

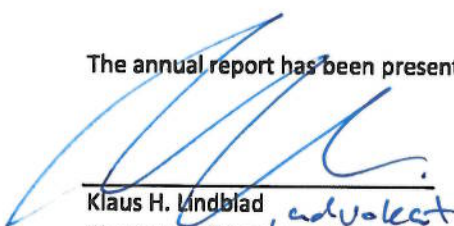


Annual report
for the year ended 31 December 2021

AKI Therapeutics ApS

Slotsmarken 12, 1., 2970 Hørsholm, Denmark
Registered number: 37 50 97 36

The annual report has been presented and adopted by the general meeting May 31, 2022.



Klaus H. Lindblad
advokat
Chairman of the general meeting

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Company information

Executive management	Søren Nielsen
Board of directors	Troels Peter Troelsen, chairman Christian Vinding Thomsen Lars Otto Uttenthal Troels Ring
Registered number	37 50 97 36
Registered office	Slotsmarken 12, 1. th. 2970 Hørsholm Denmark
Independent auditor	Grant Thornton Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø

Management's review

The Company's principal activities

AKI Therapeutics ApS is a preclinical biotechnological company that focuses 100% on developing an effective, specific treatment for acute kidney injury. The company's drug candidate is a pioneering concept within this treatment area, which presents one of the biggest and most important challenges in the field of current intensive medical care.

There are currently no alternative treatments.

Estimates and judgements

The preparation of the financial statements requires the making of estimates and judgements that effects the reporting of assets, liabilities and expenses. The estimates and judgments are reviewed on an ongoing basis. Estimates and judgements are based on historical results and on various other assumptions, which AKI Therapeutics believes to be reasonable under the circumstances. However, the actual result may differ significantly from the estimates. We believe that the accounting policies relating to development costs and deferred taxes involve estimates or judgements that could affect the reported financial position and results.

Development in activities and financial matters

Financials

The result for the year is a deficit of MDK -1,5, which is in line with expectations in view of the Company's level of activity.

With a display of loyalty from the Company's shareholders and a substantial oversubscription, AKI Therapeutics completed a successful cash share issue in December 2021 that strengthened the working capital.

AKI Therapeutics do not expect commercial revenue until the fiscal year 2026 or later. Therefore it is vital that the company always has sufficient financial resources.

The Company has a satisfactory funding until the end of 2022 to continue the operation of the Company as planned.

Management's review

Pre-clinical programs

Three very important steps in the synthesis of the Company's kidney-targeted drug conjugate for the treatment of acute kidney injury (AKI) has been accomplished:

- Production of recombinant modified mouse NGAL
- Synthesis of the preferred active substance with the specially designed coupling arm
- Conjugation of active substance and coupling arm to the modified mouse NGAL

Structural analysis by mass spectrometry confirms the Company's drug conjugate.

AKI Therapeutics continues the optimization and purification of the Company's drug candidate.

Events after the end of the financial year

After the end of the financial year, stability tests has shown a very strong stability of the Company's therapeutic conjugate in mouse plasma.

AKI Therapeutics ApS has per March 1st, 2022 employed Thomas Kaas Selsø as new CFO of the Company.

Management's report

The Board of Directors and the Executive management has today considered and approved the annual report of AKI Therapeutics ApS for the financial year 1 January - 31 December 2021.

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statement Act.

We consider the accounting policies used appropriate, and in our opinion the Financial Statements provide a true and fair view of the Company's assets and liabilities and its financial position at 31 December 2021 and of the Company's results of its activities and cash flow in the financial year 1 January to 31 December 2021.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is submitted for adoption by the general meeting.

Hørsholm, May 10th, 2022

Executive management

Søren Nielsen

Board of directors

Troels Peter Troelsen
Chairman

Christian Vinding Thomsen

Lars Otto Uttenthal

Troels Ring

Independent auditor's report

To the shareholders of AKI Therapeutics ApS

Opinion

We have audited the financial statements of AKI Therapeutics ApS for the financial year January 1 – December 31, 2021, which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement, accounting policies and notes. The financial statements have been prepared in accordance with International Reporting Standards as endorsed by the EU and further requirements in 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 December 31, 2021 and of the results of the company's operations and cash flows for the financial year January 1 – December 31, 2021 in accordance with International Reporting Standards as issued by the International Accounting Standards Board (IASB) and adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with International Ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a fair view in accordance with the International Reporting Standards as adopted by EU and additional requirements 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 scepticism throughout the audit.

Independent auditor's report

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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the 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 express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the Management's Review and to consider whether the Management's Review is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we believe that Management's Review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the Management's Review.

Copenhagen. May 10th, 2022

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Ulrik Bloch-Sørensen
State Authorised Public Accountant
mne2913

Martin Bomholtz
State Authorised Public Accountant
mne34117

Statement of comprehensive income

Note	2021 DKK	2020 DKK
Revenue	0	0
Cost of sales	-12.089	0
Gross profit	-12.089	0
3 Research and development costs	-1.004.282	0
3 Administrative costs	-695.094	-89.304
Profit before depreciation, amortisation and impairment losses (EBITDA)	-1.711.466	-89.304
7,8 Depreciation and amortisation of non- current assets	-153.019	0
Operating profit (EBIT)	-1.864.485	-89.304
4 Financial income	0	250.000
5 Financial expenses	-151.448	-10.468
Profit before tax	-2.015.933	150.229
6 Tax on profit for the year	492.312	-2.057
Net profit for the year	-1.523.621	148.172
Total comprehensive income	-1.523.621	148.172

Statement of financial position

ASSETS			
Note	31-12-2021 DKK	31-12-2020 DKK	01-01-2020 DKK
Non-current assets			
7	1.048.842	1.123.760	473.480
8	163.372	0	0
	1.212.214	1.123.760	473.480
Current assets			
9,10	179.343	49.131	66.747
6	511.807	173.748	69.850
11	2.828.164	584.250	233.810
	3.519.314	807.129	370.407
	4.731.528	1.930.888	843.887
EQUITY AND LIABILITIES			
Note	31-12-2021 DKK	31-12-2020 DKK	01-01-2020 DKK
	75.000	50.000	50.000
	818.097	616.015	247.650
	2.679.529	-550.768	-330.597
12	3.572.626	115.247	-32.947
6	0	154.254	48.321
	0	154.254	48.321
8	82.895	0	0
	82.895	0	0
14	884.070	422.644	534.000
15	191.936	1.238.744	294.513
	1.076.007	1.661.388	828.513
	1.158.902	1.661.388	828.513
	4.731.528	1.930.888	843.887

Statement of changes in equity

	Share capital	Reserve for capitalised development costs	Retained earnings	Total equity
<i>Statement of changes in equity</i>				
<i>01-01-2020 - 31-12-2020</i>				
Equity as at 01-01-2020	50.000	247.650	-330.597	-32.947
Net profit for the year	0	0	148.172	148.172
Ajustments	0	0	22	22
Capitalised development costs	0	368.365	-368.365	0
	0	368.365	-220.171	148.194
Dividends	0	0	0	0
Transactions with owners	0	0	0	0
Equity as at 31-12-2020	50.000	616.015	-550.768	115.247
<i>Statement of changes in equity</i>				
<i>01-01-2021 - 31-12-2021</i>				
Equity as at 01-01-2021	50.000	616.015	-550.768	115.247
Net profit for the year	0	0	-1.523.621	-1.523.621
Capital increase	25.000	0	4.975.000	5.000.000
Transaction costs	0	0	-19.000	-19.000
Capitalised development costs	0	202.082	-202.082	0
	25.000	202.082	3.230.297	3.457.379
Dividends	0	0	0	0
Transactions with owners	0	0	0	0
Equity as at 31-12-2021	75.000	818.097	2.679.529	3.572.626

Cash flow statement

	31-12-2021	31-12-2020
	DKK	DKK
Loss before tax	-2.015.933	150.229
Adjustment of non-cash transactions:		
Depreciation, amortisation and impairment losses	153.019	0
Financial expenses	151.448	10.468
Change in working capital:		
Receivables	-130.212	17.616
Trade payables	461.427	-111.356
Prepaid expenses	0	0
Other liabilities	-1.288.282	944.231
Corporate tax	0	0
Net cash from operating activities before net financials	-2.668.533	761.187
Financial expenses paid	-151.448	-10.468
Net cash from operating activities	-2.819.981	1.000.720
Purchase of other intangible assets	0	-650.280
Purchase of property, plant and equipment	0	0
Net cash used in investing activities	0	-650.280
Capital Increase, net	4.981.000	0
Net cash received from financing activities	5.063.895	0
Total cash flows for the year	2.243.914	350.440
Cash equivalents beginning of year	584.251	233.810
Cash equivalents end of year	2.828.164	584.250
Cash and cash equivalents, end of year, comprises:		
Cash and cash equivalents	2.828.164	584.250
Total	2.828.164	584.250

1. Accounting policies
2. Nature of operations
3. Employee remuneration
4. Financial income
5. Financial expenses
6. Tax
7. Intangible assets
8. Tangible assets and right-of-use assets
9. Inventories
10. Prepayments and other receivables
11. Cash and cash equivalent
12. Equity
13. The Company's funding for 2022
14. Trade payables
15. Other liabilities
16. Contingent liabilities
17. Operating lease commitments
18. Financial risks and financial instruments
19. Events occurring after the balance sheet date
20. The Company's transition to IFRS

Notes to the Financial Statements

1. Accounting policies

1.1 Basis of preparation

The financial statements of AKI Therapeutics ApS have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU, IFRIC interpretations and with those parts of the Danish Financial Statements Act applicable to companies reporting under IFRS.

IFRS is subject to amendment and interpretation by the IASB and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 December 2021.

The financial statements have been prepared on the going concern basis and have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities including derivative financial instruments. The principal accounting policies set out below have been consistently applied to all periods presented.

1.2 Foreign currency translation

Functional and presentation currency

The Financial Statements are presented in currency DKK, which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

1.3 Revenue

No revenue is recognized in the financial statements.

1.4 Research and development costs

Research and development costs primarily comprise internal and external costs related to development studies, employee costs and materials.

1.5 Administrative costs

Administrative costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies.

1.6 Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

1. Accounting policies - continued -

1.7 Intangible assets

Finalized development projects

Capitalized development costs comprise e.g. salaries and wages, raw materials and other external costs such as fees to hospitals etc. which are directly attributable to development activities.

Patents and development costs recognised in the balance sheet are measured at cost less accrued amortization and writedowns for impairment. Development projects are amortized according to the straight-line method over their estimated useful lives from the time when the asset is ready for use. Patents and finalized development projects are amortized over 15 year based on the remaining lifetime of the patent. Amortization methods, useful years and residual values are reviewed every year.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Development projects in progress

The assesment of development projects in progress are based on the expected regulatory approval to market the product under development. Given the base of the products is already approved for other indications, management believe it is highly likely that the regulatory approval will be obtained.

Costs that are directly attributable to a project's development phase are recognized as intangible assets, provided they meet all of the following recognition requirements as set out in IAS 38.57:

- the development costs can be measured reliable
- the project is technically and commercially feasible
- the Company intends to and has sufficient resources to complete the project
- the Company has the ability to use or sell the projects
- the project will generate probable future economic benefits.

Intangible assets are tested for impairment according to note 1.10.

Development costs not meeting these criteria for capitalization are expensed as incurred.

1.8 Leased assets

Operating leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognizes right-of-use assets and corresponding lease liabilities at the lease commencement date, except for short-term leases and leases of low value. For these leases, lease payments is recognized as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus initial costs incurred.

The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are from the commencement date depreciated over the shorter period of lease term and useful life of the underlying asset. The estimated useful lives of right-of-use asstest are determined on the same basis as those of the Company's corresponding assests such as property, plants and equipment. In additio, right-of-use assets are periodically reduced bt impairment losses, if any, and adjusted in accordance with lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Notes to the Financial Statements

1. Accounting policies - continued -

Lease payments included in the measurement of the lease liabilities comprise the following:

- Fixed payments.
- Variable payments, dependent on an index or rate.
- The exercise price of a purchase option if it is reasonably certain that the option will be exercised.
- Amounts expected to be payable under residual value guarantees.

The lease liabilities are subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if management changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

1.9 Impairment testing of intangible assets and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Development projects in progress are tested for impairment, project by project, at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Notes to the Financial Statements

1. Accounting policies - continued -

1.10 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables (amortized costs)
- financial assets at fair value through profit or loss (FVTPL)
- held-to-maturity (HTM) investments.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Notes to the Financial Statements

1. Accounting policies - continued -

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity. The Company do not currently hold any items designated into this category.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

1.11 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the Financial Statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Notes to the Financial Statements

1. Accounting policies - continued -

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income, or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1.13 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Other components of equity include the following:

Reserve for capitalised development costs - comprises other development projects.

Retained earnings includes all current and prior period retained profits and share-based employee remuneration.

All transactions with owners are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

1.14 Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

1. Accounting policies - continued -

1.15 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Capitalization of development costs

AKI Therapeutics ApS is confident it will obtain approval of its pipeline products, as the products are based on an existing approved drug, and hold the evidence to support this. AKI Therapeutics ApS is also confident, that it will acquire the necessary resources through installments, pay off's or milestone payment to complete its development projects. Thus, management judge that the technical feasibility and other criterias set out in section 1.7 of the accounting policies are met.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see note 1.9).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software application systems (development projects).

2. Nature of operations

AKI Therapeutics ApS is a preclinical biotechnological company that focuses 100% on developing an effective, specific treatment for acute kidney injury. The company's drug candidate is a pioneering concept within this treatment area, which presents one of the biggest and most important challenges in the field of current intensive medical care.

There are currently no alternative treatments.

Notes to the Financial Statements

3. Employee remuneration

Average number of employees in the year	2021 Number	2020 Number
Directors	1	1
Total	1	1

The executive management and board of directors has not received separate remuneration for these functions.

4. Financial income	2021 DKK	2020 DKK
Debt forgiveness	0	250.000
Total	0	250.000

5. Financial expenses	2021 DKK	2020 DKK
Interest expenses on liabilities measured at cost	151.448	10.468
Total	151.448	10.468

6. Tax	2021 DKK	2020 DKK
Tax on profit for the year:		
Current tax	-374.908	-103.898
Adjustment tax, previous years	36.850	0
Change in deferred tax	-192.219	105.955
Deferred tax asset not capitalized	37.966	0
Total	-492.312	2.057

Reconciliation of effective tax rate:

Loss/Profit before tax	-2.015.933	150.229
Tax computed on the profit before tax at a tax rate of 22%	-443.505	33.050
Permanent differences and not capitalized tax asset	-72.048	-30.994
Other adjustment to deferred tax	-13.609	0
Adjustment tax, previous years	36.850	0
Total - Effective tax rate (24%)	-492.312	2.057

Notes to the Financial Statements

6. Tax (continued)

	31-12-2021 DKK	31-12-2020 DKK	01-01-2020 DKK
Deferred tax composed as follows:			
Deferred taxes arising from temporary differences are summarised below:			
Intangible assets	230.745	247.227	104.166
Taxable loss carried forward	-268.711	-92.974	-55.845
Deferred tax asset not capitalized	37.966	0	0
Total deferred tax	0	154.254	48.321
which is categorised as follows:			
Non-current deferred tax	0	154.254	48.321
Current tax asset			
Tax reimbursement, calculated for the year	511.807	173.748	69.850
Current tax asset, total	511.807	173.748	69.850

7. Intangible assets

	Patents and licenses	Completed develop- ment projects	Total
<i>Financial year 2020</i>			
Cost as at 01-01-2020	145.980	327.500	473.480
Additions during the year	178.017	472.263	650.280
Cost as at 31-12-2020	323.997	799.763	1.123.760
Amortisation and impairment losses as at 01-01-2020	0	0	0
Amortisation during the year	0	0	0
Amortisation and Impairment losses as at 31-12-2020	0	0	0
Carrying amount as at 31-12-2020	323.997	799.763	1.123.760

Notes to the Financial Statements

7. Intangible assets (continued)

	Patents and licenses	Completed develop- ment projects	Total
<i>Financial year 2021</i>			
Cost as at 01-01-2021	323.997	799.763	1.123.760
Additions during the year	0	0	0
Cost as at 31-12-2021	323.997	799.763	1.123.760
Amortisation and impairment losses as at 01-01-2021	0	0	0
Amortisation during the year	22.267	52.651	74.917
Amortisation and impairment losses as at 31-12-2021	22.267	52.651	74.917
Carrying amount as at 31-12-2021	301.731	747.112	1.048.842

All recognized intangible assets have definite useful lives.

Notes to the financial statements

8. Tangible assets and right-of-use assets

	Rent facilities	Total
<i>Right-of-use assets and lease liabilities</i>		
Impact from applying IFRS 16 as of January 1, 2020	0	0
Additions during the year	0	0
Depreciations during the year	0	0
Right-of-use assets as of December 31, 2020	0	0
<hr/>		
Impact from applying IFRS 16 as of January 1, 2021	241.474	241.474
Additions during the year	0	0
Depreciations during the year	-78.102	-78.102
Right-of-use assets as of December 31, 2021	163.372	163.372
<hr/>		
<i>Lease liabilities</i>		2021
Current		80.477
Non-current		82.895
Lease liabilities		163.372
<hr/>		
<i>Amounts included in the income statement</i>		2021
Interest expense leases		6.176
Depreciation recognized on right-of-use assets		78.102
Cost recognized for short term leases (less than 12 months)		84.278

In 2021 the total cash outflow relating to leases was DKK 84.278, split between interests DKK 6.176 and repayment of DKK 78.102.

Notes to the Financial Statements

9. Financial assets and liabilities

Note 1.10 provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

31 December 2021

	Held for trading (FVTPL) (carried at fair value)	Loans and other receivables (carried at amortised cost)	Total
Financial assets			
Trade and other receivables	0	691.150	691.150
Cash and cash equivalents	0	2.828.164	2.828.164
Other short term financial assets	0	3.519.314	3.519.314
Total financial assets	0	3.519.314	3.519.314

	Derivatives measured at fair value (carried at fair value)	Other liabilities (carried at amortised cost)	Total
Financial liabilities			
Trade and other payables	0	1.076.007	1.076.007
Long term liabilities	0	82.895	82.895
Financial liabilities	0	1.158.902	1.158.902

31 December 2020

	Held for trading (FVTPL) (carried at fair value)	Loans and other receivables (carried at amortised cost)	Total
Financial assets			
Trade and other receivables	0	222.879	222.879
Cash and cash equivalents	0	584.250	584.250
Other short term financial assets	0	807.129	807.129
Total financial assets	0	807.129	807.129

Notes to the Financial Statements

9. Financial assets and liabilities - continued -

31 December 2020

	Other liabilities (carried at amortised cost)	Total
Financial liabilities		
Trade and other payables	1.661.388	1.661.388
Long term liabilities	0	0
Financial liabilities	1.661.388	1.661.388

1 January 2020

	Held for trading (FVTPL) (carried at fair value)	Loans and other receivables (carried at amortised cost)	Total
Financial assets			
Trade and other receivables	0	136.597	136.597
Cash and cash equivalents	0	233.810	233.810
Other short term assets	0	370.407	370.407
Total financial assets	0	370.407	370.407

	Other liabilities (carried at amortised cost)	Total
Financial liabilities		
Trade and other payables	828.513	828.513
Long term liabilities	0	0
Financial liabilities	828.513	828.513

Financial assets and liabilities measured at fair value, the methods used to measure fair value are described in accounting policies, note 1.10.

All of the above financial assets and liabilities carrying values are approximate to their fair values due to their short term nature as at 31 December 2021, 31 December 2020 and 1 January 2020 with the exception of held for trading assets and derivative financial instruments which are carried at their fair values.

Notes to the Financial Statements

10. Prepayments and other receivables

	31-12-2021 DKK	31-12-2020 DKK	01-01-2020 DKK
Prepayments	0	0	0
Accruals	30.770	0	0
Other receivables	148.573	49.131	66.747
Financial assets	179.343	49.131	66.747

11. Cash and cash equivalent

	31-12-2021 DKK	31-12-2020 DKK	01-01-2020 DKK
Cash	2.828.164	584.250	233.810
Total	2.828.164	584.250	233.810

12. Equity

Share capital

The Company's share capital consists of 750.000 ordinary shares of DKK 0,10 each. The shares are fully paid in. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

Retained earnings

Retained earnings represent retained profits.

Reserve for capitalised development costs

Reserve for capitalised development costs represent the development costs, recognised in the balance sheet, from January 1, 2020.

Capital management policies and procedures

The Company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders.

The Company monitors capital on the basis of the carrying amount of equity plus borrowings, less cash and cash equivalents as presented on the statement of financial position.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

13. The Company's funding for 2022

AKI Therapeutics ApS is a capital consuming company due to investments in development activities. The company have the necessary funding until the end of 2022 either through own cash and cash equivalent or from loans or share capital from shareholders.

Notes to the Financial Statements

14. Trade payables

	31-12-2021	31-12-2020	01-01-2020
	DKK	DKK	DKK
Trade payables	884.070	422.644	534.000
Trade and other payables - current	884.070	422.644	534.000

15. Other liabilities

	31-12-2021	31-12-2020	01-01-2020
	DKK	DKK	DKK
Taxes and other social securities	5.000	0	0
Other liabilities	20.574	14.999	5.948
Loan from shareholders	85.885	1.223.745	288.565
Lease liabilities	80.477	0	0
Other liabilities - current	191.936	1.238.744	294.513

16. Contingent liabilities

Based on management's assessment, the Company is not involved in any lawsuits, arbitration cases or other matters which could have a material impact on the Company's financial position or result of operations (2020: DKK 0).

17. Operating lease commitments

The Company's annual rent obligation amounts to TDKK 165. (2020: TDKK 165).

18. Financial risks and financial instruments

Risk management policy

Management manages the Company's financial risks. The management of the Company's risks is included in the management's day-to-day monitoring of the Company. The Company is exposed to few financial risks, which result from its operating activities. The company does not actively engage in the trading of financial assets and financial derivatives.

Credit risk

Due to the nature of the business, credit risk is deemed minimal. The maximum credit risk relating to receivables corresponds to the carrying amount.

Interest rate risks

The Company is only exposed to interest rate risks in connection with deficit liquidity, as the Company only have loans from shareholders, the risk is deemed minimal.

Foreign currency risk

The Company is subject to currency risks on payables and receivables in foreign currency, and purchases of services in foreign currency. The Company's foreign trade is minimal.

Notes to the Financial Statements

18. Financial risks and financial instruments - continued -

Liquidity risk

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

The maturities of financial liabilities appear from the tables below. All amounts are contractual cash flows, i.e. inclusive of interest.

	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 1 January 2020					
Loan from shareholders	288.565	0	0	0	288.565
Trade payables	534.000	0	0	0	534.000
Other payables	5.948	0	0	0	5.948
Total	828.513	0	0	0	828.513

All financial liabilities as at 1 January 2020 are measured at amortised cost.

As at 31 December 2020

Loan from shareholders	1.223.745	0	0	0	1.223.745
Trade payables	422.644	0	0	0	422.644
Other payables	14.999	0	0	0	14.999
Total	1.661.388	0	0	0	1.661.388

All financial liabilities as at 31 December 2020 are measured at amortised cost.

	Within 1 year	1-2 year(s)	2-5 years	Over 5 years	Total
As at 31 December 2021					
Loan from shareholders	85.885	0	0	0	85.885
Trade payables	884.070	0	0	0	884.070
Other payables	101.051	85.885	0	0	186.936
Total	1.071.007	85.885	0	0	1.156.891

All financial liabilities as at 31 December 2021 are measured at amortised cost.

Notes to the Financial Statements

19. Events occurring after the balance sheet date

There were no post balance sheet events which required adjustments to the Financial Statements.

20. The Company's transition to IFRS

The Financial Statements for 2021 are the first Financial Statements to be prepared in accordance with IFRS as approved by the EU. The IFRS opening balance sheet as at 1 January 2020 and the comparative figures for 2020 have been prepared in accordance with IFRS, including the transitional provisions of IFRS 1 "First-time adoption of IFRS". The accounting policies are based on the accounting standards and interpretations in effect at 31 December 2021. The IFRS opening balance sheet as at 1 January 2020 has been prepared as if IFRS had always been applied, except for the transitional provisions in IFRS.

The conversion to IFRS has led to a number of changes in respect of the descriptions used and wording of accounting policies.

The main changes are in respect of the primary statements. The profit and loss account and the Statement of Recognised Gains and Losses has been replaced with a Statement of Comprehensive Income.

The cash flow statement is not affected by the transition to IFRS.

Effect of transition to IFRS to the income statement for the year ended 31 December 2020

Note	DK ÅRL	Effect of transition to IFRS	IFRS
Revenue	0	0	0
Cost of sales	0	0	0
Gross profit	0	0	0
Research and development costs	0	0	0
Administrative costs	-89.304	0	-89.304
Profit before depreciation, amortisation and impairment losses (EBITDA)	-89.304	0	-89.304
Depreciation and amortisation of property, plant and equipment and intangible assets	0	0	0
Operating profit (EBIT)	-89.304	0	-89.304
Financial income	250.000	0	250.000
Financial expenses	-10.467	0	-10.467
Profit before tax	150.229	0	150.229
Tax on profit the year	-2.057	0	-2.057
Net profit for the year	148.172	0	148.172

Notes to the Financial Statements

20. The Company's transition to IFRS - continued

Effect of transition to IFRS for the balance sheet as at 1 January 2020

Note	DK ÅRL	Effect of transition to IFRS	IFRS
ASSETS			
Non-current assets			
Other intangible assets	473.480	0	473.480
Total non-current assets	473.480	0	473.480
Current assets			
Inventory	0	0	0
Tax receivables	69.850	0	69.850
Other receivables	66.747	0	66.747
Prepaid expenses	0	0	0
Cash and cash equivalents	233.810	0	233.810
Total current assets	370.407	0	370.407
Total assets	843.887	0	843.887
EQUITY AND LIABILITIES			
Share capital	50.000	0	50.000
Reserve for capitalised development costs	247.650	0	247.650
Retained earnings	-330.597	0	-330.597
Total equity	-32.947	0	-32.947
Provision for deferred tax	48.321	0	48.321
Total provisions	48.321	0	48.321
Loans from shareholders	288.565	0	288.565
Trade payables	534.000	0	534.000
Other payables	5.948	0	5.948
Total current liabilities	828.513	0	828.513
Total equity and liabilities	843.887	0	843.887

Notes to the Financial Statements

20. The Company's transition to IFRS - continued

Effect of transition to IFRS for the balance sheet as at 31 December 2020

	DK ÅRL	Effect of transition	IFRS
ASSETS			
Non-current assets			
Other intangible assets	1.123.760	0	1.123.760
Property, plant and equipment	0	0	0
Total non-current assets	1.123.760	0	1.123.760
Current assets			
Inventory	0	0	0
Trade receivables	0	0	0
Tax receivables	173.748	0	173.748
Other receivables	49.131	0	49.131
Prepaid expenses	0	0	0
Cash	584.250	0	584.250
Total current assets	807.129	0	807.129
Total assets	1.930.889	0	1.930.889
EQUITY AND LIABILITIES			
Share capital	50.000	0	50.000
Reserve for capitalised development costs	616.015	0	616.015
Retained earnings	-550.768	0	-550.768
Total equity	115.247	0	115.247
Provision for deferred tax	154.254	0	154.254
Total provisions	154.254	0	154.254
Trade payables	422.644	0	422.644
Debt to equity interest	1.223.745	0	1.223.745
Other payables	14.999	0	14.999
Total current liabilities	1.661.388	0	1.661.388
Total equity and liabilities	1.930.889	0	1.930.889

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Christian Vinding Thomsen

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Mit  

Søren Nielsen

Adm. direktør

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Management's report

The Board of Directors and the Executive management has today considered and approved the annual report of AKI Therapeutics ApS for the financial year 1 January - 31 December 2021.

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statement Act.

We consider the accounting policies used appropriate, and in our opinion the Financial Statements provide a true and fair view of the Company's assets and liabilities and its financial position at 31 December 2021 and of the Company's results of its activities and cash flow in the financial year 1 January to 31 December 2021.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is submitted for adoption by the general meeting.

Hørsholm, May 10th, 2022

Executive management

Søren Nielsen

Board of directors

Troels Peter Troelsen
Chairman



Lars Otto Uttenthal

Christian Vinding Thomsen

Troels Ring