
	Other payables	90,174	236,754
		1,520,956	750,157
	Total liabilities other than provisions	4,279,592	860,523
	TOTAL EQUITY AND LIABILITIES	14,511,480	4,624,935

1 Accounting policies
6 Contractual obligations and contingencies, etc.
7 Contingent assets

Financial statements 1 January - 31 December

Statement of changes in equity

EUR	Share capital	Reserve for unpaid capital	Retained earnings	Total
Equity at 1 January 2021	17,187	0	3,747,225	3,764,412
Capital increase	14,875	7,971,183	3,966,810	11,952,868
Transfer through appropriation of loss	0	0	-5,485,392	-5,485,392
Equity at 31 December 2021	32,062	7,971,183	2,228,643	10,231,888

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of STipe Therapeutics ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross loss

The items revenue, other operationg income and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

Research and development costs

STipe Therapeutic expenses all research costs. In line with industry practice, internal and sub-contracted development costs are also expensed as they are incurred, due to significant regulatory uncertainties and other uncertainties inherent in the development of new products. This means that they do not qualify for capitalisation as intangible assets until marketing approval by a regulatory authority is obtained or considered highly probable.

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for non-paid-in share capital

Non paid in share capital is presented according to the gross method whereby the non paid in share capital is recognised in equity and as a receivable under "Receivables from owners and Management". An amount corresponding to the non paid in share capital is re classified from "Retained earnings" to "Reserve for non paid in capital".

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

	EUR	2021	2020
2	**Staff costs and incentive programmes**		
	Wages/salaries	1,948,986	1,572,783
	Other social security costs	19,034	12,421
	Other staff costs	22,610	22,952
		1,990,630	1,608,156
	Average number of full-time employees	16	14

Incentive programmes

Management is covered by an incentive scheme under which they can subscribe for shares in the company.

3	**Tax for the year**		
	Estimated tax charge for the year	-736,285	-736,285
		-736,285	-736,285

4 **Share capital**

Analysis of the share capital:

50,000 A shares of EUR 0,13 nominal value each

185,186 B shares of EUR 0,13 nominal value each

4,314 C shares of EUR 0,13 nominal value each

Analysis of changes in the share capital over the past 3 years:

EUR	2021	2020	2019
Opening balance	17,187	17,187	6,693
Capital increase	14,875	0	10,494
	32,062	17,187	17,187

On 2 December 2021, the company completed a capital increase of EUR 9,917 nominal value. After the capital increase, the share capital amounts to EUR 32,062. The capital increase is notified to the Danish Business Authorities in February 2022.

Financial statements 1 January - 31 December

Notes to the financial statements

5 Non-current liabilities other than provisions

Of the long-term liabilities, EUR 543 thousand falls due for payment after more than 5 years after the balance sheet date.

6 Contractual obligations and contingencies, etc.

Contingent liabilities

Rent and lease liabilities include a rent obligation totalling EUR 177 thousand in interminable rent agreements with remaining contract terms of 3 to 12 months.

7 Contingent assets

The company has tax loss carry-forwards totalling EUR 7,148 thousand. The nominal value thereof is 22%, totalling EUR 1,573 thousand. The tax asset has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses.