cessatech

rethinking child treatments

Cessatech A/S - Annual Report 2022

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

- CESSATECH ANNUAL REPORT 2022 -

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
Adam Steensberg (Chairman)
Flemming Steen Jensen
Charlotte Videbæk
Rachel Curtis Gravesen
Peter Birk
Martin Olin

Executive Management
Jes Trygved (CEO)

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

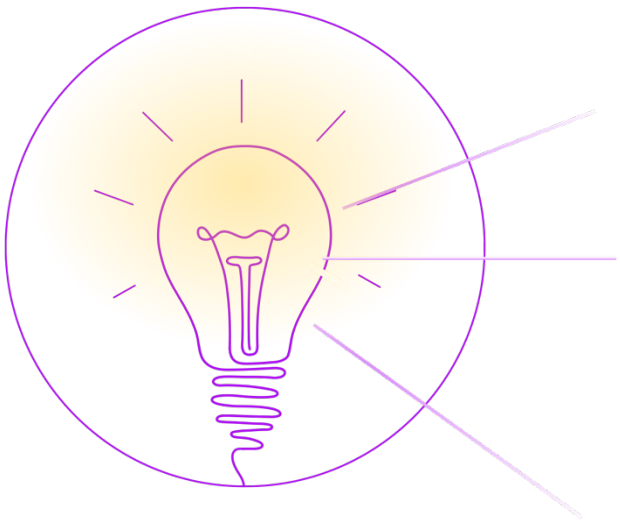
2. CESSATECH

2.1 Executive summary

Cessatech – a company focusing on new and innovative solutions for children: Cessatech is a pivotal stage 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 of treatment 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
CT001 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 (0203) based on approximately 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). The trial results of study 0204 and 0206 have been completed and announced and the pivotal trial (0205) of CT001 is expected to be finalized during 2023.

Cessatech is a company in rapid development and is based on the concept of three pillars; 1) a focused business model 2) a promising pipeline 3) and the process of building a business.



1: Focused business model

- Targeting large unmet needs (hospital & paediatric)
- Repositioning existing medicine to fit children's needs
- Accelerated route-to-market approach and a de-risked development program - low development costs
- Building on strong partnerships, both in drug development and commercialization

2: Pipeline delivering value

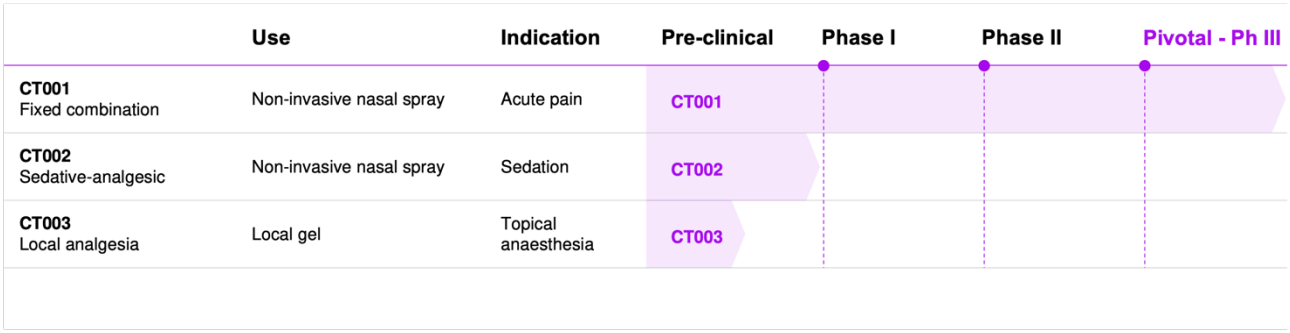
- Network with leading hospitals in the Nordics
- CT001 Analgesic nasal spray for acute and planned painful procedures in children
- Progress on all clinical trials
- Based on >10 years clinical experience
- CT002 for sedative procedures in children

3: Building a business

- Good capital track record, focus on shareholder value - raised +50 mill DKK on Spotlight
- Multiple value creation inflection points both short-term and long-term
- Commercialization based on partnerships - aiming at generating a positive cash-flow trend faster

Pipeline – CT001 at a pivotal stage
Cessatech has identified a clear regulatory pathway to pursue market approval for the company's lead asset CT001. Under EU regulations, a paediatric investigation plan (PIP) must be obtained to support the authorisation of a new medicine for children, and Cessatech's PIP for CT001 has been approved by the European Medicines Agency (EMA), providing a clear and potentially rapid route to apply for regulatory approval for CT001. IF CT001 is approved the company has 10 years of market exclusivity in Europe. In parallel, the company is considering a regulatory strategy for the US market and will communicate more on this during 2023.

Cessatech's approved PIP for CT001 consists of six (6) clinical trials and two (2) computer-based modelling-simulation studies. Two of the clinical trials (0201 and 0203) was completed prior to approval of the PIP. The PIP program was initiated in 2021 and is expected to be completed in 2023. Currently four out the six clinical trials (0201, 0203, 0204, and 0206) have been completed and we expect results from remaining studies (0205 and 0202) to be completed during 2023. The data collected for the PIP under the programme will form the basis of the application for a paediatric-use marketing authorisation (PUMA) in Europe. Currently, Cessatech's ambition is to file the marketing application during 2023-2024.



A focused business model - Repositioning, a risk reduced approach
CT001 is a so-called repositioning of two well-known compounds, ketamine and sufentanil, into a new fixed ready-to-use combination. As both compounds are already approved treatments for injection in adults and are also used separately for pain-relief intravenously in children, Cessatech believes this potentially reduces the risk in both development and in regulatory filing for CT001.

The repurposing of medications is a well-known strategy in drug development and seen as a highly efficient, timesaving, low cost way to improve therapeutic options while minimising the risk of failure in clinical studies. Approximately 20% of orphan drugs and biological products approved by the FDA since 1983 have been repurposed drugs. Examples also include more widely spread products like well-known acetylsalicylic acid (Aspirin®) or sildenafil (Viagra®).

In Europe, an estimated 20 million children are exposed each year to acute and procedural pain, and the number is similar in the US. There are differences between the European and US treatment settings, as there appears to be a slightly higher willingness to treat in the US Emergency Department whilst in Europe there is a higher degree of screening at General Practitioner levels. However, in Europe there is a higher rate of admissions to hospitals from Emergency, compared to the US. It is estimated that out of approximately 20 million paediatric pain procedures, around 55% are related to traumatic injury and approximately 45% are related to pre-and postoperative procedures[1].

[1] Estimates based on various sources (Eurostat, DST, Brandford cohort study and French DRES).

Product portfolio

Although the company is highly focused on its lead program CT001, we leverage our knowledge and skills in the area of paediatric anaesthetics with two additional follow-on concepts for children. CT002 is a sedative nasal spray for medical and diagnostic procedures such as MRI scanning. CT003 is a local anaesthetic gel that can be applied to open wounds, for example before suturing carried out in the emergency room. In order to build on synergies in the Company's focus area of paediatric anaesthetics, we anticipate that clinical development programmes of these two assets could be similar to the pathway we are currently pursuing with 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 share and warrants
Cessatech shares 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 2022 amounted to 13,778,755. There was an increase to the number of shares during the fourth quarter of 2022, related to the rights issue. Every share equals the same rights to the Company's assets and results.

In connection with the right issue the warrants of series TO 2 in Cessatech were listed at Spotlight Stock Market on 23 November 2022. The ticker was CESSA TO2 and the ISIN code is DK0061926888. In total, there are 3,667,485 outstanding warrants. One [1] warrant entitles the holder the right to subscribe for one [1] new share in Cessatech during a defined 2-week period starting 2 weeks after the announcement of the data from the Company's 0205 study, currently expected in Q2/Q3, 2023, or following the announcement of the Company's 2023 annual report, whichever is sooner. The exercise price shall correspond to 70% percent of the VWAP of the Company's share price on Spotlight Stock Exchange during the period from the announcement of the 0205 study data and the following ten trading days, but at least DKK 2 and no more than DKK 6.

2.2 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. Utilising 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 believes there are several (principle) strategic options for the business. As a small drug development company, a traditional approach would be to out-licence 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. An alternative option would be to consider a direct-to-market commercialization strategy by building on the Company's core competencies within commercialization and distribution and develop its own platform. Cessatech will continuously evaluate all strategic options to building its business.

3. LEAD ASSET CT001

Cessatech is confident that intranasal treatment has a number of advantages over intravenous medicine when treating children. An intranasal treatment is easier and quicker to administer, resulting in fast pain relief, and the child does not have to experience the potential or perceived pain related to an injection. Also, it is more feasible to administer compared to non-compliant children than oral medications.

The treatment of acute pain in children is characterised by a significant unmet medical need, which has been recognized by both regulatory authorities and health care professionals.
Despite many pain-relieving products available for use with adult patients, few of these have been developed or approved for children. The vast majority of pain-relieving treatments used for children in hospital settings have therefore not been specifically tested, documented or approved for paediatric use but are treatments used for adults being used off-label. According to a study of unlicensed drug prescription up to 75 percent of all medications currently prescribed in hospital settings for use in children are administered off-label with a deviation from the approved dose levels for adults [2]. For example, one commonly used treatment, Midazolam, only has a sedative effect, leaving the pain untreated. Equally, morphine/opioids to relieve pain require intravenous access for fast relief, potentially causing further discomfort for the child.

3.1 Cessatech's solution and lead asset CT001

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 approximately 30 percent lower dose of sufentanil which could allow the avoidance of undesirable side effects such as prolonged sedation and risk of respiratory depression.

CT001 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).
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.
In addition, Cessatech has delivered promising results in a retrospective study based on approximately 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 entered the pivotal trial (0205) in 2022.

[2] PEDIATRIC ANESTHESIOLOGY - Off-Label Use of Medications in Children Undergoing Sedation and Anesthesia - Epub 2012 Mar 26 (Smith, Michael)

Cessatech has entered into an agreement with Rigshospitalet regarding the assignment of the analgesic nasal spray CT001 to Cessatech, including data, patent rights and other relevant documents as well as an exclusive licence 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.

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 1-17 years, are currently absent on the market.

3.2 Competitive landscape for CT001

There is a clear unmet medical need for the treatment of procedural pain in children due to the lack of medicines which have been specifically developed and approved for use in paediatrics. There are also shortcomings of existing treatment options which have primarily been developed for adults (see table below).

An overview of the shortcomings of existing treatment options

Competitive landscape	Midazolam	Nitrous Oxide	Opiods (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	-

Only EMLA® crème and Fentanyl solutions for injection are approved for treatment of short painful procedures. In clinical practice EMLA® crème is used for the 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 paediatric 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 of approximately 4 years of age and above and requires specially trained staff to administer the treatment/drug as well as requiring a child to use a mask for administration of the drug). Commercially available fentanyl nasal spray is not developed for use in children so there are no recommended dose levels according to the child's weight.

4. COMMENT FROM THE CEO

During 2022 we made much progress with our clinical development and CMC & Device activities, setting the foundation for a news-rich 2023 year ahead. As well as reporting positive top line results from 0204 and 0206 we began our pivotal study 0205. Recruitment for this study is now well underway and we look forward to announcing data from this study later in 2023.

Rethinking Child Treatments
Our purpose of Rethinking Child Treatments is the core driver of all our activities going forward. From our lead product CT001 to leveraging the synergies of our experience and knowhow, we will always have our focus on helping to improve the treatment landscape of child analgesics. Rethinking Child Treatments is an integrated part of the way we think and conduct our business operations. CT001 is based on the concept of 'repurposing' and is seen as a highly efficient, time-saving, low cost strategy with a minimised risk of failure. The strategy of repurposing medicines is not new, and around 20% of orphan drugs and biological products approved by the FDA since 1983 are repurposed drugs.

Why Cessatech and why now?
We have two main tasks for 2023 – 1) the finalization of the commercial business setup for Europe and US, and 2) to complete the pivotal clinical study 0205.
We managed to complete most of the tasks we had set up for the year 2022 - including reporting successful outcome of both study 0204 and 0206, conducting the first human factor tests on the nasal device and most importantly initiating the pivotal study 0205 of our lead asset CT001. I am very proud that we managed it all together and this is only due to our great team and collaboration partners. In 2023 it will all come together – hopefully a huge ketchup effect of positive events.

Key events during 2022
As a small biotech, despite being agile and having a high degree of flexibility we are also highly networked and dependent on suppliers and outside sources, which can sometimes impact our internal timelines. Nevertheless, we were pleased to have achieved our overall stated objectives for the year and are on track to achieve our main objectives for 2023. Like many others in our industry, we have experienced minor delays to our originally stated timelines due to the COVID-19 pandemic which impacted global healthcare systems and especially the hospitals during the last two years.

This was mainly experienced from the Danish Ethics Committee approval of our pivotal study 0205, which took much longer than anticipated and the reason why the study had a delayed start compared

to the original plans. Now we are well into the study and look forward to presenting the results later in 2023.

In 2022 we also reported positive top-line results on both study 0204 and 0206, this was a major achievement. Our clinical program 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 was planned to bridge to the already approved intravenous solutions. Top-line results of trial 0204 showed clinically relevant exposures following nasal administration and was presented during Q1-2022. A study in 25 paediatric patients (0206) investigating the amount of the active drugs in the blood of children of all age groups undergoing elective surgical procedures (and supplementing the data from the initial Phase II study 0201), was successfully presented during Q3-2022.

These studies together with the two computer-modelling studies and the final study (0202) in a paediatric emergency setting in 2023 will potentially serve as the basis for a PUMA approval.

Financial readiness
In October 2022, we announced the decision to carry out a share issue with preferential rights for the Company's existing shareholders including warrants, a Rights Issue. The proceeds from the Offering were expected to amount to a maximum of approx. DKK 18.3 million before costs, and the Rights Issue was 80 percent secured through subscription and guarantee undertakings. The outcome was as anticipated 80 percent, which was considered successful in a very difficult market. The decision to raise further capital was partly due to previous delays in planned activities but most important related to the *initiation of the 0202 study* (30% of the proceeds), as the trial will be including more countries and sites than originally planned, preparation for *regulatory submission of CT001* (30%) as part of the submission to EMA must demonstrate that CT001 has developed the necessary procedures to assess physical and chemical characteristics of drug product and to ensure quality and consistency during manufacturing including the spray container. In addition, general *development, corporate and administrative purposes* (40%), the remainder of the proceeds of the rights issue will be utilized for general corporate purposes, as well as the running costs associated with the pivotal 0205 study.

It is important for a clinical lage-stage company to continually meet with potential partners and investors to explain the vision and development of the business. Our activities in this are likely to intensify in the future as we work to ensure we are sufficiently funded to ensure we can deliver on our stated goals and long-term ambitions.

Thank you!
We have a busy year ahead, with key value inflection points as we continue our ambitious journey to bring new solutions to the millions of children worldwide suffering from the lack of adequate solutions. As well as the important data readout from our pivotal 0205 study we also look forward to making progress on our commercial strategy. We are a late-stage clinical company, with broad geographical commercial aspirations. I am grateful for the hard work and dedication from the Cessatech team, who are instrumental in ensuring we reach our goals. I would like to take this opportunity to thank our shareholders for their support and confidence in our business and product vision, allowing us to deliver on our purpose of bringing much needed products to manage pain experienced by children.

5. HIGHLIGHTS FROM 2022

Q1-2022

- In January the Board appointed Rachel Curtis Gravesen as Observer to the Board of Directors and later appointed her at the Annual General Meeting as member of the Board of Directors.
- Top-line results of clinical trial 0204 investigating the absolute bioavailability of CT001 showed clinically relevant exposures following nasal administration.

Q2-2022

- The pharmacokinetic trial (0206) in children finalises recruitment of all planned patients with last patient last visit in May.
- Statistical analysis of trial 0204 initiated.
- The Danish authorities, the Ethics Committee approves the trial 0205 for initiating recruitment in late June.
- Initiated and completed the first usability test on the device for CT001.

Q3-2022

- First patient reported dosed in pivotal trial 0205 of lead candidate CT001.
- Successful outcome of pharmacokinetic trial 0206 in children of lead candidate CT001 in children aged 1-17 undergoing elective surgical procedures.
- Entrepreneurship award from the Rotary entrepreneurship donated to Rigshospitalet.
- Finalized the regulatory MDR strategy for the CT001 pump device.
- Announcement of planned Rights Issue with publication of offering memorandum.

Q4-2022

- Successful outcome of Rights Issue resulting in the Offering being 80 percent subscribed, resulting in a capital increase of approximately DKK 14,6 mill before transaction costs.
- Initiated the protocol and relevant contracts to prepare for clinical trial 0202 in children.

7. BOARD OF DIRECTORS

Adam Steensberg
Chairman of the Board of Directors since July 2021 (member since 2020)
Education: MD, Doctor of Medical Science, Copenhagen, MBA IMD Switzerland.
About: Adam Steenberg has 15 years of experience in the biotech- and pharmaceutical industry. He has a broad experience from R&D strategy, medical, science from all stages of development, including regulatory submissions.
Other ongoing assignments: Chief Executive Officer at Zealand Pharma

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. Other ongoing assignments: Consultant and Co-founder and Board member of Tissue-Link Aps

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. Other ongoing assignments: Partner at Accelerace Management A/S and Chairman of the Board of Directors of Monta Biosciences ApS.

Martin Olin
Member of the Board of Directors since 2020, and vice chairman
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 organisations.
Other ongoing assignments: Chief Executive Officer at BerGenBio ASA

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: Executive Vice President at Ascendis Pharma A/S, member of the Board of Genau & More A/S & Allero Therapeutics B.V.

Rachel Curtis Gravesen
Member of the Board of Directors since 2022
Education: City University of London, journalist and MA at University of Cambridge
About: Rachel has over 25 years' experience in leadership, business and communication, with multiple roles in investor relations and communications. Rachel also previously held roles at Genmab and Novo Nordisk.
Other ongoing assignments: Currently running her own consultancy company

8. 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 for Valtech A/S.

9. MISCELLANEOUS

9.1 The share and corporate governance

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 2022 amounted to 13,778,755. Every share equals the same rights to the Company's assets and results.

The Board and the CEO have proposed that no dividend is paid out for the fiscal year, 1 January 2022 - 31 December 2022.

The company has started to adopt and provide a status on the recommendations on corporate governance for listed growth companies, as outlined by the Danish Association of listed growth companies (see link for current status - Link).

9.2 Financial calendar

2023
Q4 and Year-end Report 2022: 28 February 2023
Annual General Meeting of 2022: 23 March 2023

Q1 Report: 12 May 2023
Q2 and half-year Report: 24 August 2023
Q3 Report: 16 November 2023
Q4 and year-end report 2023: 29 February 2024

10. FINANCIAL HIGHLIGHTS AND RATIOS

10.1 Annual reporting

	2022	2021	2020
Key figures			06/Apr/20
Amounts in DKK ´000´			31/Dec/20
Income Statement			
Operating Loss	-17.589	-13.833	-901
Total financial items	-210	-60	-8
Loss for the period	-14.656	-11.569	-849
Balance sheet			
Total assets	28.187	30.653	13.808
Equity	23.855	26.242	13.611
Cash flows			
Cash flows from:			
- Operating activities	-14.845	-10.104	-732
- Investing activities	0	-127	-76
- Financial activities	34.913	0	14.314
The Period´s cash flow	20.068	-10.231	13.506
Dividend	0	0	0
Ratios			
Solvency ratio	85%	86%	99%
Earnings per share (DKK)	-2,06	-3,09	-0,55

For definitions of ratios, see under accounting policies

10.2 Quarterly reporting (fourth quarter 2022)

Below is the financial reporting on the Q4-2022 related to annual announcement required by Spotlight Stock Market, which is not included as part of the financial statements in the Annual Report.

INCOME STATEMENT	**Q4 2022**	**Q4 2021**
	01/Oct/22	01/Oct/21
Amounts in DKK ´000´	31/Dec/22	31/Dec/21
Revenue	**0**	**0**
Other external expenses	-5.232	-3.426
Staff expenses	-1.390	-972
Operating loss before net financials	-6.622	-4.398
Financial expenses	0	-3
Loss before tax	**-6.622**	**-4.401**
Tax on loss for the period	1.252	808
Net loss for the period	**-5.370**	**-3.593**
Other comprehensive income for the period	0	0
Total comprehensive income	**-5.370**	**-3.593**
Basis and diluted earnings per share	**-0,54**	**-0,92**

CASH FLOW STATEMENT	01/Oct/22	01/Oct/21
Amounts in DKK ´000´	31/Dec/22	31/Dec/21
Loss before tax	-6.622	-4.402
Financial expenses, reversed	0	3
Other non-cash items	94	187
Tax credit paid out	2.324	60
Change in working capital	267	-21.138
Cash flow from operating activities before net financials	**-3.937**	**-25.290**
Financial expenses paid	0	-3
Cash flow from operating activities	**-3.938**	**-25.293**
Purchase of intangible assets	-	-
Cash flow from investing activities		**-**
Cash capital increase, TO1 + Rights Issue	14.670	24.325
Transaction cost, cash capital increase	-2.390	-1.692
Cash flow from financing activities	**12.280**	**22.633**
Total cash flow for the period	8.342	-2.661
Cash, beginning of the period	15.001	5.936
Cash, end of the period	**23.343**	**3.275**

11. FINANCIAL REVIEW

Operating income and operating results
The operating income and result for 2022 were as expected. Net revenue amounted to DKK 0 and the operating result was KDKK -17,589 in 2022. The operating result was as expected as the Company is currently conducting development activities.

Balance sheet and solidity
The total equity at 31 December 2022 was KDKK 23,855. The solvency ratio as per 31 December 2022 was 85%.

Cash flow
The total cash flow for the year 2022 was KDKK -20,068 and in line with expectations.

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 2023 from operating activities. As part of the Rights Issue in relation to the latest Offering in Q4-2022, the associated warrant TO2 if fully exercised during 2023 will therefore further strengthen the cash-position of the company. It is acknowledged that the important milestone of the outcome of study 0205 will impact the company significantly as it will also result in a positive outcome of the TO 2 warrant, this will increase the company value and hence also an exercise of the TO 2 warrant in the higher end of the range. If the company does not meet the expectations, it will be a different situation and activities will need to be reconsidered. This will continue 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
Subsequent to the balance sheet date, no events that could significantly affect the financial statements for 2022 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 1 January - 31 December 2022

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 2022 of the Company and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2022.

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 adopted at the Annual General Meeting.

Copenhagen, 28 February 2023

Executive Management

Jes Trygved
CEO

Board of Directors

Adam Steensberg Chairman	Charlotte Videbæk	Martin Olin
Rachel Curtis Gravesen	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 2022, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 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 1 January - 31 December 2022, 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' International 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 2 in the Financial Statements, which describes that the Company's current operations depend on the expected positive outcome of 0205 study and exercise of TO 2 warrants, at the high end of the stated range. following the announcement of the 0205 study result.

These circumstances indicate that material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern.

Our opinion has not been modified in respect of this matter.

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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, 28 February 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Claus Carlsson
State Authorised Public Accountant
mne29461

14. INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

	INCOME STATEMENT	2022	2021
		01/Jan/22	01/Jan/21
	Amounts in DKK ´000´	31/Dec/22	31/Dec/21
	Revenue	0	0
	Other external expenses	-12.246	-10.340
3	Staff expenses	-5.343	-3.492
	Operating loss before net financials	**-17.589**	**-13.833**
	Financial expenses	-210	-60
	Loss before tax	**-17.799**	**-13.893**
4	Tax on loss for the period	3.143	2.324
	Net loss for the period	**-14.656**	**-11.569**
	Other comprehensive income for the period	0	0
	Total comprehensive income	**-14.656**	**-11.569**
5	**Basis and diluted earnings per share**	**-2,06**	**-3,09**

15. BALANCE SHEET

	BALANCE SHEET	2022	2021
	Amounts in DKK ´000´	31/Dec/22	31/Dec/21
	Assets		
	Fixed Assets		
	- Patents	203	203
	Intangible Assets	**203**	**203**
	Total non-current assets	**203**	**203**
	Current assets		
4	- Receivables corporate tax	3.143	2.324
	- Capital increase receivables	0	24.325
	- Other receivables	1.334	495
	- Prepayments	164	31
	- Cash at bank	23.343	3.275
	Total current assets	**27.984**	**30.450**
	Total assets	**28.187**	**30.653**
	Equity and liabilities		
	Equity		
	Share capital	2.758	1.223
	Retained earnings	21.098	25.019
5	**Total equity**	**23.855**	**26.242**
	Liabilities		
	- Trade payables	2.738	3.070
	- Liabilities measured at fair value	614	0
	- Other payables	979	1.341
	Current liabilities	**4.332**	**4.411**
	Total liabilities	**4.332**	**4.411**
	Total equity and liabilities	**28.187**	**30.653**

16. STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGE IN EQUITY 2022 Amounts in DKK ´000´	Share- Capital	Share Premium	Retained earnings	Shareholders equity
At 1 January 2022	1.223	0	25.019	26.241
Share capital increase right issue for cash	1.467	13.203	0	14.670
Share capital increase compensation to underwriters	68	614		682
Fair value of warrants issued as part of right issue			-576	-576
Transfer	0	-13.817	13.817	0
Incentive Warrant Scheme	0	0	565	565
Expenses in connection with capital increase, cash	0	0	-2.390	-2.390
Expenses in connection with capital increase, fair value compensation in Units	0	0	-682	-682
Total comprehensive income for the period	0	0	-14.656	-14.656
At 31 December 2022	**2.758**	**0**	**21.098**	**23.855**

STATEMENT OF CHANGE IN EQUITY 2021 Amounts in DKK ´000´	Share- Capital	Share Premium	Retained earnings	Shareholders equity
At 1 January 2021	736	0	12.875	13.611
Share capital increase	487	23.838	0	24.325
Transfer	0	-23.838	23.838	0
Incentive Warrant Scheme	0	0	1.567	1.567
Expenses in connection with capital increase	0	0	-1.692	-1.692
Total comprehensive income for the period	0	0	-11.569	-11.569
At 31 December 2021	**1.223**	**0**	**25.019**	**26.242**

17. CASH FLOW STATEMENT

	CASH FLOW STATEMENT	2022	2021
		01/Jan/22	01/Jan/21
	Amounts in DKK ´000´	31/Dec/22	31/Dec/21
	Loss before tax	-17.799	-13.893
	Financial expenses, reversed	210	60
	Other non-cash items	565	1.567
	Tax credit paid out	2.324	60
7	Change in working capital	27	2.162
	Cash flow from operating activities before net financials	**-14.673**	**-10.044**
	Financial expenses paid	-172	-60
	Cash flow from operating activities	**-14.845**	**-10.104**
	Purchase of intangible assets	0	-127
	Cash flow from investing activities	**0**	**-127**
	Cash capital increase, TO1 + Rights Issue	38.995	0
	Transaction cost, cash capital increase	-4.082	0
	Cash flow from financing activities	**34.913**	**0**
	Total cash flow for the period	20.068	-10.231
	Cash, beginning of the period	3.275	13.506
	Cash, end of the period	**23.343**	**3.275**

18. NOTES

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 for annual reports of class B companies with elements from class C.

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

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
Translations 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 crystallise 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 realisable 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 utilisation 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. A new Incentive Warrant Scheme was adopted in January 2023. See also note 3 for more details.

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, realised and unrealised gains and losses on transactions in foreign currency and realised and unrealized gains and losses on other financial assets.

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

Earnings per share
Basic net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares.

Diluted net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares adjusted for the dilutive effect of share equivalents. As the income statement shows a net loss, no adjustments have been made for the dilutive effect.

BALANCE SHEET

Acquired patents
Acquired patents are measured in the balance sheet at the lower of cost less accumulated amortization and recoverable amount.

Cost comprises the acquisition price, costs directly related to the acquisition and costs for preparation of the asset until such time as the asset is ready for use. The amortization is performed on a straight-line basis with no residual value over the period of validity starts when patent is taken into commercial use. Amortization methods, useful lives and residual values are reviewed every year

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 amortised 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 amortised 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 interest-bearing 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 capitalised 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 2022.

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 2022. 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. Furthermore, 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.

Successful outcome of Rights Issue resulting in the Offering being 80 percent subscribed, resulting in a capital increase of approximately DKK 14,7 mill before transaction costs. The related warrants of series TO 2 in Cessatech were listed at Spotlight Stock Market on 23 November 2022. The ticker was CESSA TO2 and the ISIN code is DK0061926888. In total, there are 3,667,485 outstanding warrants. One [1] warrant entitles the holder the right to subscribe for one [1] new share in Cessatech during a defined 2-week period starting 2 weeks after the announcement of the data from the Company's 0205 study, currently expected in Q2/Q3, 2023, or following the announcement of the Company's 2023 annual report, whichever is sooner. The exercise price shall correspond to 70% percent of the VWAP of the Company's share price on Spotlight Stock Exchange during the period from the announcement of the 0205 study data and the following ten trading days, but at least DKK 2 and no more than DKK 6.

It is acknowledged that the important milestone of the outcome of study 0205 will impact the company significantly as it will also result in a positive outcome of the TO 2 warrants, this will increase the company value and hence also an exercise of the TO 2 warrant in the higher end of the range. In case that the outcome will not be in favour of the Company there are material uncertainties that may raise significant doubt about the Company's ability to ensure the adequately liquidity to continue operations up to and beyond 31 December 2023.

Based on the expected positive outcome of 0205 study and exercise of TO 2 warrants, at the high end of the price range, following the announcement of the 0205 study result, currently expected in Q2/Q3 2023, the Board of Directors and Executive Management have concluded that the Company has the necessary capital resources to finance the planned activities for 2023.

If the expected exercise of TO2 warrants provides a lower expected cash flow, the Board of Directors and Executive Management will examine other sources of liquidity and/or reduce the operating expenses to ensure going concern of the Company.

The Board of Directors and Executive Management have based on the prerequisite that the above-mentioned uncertainties will have a positive outcome concluded that the Company is a going concern for 2023.

3. Staff expenses

Amounts in DKK ´000´	2022	2021
Wages and salaries	4.506	1.884
Pensions	245	30
Incentive Warrant Scheme	565	1.567
Other Social security costs etc.	27	11
Total	5.343	3.492

Key management comprising Executive Management

Wages and salaries	820	820
Incentive Warrant Scheme	418	1.161
Other Social security costs etc.	5	9
Total	1.243	1.990

Board of Directors

Wages and salaries	350	350
Incentive Warrant Scheme	147	406
Total	497	756
The average number of employees	4	2

Incentive Warrant Scheme
In December 2020, the Board of Directors and the CEO received warrants as part of Cessatech's Incentive Warrant Scheme. Subsequently to 31 December 2022 a new Incentive Warrant Scheme was established in January 2023 also including key employees.

Incentive Warrant Scheme 2020
The total fair value of warrants granted in 2020 had 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.

The number of outstanding warrants at 31 December 2022 amounted to 322,400 (unchanged from 31 December 2021). Weighted average remaining contractual life of the warrants outstanding at 31 December 2022 are 2 years (31 December 2021: 3 years).

New Incentive Warrant Scheme 2023
The total fair value of the new warrants granted in 2023 had a value of TDKK 986. The assessed fair value at expected grant date of options granted is DKK 0.87. 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 17 January 2023 and included:

- Vested warrants are expected to be exercisable for a period of two years after vesting
- Exercise price: DKK 1.70
- Grant date: 17 January 2023
- Expiry date: 31 December 2027
- Expected price volatility of the company's shares: 77%
- Expected dividend yield: 0%
- Risk-free interest rate: 2.30%

4. Tax

Amounts in DKK ´000´	2022	2021
Tax on profit/loss for the year:		
Current tax (tax under the tax credit scheme)	3.143	2.324
Total	3.143	2.324
Reconciliation of effective tax:		
Tax computed on loss	3.916	3.056
Other permanent differences	943	697
Non-deductible expenses	-124	-345
Non-recognized deferred tax asset	-1.591	-1.084
Effective tax rate (2022 -18%, 2021 -17%)	3.143	2.324
Deferred tax:		
Tax loss carried forward	1.591	1.084
Write down to assessed value	-1.591	-1.084
Total	0	0

The Company has a loss for the year and tax on the loss for the year is KDKK 3.143. The unrecognised deferred tax assets from tax losses carried forward of KDKK 1.591 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 3.143 and is anticipated to be paid out from the Danish Tax Authorities in Q4, 2023 to the Company.

The tax credit is not considered as a subsidy as the paid-out tax credit reduces the Company's tax loss carry forward.

5. Equity

Share capital
The share capital consists of 13,788,755 of DKK 0.2 each. The shares are fully paid in. The shares are not divided into classes, and no shares enjoy special rights.

	2022	2021
1 January	6.112.535	3.680.000
Formation of company, share issued, 6 April 2020	0	0
Share capital increase, conversion to A/S	0	0
Shares issued, IPO, 16 December 2020	0	0
Shares issued, December 2021	0	2.432.535
Shares issued, November 2022	7.334.970	0
Compensation shares (underwriters)	341.250	0
Shares issued, 31 December	13.788.755	6.112.535
All shares have a nominal value of DKK 0,2		
Weighted average number of shares used as denominator, when calculation earnings per share	7.100.507	3.744.013

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 authorised 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, 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.

TO 2 warrants
Successful outcome of Rights Issue resulting in warrants of series TO 2 in Cessatech were listed at Spotlight Stock Market on 23 November 2022. One [1] warrant entitles the holder the right to subscribe for one [1] new share in Cessatech during a defined 2-week period starting 2 weeks after the announcement of the data from the Company's 0205 study, currently expected in Q2/Q3, 2023, or following the announcement of the Company's 2023 annual report, whichever is sooner. The exercise price shall correspond to 70% percent of the VWAP of the Company's share price on Spotlight Stock Exchange during the period from the announcement of the 0205 study data and the

following ten trading days, but at least DKK 2 and no more than DKK 6. The total number of outstanding TO 2 warrants was 3,838,110 at 31 December 2022.

Upon initial recognition, due to the fact that these were free of charge, the fair value of the TO 2 warrants recognised as financial liability is based on the fair value according to Spotlight Stock Market immediately after the listing. Subsequent the fair value is determined each balance sheet date using the same principle. Any subsequent change in fair value is recognised as financial item in the income statement. The fair value change in 2022 recognised as financial expense amounted to DKK 38k.

6. Distribution of profit/loss for the year

Amounts in DKK ´000´	2022	2021
Proposed dividends for the year	0	0
Retained earnings	-14.656	-11.569
Total	-14.656	-11.569

7. Change in working capital

Amounts in DKK ´000´	2022	2021
Other receivables and prepayments	-972	-361
Change in trade payables	1.361	1.271
Change in other payables	-361	1.252
Total	27	2.162

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 had a negative cash flow in 2022, 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, reducing investment in fixed assets and increasing 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.

	Within		Over		
Amounts in DKK ´000´	1 year	1-2 year(s)	2-5 years	5 years	Total
As at 31 December 2022					
Trade payables	2.738	0	0	0	2.738
Liabilities measured at fair value	614	0	0	0	614
Other payables	979	0	0	0	979
Total	4.332	0	0	0	4.332

Financial assets and liabilities measured at fair value

There were no assets measured at fair value as at 31 December 2022. Liabilities measured at fair value 31 December 2022 relates to the fair value of outstanding TO 2 warrants. The fair value has been determined using market price (Level 1) at Spotlight Stock Market.

9. Related parties

Transactions with related parties
For remuneration to the Board of Directors, Executive Management and key management personnel in 2022 please refer to note 3.

The following table provides information of transactions that have been entered into with related parties including total number of shares, TO 2 warrants, and incentive warrants granted in 2023.

	Shares	Warrants T02	Fee received for guarantee undertaking DKK ´000´	Incentive Warrants (2020)	Incentive Warrants (2023)
Jes Trygved (CEO) *	904.399	176.457	31	248.000	550.000
Board of Directors					
Adam Steensberg - Chairman *	164.901	77.164	47	12.400	65.000
Charlotte Videbæk (C- Aps) *	163.413	50.726	16	12.400	30.000
Martin Olin *	86.426	9.971		12.400	45.000
Rachel Curtis Gravesen *	37.917	26.459	31	0	30.000
Peter Birk	10.318	0		12.400	30.000
Flemming Jensen	0	0		12.400	30.000

* including lock-up agreement for TO2 ending Q4-2023

10. Lease commitments and other commitments

The company has not entered any lease commitments.

11. Events occurring after the balance sheet date

Subsequent to the balance sheet date, no events that could significantly affect the financial statements/position for 2022 have occurred. As described in note 3, warrants were issued in January 2023 to the Board of Directors, Executive Management as well as other key employees. This is considered a non-adjusting event.