cessatech

rethinking child treatments

Cessatech A/S - Annual Report 2020

CVR no. 41293055, Kanonbådsvej 2, 1437 Copenhagen, Denmark

CESSATECH - ANNUAL REPORT - 2020

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1. COMPANY INFORMATION & MANAGEMENT REVIEW

In this document, the following definitions shall apply unless otherwise specified: “the Company” or “Cessatech” refers to Cessatech A/S, with CVR number 41293055.

The Company
Cessatech A/S
Kanonbådsvej 2
DK-1437 Copenhagen K
CVR no.: 41293055

Board of Directors
Ulla Hald Buhl (Chairman)
Adam Steensberg
Flemming Jensen
Charlotte Videbæk
Peter Birk
Martin Olin

Executive Management
Jes Trygved (CEO)

Auditors
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. DK 33 77 12 31

2. CESSATECH

2.1 Executive summary

Cessatech – a company focusing on new solutions for children: Cessatech is a clinical Phase II company developing evidence-based treatment for children. The lead asset (CT001) is an analgesic nasal spray for treatment of acute and planned painful procedures in children. The advantages include needle-free administration, being easy to administer, a fast-acting therapeutic effect and, when it has obtained regulatory approval, also being medically approved for children.

CT001 – clinical validation: The product is based on more than ten years of clinical experience and has been proven effective and safe in a clinical Phase II trial in 50 children at Copenhagen University Hospital (Rigshospitalet). Almost all (94 percent) stated that they would like to receive this treatment again rather than existing alternatives (e.g., oral solutions or injections). In addition, Cessatech has delivered promising results in a retrospective study based on 700 medical procedures during a 10-year period in a collaborative study on 328 children between Rigshospitalet (Denmark) and Astrid Lindgren Children's Hospital (Sweden). CT001 is now expected to enter late stage clinical development in 2021.

Phase III – a clear route to market approval and 10 years of market exclusivity in Europe: According to EU regulations, a paediatric investigation plan (PIP) must be obtained to support the authorisation of a new medicine for children. The founders of Cessatech started this process back in 2016 and was recently granted an approved PIP-program by the EMA, providing a clear and fast route to regulatory approval for its lead asset CT001.

Cessatech's approved PIP consists of four (4) additional short clinical trials and two (2) computer-based modelling-simulation studies, which will be conducted during 2021-2023. After completing the approved PIP and filing for regulatory approval, Cessatech plan to be able to provide sufficient data to demonstrate the efficiency and safety of its lead asset CT001, which will be the basis of a paediatric-use marketing authorisation (PUMA) by the EMA and the reward of ten years of market exclusivity in Europe. It is Cessatech's ambition to have its nasal spray (CT001) ready for launch on the market in 2024.

Risk-reduced approach: CT001 is based on a fixed combination of two well-known compounds, ketamine and sufentanil. The compounds are already approved treatments for injection in adults and are also used separately for pain-relief intravenously in children, which Cessatech believes will significantly reduce the risk in upcoming clinical studies and subsequently in the regulatory filing for CT001.

Large market need: In Europe alone, it is estimated that approximately 25 million children are exposed each year to acute procedural pain. The objective for Cessatech's solution is a peak volume market share of 30-40%, after 6-8 years on the market, corresponding to approx. six (6) million annually treated children. By then, the Company estimates the total market to be approximately DKK 1.5-2 billion.

Product portfolio: The Company has two follow-on concepts for children, a sedative nasal spray (CT002) for medical and diagnostic procedures (e.g., MRI scanning) and a local anaesthetic gel (CT003) that can be applied to open wounds (e.g., before stitching in the emergency room). With the recent success of obtaining an approved PIP for the Company's lead asset, it is the Company's ambition to apply for a similar development program as the one recently granted for CT001.

Business development: In parallel with the final studies, Cessatech will investigate a regulatory strategy for the U.S. and explore a commercialization process for CT001, where the Company aims to seek partnership or out-license the product to larger pharmaceutical companies. The European Medicines Agency and the U.S. Food and Drug Administration (FDA) have agreed on principles for interaction and exchange of information on paediatric matters, to foster the global development of medicines for children. Cessatech is hopeful that this might help elevate the regulatory strategy for the U.S - once the strategy is pursued.

The Warrant Program (TO 1): During the IPO in December 2020, Cessatech offered units, each consisting of two (2) shares and three (3) warrants in the Company. The offer consisted of 1,680,000 shares of nominally DKK 0.20 each and 2,520,000 warrants, each granting the right to subscribe for one (1) new share in the Company of nominally DKK 0.20 each. All shares belong to the same share class and carry the same rights. With a subscription of the maximum number of units in the offer, Cessatech's share capital increased from nominally DKK 400,000 to DKK 736,000, the number of shares increased from 2,000,000 to 3,680,000, and a total of 2,520,000 warrants of series TO 1 was issued to the investors. If all the warrants are exercised, the subscription amount from such exercise will be mDKK 25.2. The exercise period for the warrants will take place during the period 25/11 - 16/12 2021.

2.1 BUSINESS MODEL AND STRATEGY

Cessatech's business model offers scalable economic value creation by identifying and developing drugs with a short time to market and a risk-reduced profile. The drugs that will be developed by Cessatech should be proven effective in adults and represent a medical unmet need in children where a focused development plan can be applied for documenting good effect and safety in children. By following the EMA approved PIP program for its lead asset nasal spray, Cessatech significantly shortens time to market and is provided ten (10) years of market

exclusivity. Utilizing the PIP regulatory route is thus a cornerstone of Cessatech's business model, which will also be applied on future products when applicable. The existing business plan is focused on Europe, but Cessatech will also investigate the regulatory route and development requirements for the U.S.

Cessatech believe , there are several (principle) options going forward. Being a small drug development company, the more traditional approach would be to out-license or sell the products to pharmaceutical companies. With its clinical late stage lead asset CT001, Cessatech believes that the Company will be an attractive candidate for partnership or an out-licensing agreement with larger pharmaceutical companies. Another option for Cessatech would be to consider a direct-to-market commercialization strategy by building on the Company's core competences within commercialization and distribution and develop its own platform. Cessatech will continuously evaluate all options.

	> 2013	2014	2015	2016	2017	2019	2020
Clinical events	**Early Phase II study in 50 children**		Registry Study (285 procedures)			**Finalized (LP) Registry Study (2,500 procedures)**	**Cessatech is established**
Publications		Publication of promising results from Phase II			Promising results from Registry Study[1] (285 procedures)		Receives all rights to CT001, CT002 & CT003.
Regulatory				PIP-procedure (EMA) initiated		**Approved PIP plan (EMA)**	Establishment of organization

3.0 LEAD ASSET CT001

Cessatech is confident that intranasal treatment is a better alternative than intravenous medicine as it is easier and quicker to administer, resulting in fast pain relief, and the child does not have to experience the pain related to injection. Also, it is more feasible to administer compared to non-compliant children than oral medications.

Despite the many pain-relieving products available for adult patients, few of these have been developed for children. A study on unlicensed drug prescription revealed that up to 75 percent of all medications currently prescribed in hospital settings are administered off-label, meaning that the use deviates from the dose, is not tested, documented, or approved for children. A commonly used treatment as Midazolam only has a sedative effect, thus leaving the pain untreated. Morphine/opioids require intravenous access for fast pain relief, causing further pain for the child. The treatment of acute pain in children is therefore characterized by a significant unmet medical need, which has been recognized by both regulatory authorities and health care professionals.

	Use	Indication	R&D	Pre-clinical	Phase 1	Phase II	Phase III
CT001 sufentanil + ketamine	Non-invasive nasal spray	Acute pain	✓	✓	✓	✓	↻
CT002 anonymous anaesthetic	Non-invasive nasal spray	MRI sedation	✓				
CT003 anonymous anaesthetic	Local gel	Local anaesthesia/ analgesia	✓				

3.1 Cessatech's solution

The Company's first product and lead asset, CT001, is an analgesic non-invasive nasal spray for children aged 1-17 years that experience acute pain or pain related to medical procedures. Today's analgesic solutions often require an intravenous access which is not always feasible or easy and can be painful. In contrast, CT001 has a fast onset and is easy to use. Its composition includes a fixed combination of the two well-known analgesics ketamine and sufentanil (an opioid), which are already approved treatments for injection in adults. The two compounds are also used separately for analgesia but only intravenously in children. The potential advantages of the fixed combination of sufentanil and ketamine include improved analgesia with approx. 30 percent lower dose of sufentanil and consequently the avoidance of undesirable side effects such as prolonged sedation and risk of respiratory depression.

With funding from the Novo Nordisk Foundation and the Capital Region of Denmark - in 2014 and 2016 - CT001 has been developed as a ready-to-use nasal spray. These grants, which were given to Rigshospitalet for the founders' research project before it was incorporated in Cessatech, have further covered the process of obtaining the approved Paediatric Investigation Plan as well as a clinical registry study (0203), which has just been finalized and communicated. Also, a Phase II study was earlier conducted at Rigshospitalet in Denmark, where a total of 50 children were treated for procedural pain. The nasal spray was confirmed effective, with a maximum pain score during the painful procedure of 5 or less on a 0–10 scale (0 indicating no pain and 10 the worst imaginable pain) in 78 percent of the children. Furthermore, no serious adverse events were reported. Almost all (94 percent) of the children or parents (for preverbal children) stated that they would like to receive this treatment again in a similar situation rather than analgesic suppositories, tablets, oral solutions, or injections.

Cessatech has entered into an agreement with Rigshospitalet. The agreement regards the assignment of the analgesic nasal spray CT001 to Cessatech, including data, patent rights and other relevant documents as well as an exclusive license to, among other things, develop and sell the product. For this, Cessatech will pay a royalty of 1% on all net sales to Rigshospitalet as well as a royalty of ten (10) percent on all revenue received from sub-licensees irrespective of the revenue originates from jurisdictions where there is a valid claim or not. The royalties shall be reported and paid annually to Rigshospitalet. Cessatech is solely responsible for the development, manufacture and sale of CT001 as well as the commercialization and the patent rights and the Company or collaboration partners shall bear all costs related thereto.

CT001 targets a large unmet need, as much of the medication currently used for acute pain relief is not approved for use in children and is invasive. The treatment has already created peace and security for many families since 2015, when the formulation used for the clinical Phase II trial also became available at Rigshospitalet (manufactured by the hospital's pharmacy). The founders have experienced an increasing interest for the treatment, not only from other hospitals, but also from the emergency rooms and the pre-hospital area. The current formulation is not a ready-to-use nasal formulation and once a standardized (CT001) formulation is approved by the EMA, only Cessatech's CT001 formulation can be supplied in hospitals.

3.2 Competitive landscape for CT001

There is a lack of medicines for treatment of procedural pain in children and some serious shortcomings of existing treatment options (see table below). Only EMLA® crème and Fentanyl solutions for injection are approved for treatment of short painful procedures. In clinical practice EMLA® crème is used for prevention of pain related to needle insertion, while fentanyl injection is only used in relation to surgery. Sedatives/analgesics are often used off-label for treatment/prevention of pediatric procedural pain. Commonly used drug products are midazolam for sedation (which has no analgesic effect), morphine (which requires injection for fast onset) and nitrous oxide (only for children approx. above 4 years and further requires specially trained staff and that the child can accept the mask). Commercially available fentanyl nasal spray is not developed for use in children and dosing according to the child's weight is not possible.

Thus, a needle-free analgesic drug product with rapid onset of systemic analgesic effect for treatment of short painful procedures, developed and approved for use in children 0-17 years, are currently absent on the market.

An overview of the shortcomings of existing treatment options

	Midazolam	Nitrous Oxide	Opioids (sufentanil)	Fentanyl nasal spray	Ketamine/ s-ketamine	CT001 Sufentanil/ Ketamine
Route of Administration	Injection, oral or rectal	Inhalation	Injection, oral or rectal	Intranasal	Injection	Intranasal
Time to analgesic effect	N/A	~ 3 min	15 min (inj.) 1 h (other)	15 min	< 2 min	10 min (max 15 min)
Risk of side Effects	Moderate	Low	Low, dose dependent	Moderate	Moderate	Low, dose dependent
Authorized for Children	**Only sedation > 1 year**	Yes	Yes (no age range specified)	**No**	Yes (no age range specified)	Age 1–17
Food Restriction	**Yes**	**Yes (2 hours)**	No	No	**Yes**	No
Requires trained Staff	No	**Yes**	No	No	**Yes**	No
Comments	No analgesic effect	Working environment concerns	Fast onset requires IV-access	No paediatric formulation	Requires anaesthetist	-

4.0 COMMENT FROM THE CEO

This is the first annual report of Cessatech and as a CEO - or as an employee - you never know how long the journey will continue, but doing the first annual report is always special and I really hope that I will be the CEO of the Company for many years. I want to introduce our Company in a different way as we want to focus on new and innovative opportunities for treating children, exactly how this will be done and how broad the scope will be, I hope to reveal in the next annual report - about a year from now. We have many ideas and concepts we would like to explore, and I will like to encourage the readers and especially the shareholders to suggest ideas or new concepts for treating children, as I assume many of you may have been in contact with the medical system and have experiences or been have had considerations - all ideas are welcome, please share them on info@cessatech.com

The year 2020 began with preparation for Cessatech's IPO, which was successfully conducted in December 2020, and which provided capital to conduct the last stage clinical program for CT001 in 2021 and 2022 with the following warrant (TO 1). In addition, the main focus has been to establish agreements with the clinical research organizations and the chemical manufacturing units that will conduct the clinical trials and produce the final product. This has been prepared in 2020 and Cessatech is now ready to start the clinical trials.

We managed to complete all the tasks we had set up for the second half of 2020 - including selecting a manufacturer, finalizing the Registry Study (currently undergoing analysis) and submitting a Fast-track US patent application together with initial preparations of three (3) clinical studies. I am very proud that we managed it all together with an IPO. 2020 was the year where the basis was created for establishing the company Cessatech as a player within child treatments - and we have many activities to be completed in 2021, but especially the 3 major milestones, the results of clinical studies, will be instrumental for our future success!

The clinical program in 2021 includes a bioavailability study (0204) investigating concentrations of active drugs in the blood after nasal administration or injection of the approved intravenous solutions of the drug. The study is planned to bridge to the already approved intravenous solutions. In addition, a study (0205) looking at efficacy and how pain relief correlates to the amount of the active drugs in the blood are investigated in an acute pain model (removal of impacted wisdom teeth) in adults. A study in paediatric patients (0206) investigating the amount of the active drugs in the blood of children of all age groups supplementing the data from the initial Phase II study 0201, will also be needed to close

knowledge gaps. These studies will all be initiated in 2021, and together with the two computer-modelling studies and the final prehospital study (0202) in paediatric patients in 2022 will potentially serve as the basis for a PUMA approval.

It is important for a clinical company to constantly meet with potential partners and investors why the business development activities going forward will be a coverstone in our activities and especially for me as the CEO. This has been a large part of our 2020 focus and will continue in the coming years as we continuously have to evaluate if the company has sufficient resources also to at some point advance our pipeline.

4.1 Rethinking Child Treatments

Our purpose will be a core focus in all activities going forward - we are developing our first asset CT001 - and our mindset, communication and external activities will always have children in mind. We need to advance our pipeline, and we need to develop more solutions for children. Rethinking Child Treatments will be an integrated part of the way we think and conduct our business operations. That is also why we have entered a small sponsorship and voluntary collaboration with Save the Children (Red Barnet), and it will be interesting to see what this will add.

4.2 Key milestones

- Established the company, the legal entity (APR)
- Building the initial organization of consultants and core team (MAY)
- Finalizing the agreement with Rigshospitalet for CT001 (JUN)
- Submitted CT001 fast-track application for US patent (SEP)
- Agreement with the Clinical Trial Organization, the CRO (OCT)
- Agreement with Contract Manufacturing Organization, the CMO (NOV)
- Trading in Cessatech's shares and warrants commenced on the Spotlight Stock Market
- Finalizing the clinical protocols needed for the initial clinical trials (DEC)

Thank you

I would like to take this opportunity to thank our shareholders for their confidence in our business and product vision. Together with an extraordinary team, I am looking forward to the year ahead and to continuing Cessatech's ambitious journey to bring new solutions to the millions of children worldwide suffering from the lack of adequate solutions. We are eager to transform Cessatech from a clinical organization into a late clinical-phase company with a pipeline of indications and products which will be considered throughout 2021 – a very exciting time ahead for the Company and its shareholders.

4.0 HIGHLIGHTS FROM 2020

Q2-2020

- Established the company, the legal entity (6. APR)
- Building the initial organization of consultants and core team
- Finalizing the agreement with Rigshospitalet for CT001

Q3-2020

- The complete Board of Directors assembled and assigned
- The manufacturing process for CT001 was finalized
- Finalized selection of preferred Clinical Research Organization (CRO)

Q4-2020

- Approval for IPO listing and significantly oversubscribed by approx. 680%
- Finalized negotiations of preferred manufacturer for clinical and commercial batches
- Submitted Fast-track US patent application for CT001
- Initiated clinical preparations of first 3 clinical activities related to CT001
- Trading in Cessatech's shares and warrants commenced on the Spotlight Stock Market
- Finalization of the Registry Study (0203) from Karolinska University Hospital

5.0 HIGHLIGHTS AFTER THE PERIOD 2020

Early Q1-2021

- Finalization of the clinical manufacturing setup and process with the new partner
- Top line results from Study 0203 (major milestone 1)
- Awarded Best Medical Treatment IPO Nordics in 2020 by independent editorial

6.0 BOARD OF DIRECTORS

Ulla Hald Buhl
Chairman of the Board of Directors since 2020
Education: Bachelor of Nursing, Bispebjerg University Hospital, Denmark and Diploma in Organization and Management, University of Southern Denmark, Odense, Denmark.
About: Ulla Hald Buhl has 25 years of experience in biotech and is a serial entrepreneur having founded and co-founded several listed and non-listed companies.

Charlotte Videbæk
Member of the Board of Directors since 2020
Education: MD, Doctor of Medical Science, Specialist in Neurology, Copenhagen.
About: Charlotte Videbæk has more than ten years of clinical experience, followed by more than 20 years of experience within international pharma- and biotech and project management.

Peter Birk
Member of the Board of Directors since 2020
Education: Ph.D. in Protein Engineering, INSA Toulouse, France and Master of Molecular Biology, University of Southern Denmark, Denmark.
About: Peter Birk has a proven biotech track record where he has held several Board positions and both strategic and operational managerial positions.

Adam Steensberg
Member of the Board of Directors since 2020
Education: MD, Doctor of Medical Science, Copenhagen, MBA IMD Switzerland.
About: Adam Steenberg has 15 years of experience in biotech- and pharmaceutical industry. He has a broad experience from R&D strategy, medical, science from all stages of development, including regulatory submissions.

Martin Olin
Member of the Board of Directors since 2020
Education: M.Sc, Business & Auditing, Copenhagen Business School.
About: Martin Olin has more than 20 years of life science experience, CEO and CFO leadership experience in international organizations.
Other ongoing assignments: Managing Director at Nordic Eye Venture Capital (Nordic Eye Management ApS and Nordic Eye Invest Aps)

Flemming Steen Jensen
Member of the Board of Directors since 2020
Education: M.Sc. in Pharmacy, University of Copenhagen, Denmark.
About: Flemming Jensen has more than 30 years of experience in the pharmaceutical Industry, where he held positions within development, manufacturing, supply chain, QA, engineering and senior management.
Other ongoing assignments: Senior Vice President at Ascendis Pharma A/S, member of the Board of Directors of Genau & More A/S and Allero Therapeutics B.V.

7.0 EXECUTIVE MANAGEMENT

Jes Trygved
Chief Executive Officer, CEO
Education: MSc. International Marketing, Copenhagen Business School, Denmark

Jes Trygved has 20 years of experience within the biotech- and pharmaceutical industry, incl. 15 years with H. Lundbeck A/S in various commercial roles where he managed teams of up to +100 people.
In addition, Jes Trygved is also an MBA Advisor at Copenhagen Business School and Senior Healthcare Adviser at Valtech A/S.

8.0 MISCELLANEOUS

8.1 The share

The shares in Cessatech were listed at Spotlight Stock Market on 16. December 2020. The ticker is CESSA and the ISIN code is DK0061411964. The total number of shares as of 31 December 2020 amounted to 3.680.000. Every share equals the same rights to the Company's assets and results.

8.2 Warrants

The warrants of series TO 1 in Cessatech were listed at Spotlight Stock Market on 16 December 2020. The ticker is CESSA TO1 and the ISIN code is DK0061416849. In total, there are 2,520,000 outstanding warrants. Each warrant entitles the holder the right to subscribe for two (2) new shares in Cessatech at a subscription price of DKK 10.00 per share during the exercise period period 25/11 - 16/12 2021. The warrants, if fully exercised, can provide the Company with a total of mDKK 25,2 (before issuing costs)

The Board and the CEO have proposed that no dividend is paid out for the fiscal year, 6 April 2020 - 31 December 2020.

8.3 Financial calendar

Annual General Meeting: 26 March 2021
Q1 Report: 19. April 2021
Q2 and half-year Report: 19 August 2021
Q3 Report: 19 November 2021
Q4 and year-end report 2021: February 2022

10. FINANCIAL HIGHLIGHTS AND RATIOS

Key figures	**2020**
Amounts in DKK ´000´	
Income Statement	
Operating Loss	-901
Total financial items	-8
Loss for the period	-849
Balance sheet	
Total assets	13,808
Equity	13,611
Cash flows	
Cash flows from:	
- Operating activities	-732
- Investing activities	-76
- Financial activities	14,314
The Period´s cash flow	13,506
Dividend	0
Ratios	
Solvency ratio	99%
Earnings per share (DKK)	-0.55

11. FINANCIAL REVIEW

Operating income and operating results

The operating income and result for 2020 were as expected. Net revenue amounted to DKK 0 and the operating result was KDKK -901 in 2020. The operating result was as expected as the Company is currently conducting development activities.

Balance sheet and solidity

The total equity at 31 December 2020 was KDKK 13.611. The solvency ratio as per 31 December 2020 was 99%

Cash flow

The total cash flow for the year 2020 was KDKK 13.506, caused primarily by the IPO in December.

Capital resources

As a development stage start-up life-science company, and like other similar development stage companies, the Company expects negative cash flow in 2021 from operating activities. Therefore, the Company is dependent on being recapitalized or selling rights to its products against cash until reaching the point where the size of the revenue exceeds the costs resulting in a positive cash flow. The activities of the Company in the future will depend on proceeds obtained from capital increases or sales of rights. Please refer to note 2 to the Financial Statements.

Subsequent events

To date, the Company has not yet been negatively impacted by the effects of COVID-19, it is however likely that some activities will be delayed compared to original objectives, but this is most likely a few months if it will have an impact.

Subsequent to the balance sheet date, no events that could significantly affect the financial statements for 2020 have occurred.

12. MANAGEMENT STATEMENT ON THE ANNUAL REPORT

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Cessatech A/S for the financial year 6 April - 31 December 2020

The Financial Statements have been prepared in accordance with international Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act for annual reports of class B companies with elements from class C. Management's Review has been 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 2020 of the Company and of the results of the Company operations and cash flows for the financial year 6 April - 31 December 2020.

In our opinion, Management´s Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 11 March 2021

Executive Management

Jes Trygved
CEO

Board of Directors

Ulla Buhl Chairman	Charlotte Videbæk	Martin Olin
Adam Steensberg	Flemming Steen Jensen	Peter Birk

13. INDEPENDENT AUDITOR´S REPORT

To the Shareholders of Cessatech A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations and cash flows for the financial year 6 April - 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Cessatech A/S for the financial year 6 April - 31 December 2020, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, 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.

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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 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 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.

Hellerup, 11 March 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Lars Fermann
State Authorised Public Accountant
mne45879

14. INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Note	**INCOME STATEMENT**	6 April - 31 December **2020** DKK ´000´
	Other operating income	0
	Other external expenses	-612
3	Staff expenses	-289
	Operating loss before net financials	**-901**
	Financial expenses	-8
	Loss before tax	**-909**
4	Tax on loss for the year	60
	Net loss for the year	**-849**
	Other comprehensive income for the year, net of tax	0
	Total comprehensive income	**-849**

15. BALANCE SHEET

Note	ASSETS	31 December 2020 DKK ´000´
	Intangible Assets	**76**
	Total non-current assets	**76**
	Other receivables	89
4	Receivable corporate tax	60
	Prepayments	77
	Cash	13,506
	Total current assets	**13,808**

Note	EQUITY AND LIABILITIES	31 December 2020 DKK ´000´
	Share capital	736
	Retained earnings	12,875
7	**Total equity**	**13,611**
	Trade payables	108
	Other payables	89
	Current liabilities	197
	Total liabilities	**197**
	Total equity and liabilities	**13,808**

16. STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGE IN EQUITY

Amounts in DKK `000`	Share capital	Share Premium	Retained earnings	Total equity
Total comprehensive income 2020			-849	-849
Formation of Company at 6. April 2020	40			40
Share capital increase	360	40		400
Conversion to A/S		-40	40	
Capital increase, IPO	336	15,456		15,792
Transfer		-15,456	15,456	0
Incentive Warrant Scheme			146	146
Expenses in connection with capital increase			-1,918	-1,918
Equity as at 31 December 2020	**736**	**0**	**12,875**	**13,611**

17. CASH FLOW STATEMENT

CASH FLOW STATEMENT		6 April - 31 December 2020
Note		DKK ´000´
	Loses before tax	**-909**
	Financial expenses, reversed	8
	Other non-cash items	146
7	Change in working capital	31
	Cash flows from operating activities before net financials	**-724**
	Financial expenses paid	-8
	Cash flows from operating activities	-732
	Purchase of intangible assets	-76
	Cash flow from investing activities	**-76**
	Capital per ApS - A/S formation	440
	Cash capital increase, IPO	15,792
	Transaction cost, cash capital increase, IPO	-1,918
	Cash flows from financing activities	**14,314**
	Total cash flow for the year	**13,506**
	Cash, beginning of year	0
	Cash, end of the year	**13,506**

18. NOTES

1. Accounting policies
2. Capital resources and liquidity
3. Staff expenses
4. Tax
5. Equity
6. Distribution of profit/loss for the year
7. Change in working capital
8. Financial risks
9. Related parties
10. Operating lease commitments and other commitments
11. Events occuring after the balance sheet date

1. Accounting policies

Cessatech A/S is a limited liability company domiciled in Denmark. The Financial Statements have been prepared in accordance with international Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Danish kroner (DKK) is the Company's presentation currency and functional currency. The financial statements are presented in Danish kroner (DKK ´000´)

First financial statements
The financial statements of Cessatech A/S for 2020 are the Company's first financial statement and are prepared in accordance with International Financial Reporting Standards as adopted by EU and further requirements in the Danish Financial Statements Act for annual reports of class B companies with elements from class C.

Due to the fact that financial statements have not previously been prepared, this is the first IFRS financial statement, and not a transition from previous GAAP to IFRS. Hence, the financial statements do not include reconciliations from previous GAAP to IFRS.

The IFRS opening balance sheet as at 6 April 2020 have been prepared in accordance with IFRS, including the provisions of IFRS 1 “First-time adoption of IFRS”. The accounting policies are based on the accounting standards and interpretations in effect as at 31 December 2020. The IFRS opening balance sheet as at 6 April 2020 has been prepared as if IFRS had always been applied.

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.

Translation policies
Translation in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in the financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate 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 the financial income and expenses in the income statement.

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

New Standards not yet effective
There are no IFRS or IFRIC interpretations that are not yet effective that are expected to have a material impact on the company.

Foreign currency translation
On initial recognition, transactions in currencies other than the functional currency of the Company are recognized at the exchange rate applicable at the transaction date. Receivables, payables and other monetary items denominated in foreign currency not settled at the balance sheet date are translated using the exchange rate applicable at the balance sheet date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment and the balance sheet date, respectively, are recognized in the income statement as net financials.

Tax
Tax for the year, consisting of current tax and change in deferred tax, is recognized in the income statement with the portion attributable to tax on the profit or loss for the year, and directly in equity or in other comprehensive income with the portion attributable to amounts recognized directly in equity or in other comprehensive income, respectively.

Current tax payables and receivables are recognized in the balance sheet as tax computed on the basis of the taxable income for the year results in taxes to be paid or refunded.

Current tax for the year is computed based on the tax rules and tax rates applicable at the balance sheet date.

Deferred tax is recognized using the balance sheet liability method on the basis of alle temporary differences between the carrying amounts and tax bases of assets and liabilities, except for deferred tax on temporary differences due to either initial recognition of goodwill or initial recognition of transaction that is not a business combination, and where the temporary difference ascertained at the time of initial recognition does not affect either the tax results or the taxable income. The deferred tax is calculated based on the planned use of the individual asset or settlement of the individual liability.

Deferred tax is measured by applying the tax rules and tax rates expected to be applicable when the deferred tax is expected to crystallize as current tax. Any change in deferred tax as a result of changes in tax rules or rates is recognized in the income statement, unless the deferred tax is attributable to transactions that have previously been recognized directly in equity or in other comprehensive income. In the latter case, the change is recognized directly in equity or in other comprehensive income, respectively.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognized in the balance sheet at the expected realizable value, either through offsetting against deferred tax liabilities or as a net tax asset for offsetting against future positive taxable income. An assessment is made on each balance sheet date of whether it is probable that sufficient taxable income will be generated in future to enable utilization of the deferred tax asset.

STATEMENT OF COMPREHENSIVE INCOME

Other external expenses
Other external expenses comprise expenses relating to administrative expenses.

Staff expenses
Staff expenses comprise wages and salaries as well as social security expenses, pensions for group staff, other staff-related expenses and share-based payment compensation.

Employee benefits
Share-based warrants compensation benefits are provided to the Board of Directors, Management and other key employees via Cessatech's Incentive Warrant Scheme which was adopted in December 2020.

Incentive Warrant Scheme
The fair value of warrants granted under the Cessatech's Incentive Warrant Scheme is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the warrants granted: - including any market performance conditions (e.g. the entity's share price) - excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and - including the impact of any non-vesting conditions (eg the requirement for employees to save or hold shares for a specific period of time). The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity

Net financials
Net financials comprise interest income and expenses, realized and unrealised gains and losses on transactions in foreign currency and realized and unrealized gains and losses on other financial assets.

Amortization of capital losses and borrowings costs relating to financial liabilities is recognized on an ongoing basis as part of the interest expenses.

BALANCE SHEET

Receivables
Receivables comprise trade receivables and other receivables. Receivables are included in the category loans and receivables, which are financial assets with fixed or determinable payments that are not listed in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value and subsequently at amortized cost, which usually corresponds to the nominal value, less write-downs for bad debts.

The Company applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

Cash
Cash includes deposits in bank accounts

Equity
Direct and incremental costs associated with capital increases are accounted for as a reduction in the proceeds from the capital increase and recognized in shareholders´ equity.

Liabilities
Other financial liabilities comprise trade payables, other payables to public authorities and other liabilities. On initial recognition, other financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortized cost according to the effective interest method, so that the difference between the proceeds and the nominal value is recognized in the income statement as a financial expense over the period of the loan.

CASH FLOW STATEMENT

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash at the beginning and end of the year. Cash flows from operating activities are presented in accordance with the indirect method and are determined as the operating profit or loss adjusted for non-cash operating items, changes in working capital and paid financial income, financial expenses and income tax.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of companies and financial assets as well as the purchase, development, improvement and sale of property, plant and equipment and intangible assets.

Cash flows from financial activities comprise changes in the Company's share capital and associated costs as well as the raising and repayment of loans, the repayment of interestbearing debt, the purchase and sale of treasury shares and the payment of dividends.

Cash flows in currencies other than the functional currency are recognized in the cash flow statement using average exchange rates, unless they deviate significantly from the actual exchange rates at the transaction dates.

Cash and cash equivalents comprise cash less overdraft facilities that are an integrated part of the cash management.

FINANCIAL HIGHLIGHTS

Explanation of financial ratios:

$$\text{Solvency ratio} : \frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$$

$$\text{Earnings per share} : \frac{\text{Net loss for the year}}{\text{Average numbers of outstanding shares}}$$

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

In connection with the preparation of the financial statements, the management performs accounting estimates and assessments that affect the recognized value of assets, liabilities, income, expenses and cash flows as well as their presentation.

Accounting estimates reflect the management´s best estimates in terms of amounts where the measurement is subject to uncertainty, typically because the estimate is based on assumptions concerning future events. The accounting estimates are based on historical experience and other assumptions deemed relevant, but the actual results may, naturally, deviate from the estimates made. The estimates are regularly reassessed and the effect of changes is recognized in the consolidated financial statements.

Accounting judgements reflect decisions made by the management as to how the accounting policies are applied in specific situations where the accounting treatment depends on qualitative assessments. Examples could be when the risk passes or how a certain transaction or item is best presented to provide reliable and relevant information.

Development projects (judgement)
Cost incurred in relation to individual development projects are capitalized only where the future economic benefit of the project is probable and the following main conditions are met: (i) the development costs can be measured reliably, (ii) the technical feasibility of the product has been ascertained and (iii) Management has the intention and ability to complete the intangible asset and use or sell it.

Currently no other significant accounting estimates and judgements have been applied in the preparation of the financial statements for 2020.

2. Capital resources and liquidity

As a development stage start-up life-science company, and like other development stage companies, the Company has had a negative cash flow in 2020, why the Company is dependent on being recapitalized or selling rights to its products against cash until reaching the point where a positive cash flow can be realised. The activities of the company in the future will depend on proceeds obtained from capital increases.

The Board of Directors and Executive Management are constantly monitoring the Company's financial position to be prepared to take adequate measures to secure the company. In this connection the Covid-19 pandemic is also taken into consideration.

The Company became listed on Spotlight Stock market Copenhagen in December 2020 and raised DKK 15,8 million. Furthermore, warrants issued in connection with the IPO are expected to be exercised at a subscription price of DKK 10 per share. The warrants can provide the Company with total proceeds of DKK 25.2 million (before issuing costs), if all warrants are exercised.

Based on this the Board of Directors and Executive Management have concluded that the Company has the necessary capital resources to finance the planned activities for 2021. In case warrants will not be subscribed the activities will be adjusted.

The Board of Directors and Executive Management have based on the above concluded that the company is a going concern for 2021.

3. Staff expenses

Notes		6 April - 31 December **2020** DKK ´000´
	Key management comprises Executive Management and the Board of Directors	
	Compensation for key management personnel:	
	Wages and salaries	143
	Incentive Warrant Scheme	146
	Other Social security costs etc.	0
	Total	289

The average number of employees during 2020 is 2

In December 2020, the Board of Directors and the CEO received warrants as part of Ceesatech's Incentive Warrant Scheme.
The total fair value of warrants granted will have a value of TDKK 2,522. The assessed fair value at expected grant date of options granted is DKK 7.53. The fair value at grant date is independently determined using the Black-Scholes model which includes exercise price, the term of the warrant, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the warrant, and the correlations and volatilities of the peer group companies.

The model inputs for the granted warrants was effective as of 14 December 2020 and included:

- Vested warrants are expected to be exercisable for a period of one years after vesting
- Exercise price: DKK 10.00
- Grant date: 14 December 2020
- Expiry date: 31 December 2026
- Expected price volatility of the company's shares: 100%
- Expected dividend yield: 0%

Risk-free interest rate: -0.46% The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

4. Tax

	6 April - 31 December **2020** DKK ´000´
Tax on profit/loss for the year:	
Current tax (tax under the tax credit scheme)	60
Total	60
Recognition of effective tax:	
Tax computed on loss	200
Non-deductible expenses	-140
Effective tax rate (-7%)	60

Reconciliation of effective tax:	
Tax computed on loss	200
Other permanent differences	18
Non-deductible expenses	-40
Non-recognized deferred tax asset	-118
Effective tax rate (-7%)	60

Deferred tax:	
Tax loss carried forward	118
Write down to assessed value	-118
Total	0

The Company has a loss for the year and tax on the loss for the year is KDKK 60. The unrecognized deferred tax assets from tax losses carried forward of KDKK 118 can be carried forward indefinitely. Deferred tax has been provided at 22% corresponding to the current tax rate.

Under the Danish tax credit scheme the 22% tax value of negative taxable income related to costs from development activities up to DKK 25 million can be received in cash. Tax value of cost related to development activities amounts to KDKK 60, and is anticipated to be paid out from SKAT in Q4, 2021 to the Company.

5. Equity

Share capital

The share capital consists of 3.680.000 shares of DKK 0,2 each. The shares are fully paid in. The shares are not divided into classes, and no shares enjoy special rights.

	2020
Formation of company, share issued, 6 April 2020	200,000
Share capital increase, conversion to A/S	1,800,000
Shares issued, IPO, 16 December 2020	1,680,000
Shares issued, 31 December	3,680,000

Alls shares have a nominal value of DKK 0,2

Capital management

The Company aims to ensure structural and financial flexibility as well as competitive strength. For that purpose, the Company regularly assesses what the appropriate capital structure for the Company is.

Incentive Warrant Scheme

The Board of Directors is authorized during the period until 1 January 2025 on one or more occasions to issue warrants up to ten (10) percent of the Company's share capital from time to time, however in no event more than 368,000 warrants each conferring the right to subscribe one share of nominal DKK 0.20 against cash contribution and to effect the corresponding increase(s) of the share capital with up to nominal DKK 73,600 shares. Warrants have been issued to board members and CEO in December 2020. Each warrant confers the right to subscribe one share of nominal DKK 0.20 against payment of DKK 10.00 with the addition of CIBOR 3M + 4 % points p.a. as from 1 January 2021. Interest shall be compounded as per the expiry of each calendar year, the first time on 31 December 2021. The granting of warrants shall not be subject to any payment by the warrant holders. Warrants can be exercised during the period 1 January 2024 – 31 December 2026 or in connection with an exit. Warrants vested can become eligible for exercise with 1/36 per month as from the date of grant.

Warrants

In connection with the IPO, units were issued. One unit contained 2 shares and 3 warrants. The warrants were also listed at Spotlight Stock Market on 16 December 2020. In total, there are 2,520,000 outstanding warrants equivalent to 68 percent of the total shares in the Company after the listing on Spotlight Stock Market. Each warrant entitles the holder the right to subscribe for one (1) new share in Cessatech at a subscription price of DKK 10 per share during the exercise period 25 November - 16 December 2021. The warrants can provide the Company with a total of DKK 25,2 million (before issuing costs) if all warrants are exercised.

6. Distribution of profit/loss for the year

	6 April - 31 December **2020** DKK ´000´
Proposed dividends for the year	0
Retained earnings	-849
Total	-849

7. Change in working capital

	6 April - 31 December **2020** DKK ´000´
Other receivables and prepayments	-166
Change in trade payables	108
Change in other payables	89
Total	31

8. Financial risks and financial instruments

Risk management policy
The Company's financial risks are managed by the Executive management. The Company has not prepared policies for the identification and handling of risks. The management of the Company's risks is included in the Executive management´s day-to-day monitoring of the Company.

Interest rate risk
The Company is not subject to material interest rate risks.

Currency risk
The Company is not subject to material currency risks.

Credit risk
The Company is not subject to material credit risks

Liquidity risk
The Company's liquidity risk covers the risk that the Company is not able to meet its liabilities as they fall due.

As a development stage start-up life-science company, and like other similar development stage companies, the Company has a negative cash flow in 2020, why the company is dependent on being recapitalized or selling rights to its products against cash until reaching the point where revenue exceeds costs resulting in a positive cash flow.

The Board of Directors and Executive Management are constantly monitoring the Company's financial position to be prepared to take adequate measures to secure the company. Several options are possible such as partnering deals, service agreements, reduce investment in fixed assets and increase capital in the Company.

The Board of Directors and Management have confidence in the company as a going concern.

The maturities of financial liabilities are presented in the table below. All amounts are contractual cash flows, i.e. inclusive of interest.

Amounts in DKK ´000´	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31 December 2020					
Trade payables	108				
Other payables	89				
Total	197				

There were no assets or liabilities measured at fair value as at 31 December 2020.

9. Related parties

Transactions with key management personnel
For remuneration to key management personnel in 2020 please refer to note 3.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year, including shares and warrants

Amounts in DKK ´000´

		shares	warrants
Other related parties:			
Contribution and increase	- Jes Trygved (CEO)	350	108
Contribution and increase	- Buhl Krone Holding Aps (Ulla Buhl)	350	11
Contribution and increase	- Martin Olin	250	5
Contribution and increase	- C-ApS (Charlotte Videbæk)	250	5
Contribution and increase	- Adam Steensberg	50	5
Contribution and increase	- Peter Birk	50	5
Contribution and increase	- Flemming Steen Jensen	0	5
Total		1,300	146

10. Operating lease commitments and other commitments

The company has not entered any lease commitments

11. Events occuring after the balance sheet date

No events after the balance sheet has had a significant impact on the balance sheet.