



Annual Report 2023

| 1 January - 31 December |

Cessatech A/S - CVR no. 41293055
Kanonbådsvej 2, 1437 Copenhagen, Denmark



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

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

Executive Management

Jes Trygved (CEO)

Auditors

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

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2. Cessatech

A unique focus

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; ready-to-use, 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.

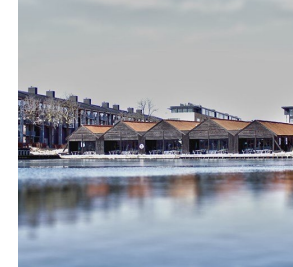
The repurposing of medications is a well-known strategy in drug development and seen as a highly efficient, timesaving, and a lower cost way to improve therapeutic options while minimising the risk of failure in clinical studies. Approximately 20% of orphan drugs and biological products approved by the FDA since 1983 have been repurposed drugs.

Business model

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. Exemplified by the achievement of a second agreed PIP with EMA for the development of CT002. The business plan is focused on Europe and US but also other relevant markets in rest of the world.

Commercial scope

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. In 2023 the Company signed an agreement with Ventis Pharma for the important US market, initially for the early-access program starting in 2024



1: Focused business model

- Targeting large unmet paediatric needs - in hospitals and emergency units
- Repositioning existing medicine to fit children's needs - an accelerated and highly de-risked route-to-market approach



2: Pipeline delivering value

- CT001 - an analgesic nasal spray for acute painful procedures in children, based on >10 years of clinical experience.
- CT002 - a nasal spray for sedative procedures for children from 0-17 years of age



3: Building a business

- Commercialization intended to be based on partnerships - aiming at generating a positive cash-flow trend faster
- Supply and manufacturing are outsourced to leading expert companies in Europe



TEST & DEVELOP DRUGS

Specifically for children

COMMERCIALIZE BRANDS

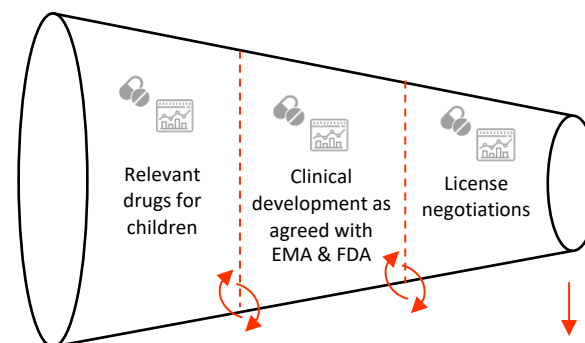
Attractive – faster to market

Regulatory

The regulatory process is important and requires a solid understanding of the PIP process, requirements, and potential scientific advice. Cessatech works closely with selected CROs, Clinical experts and has identified hospital sites for rapid inclusion.

Development

The development process requires detailed understanding of the anatomy and absorption in children, which is an area that Cessatech has specialized its competences within.



SAFETY: The growing interest is driven by the advantages of working with existing compounds that have already undergone **significant safety testing**

EFFICACY: Higher likelihood of success as they have already undergone some level of testing in humans. A **success rate of 30% vs 10%** for new chemical entities

TIMELINES: Repositioned drugs have shorter development times (5-8 years) compared to those associated with new chemical entities (10-15 years)
COSTS: As a result, costs can be as much as **60% of those for NCEs**.

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CT001 - TARGET PRODUCT PROFILE

- 1 For relief of acute and procedural pain age 1-17
- 2 Minimal distress - needle-free administration
- 3 Rapid onset of action (10-15 min)
- 4 Acceptable safety - no need for special staff
- 5 Two presentations - pending weight
- 6 Simple to use, simple dosing – single use
- 7 Simple to store - no need for refrigeration



No needle needed

CT001 is a nasal spray for acute and procedural pain treatment.

Based on ten years of clinical experience from leading hospitals in Scandinavia.

3. Pipeline: CT001, CT002 and CT003

A pivotal-stage biotech company with a unique focus on children's medicine

	Use	Indication	Pre-clinical	Phase I	Phase II	Pivotal, Ph III
CT001 Fixed combination	Non-invasive nasal spray	Acute pain				
CT002 Sedative-analgesic	Non-invasive nasal spray	Sedation				
CT003 Local analgesia	Local gel	Topical anaesthesia				

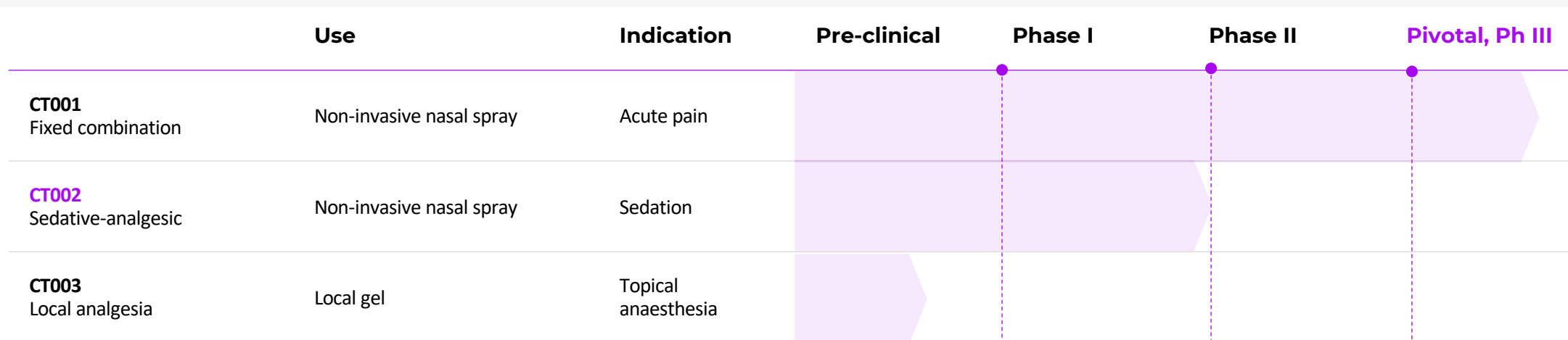
Introduction to CT001: Despite the many pain-relieving products available for adults, few of these have been developed for children. A study on unlicensed drug prescription revealed that up to 75 percent of all medications for children currently prescribed in hospital settings are administered off-label, meaning that the use deviates from the dose, is not tested, documented, or approved for children.

A commonly used treatment as Midazolam only has a sedative effect, thus leaving the pain untreated. Morphine/opioids require intravenous access for fast pain relief, causing further pain for the child. The treatment of acute pain in children is therefore characterised by a significant unmet medical need, which has been recognized by both regulatory authorities and health care professionals.

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

3. Pipeline: CT001, CT002 and CT003

A pivotal-stage biotech company with a unique focus on children's medicine



Introduction to CT002: Magnetic resonance imaging (MRI) is a medical imaging technique used to form detailed images of the anatomy and the physiological processes of the body. An MRI examination is a painless procedure, but to be of good quality it requires the child to remain still for approx. 45-90 minutes, that is to be carried out without undue concern or anxiety. Thus, sedation of the child is often necessary and sometimes also requires a general anaesthetic (a medically induced coma). A general anaesthetic is very resource demanding, why an effective and safe sedation procedure should be of preference.

Cessatech's second asset is a fixed dose non-invasive nasal spray for children to optimize the process and provide a better non-invasive solution for children. Currently, the sedative drug is administered intravenously, but a new formulation will be investigated for intranasal administration which would provide several advantages over current clinical practice. Activation of centrally located receptors produces a sedation that mimics normal sleep and the drug also has a direct analgesic effect. It is Cessatech's ambition to develop a standardized nasal spray formulation tested and approved for children, with a similar concept to the anesthetic nasal spray PIP plan (CT001) approved by the EMA.

Cessatech has agreed with the European Medicines Agency on a Paediatric Investigational Plan for CT002 for medical procedural sedation in children. Cessatech has not yet communicated on its timelines for initiating the development of CT002, but it will be related to the commercial partnerships.

Introduction to CT003: Still an easy stage development concept - Cessatech intends to develop a ready to use local anaesthetic gel, that does not sting when administered for laceration repair in the emergency department, e.g. before suturing. Cessatech has not yet communicated on its timelines for initiating the development of CT003.

4. CEO Comments

Dear fellow shareholders,

It is a privilege for me to give you an update on Cessatech's strong progress during 2023 as we carry out our mission providing pain relief and sedation options for the millions of children experiencing acute pain, their parents and the physicians treating them. We have strong momentum in our current development focus and look forward to being able to use our learnings and knowledge in the year 2024 to also include a commercial aspect.

Commercial steps

As a late-stage development company, we have spent the past three years focused primarily on R&D activities. However, in 2023 we took our first commercial steps by signing an important agreement with Ventis Pharma, beginning a potentially very promising journey. Moving forward into 2024, we aim to maintain our identity as a development-driven company with focus on paediatric indications. At the same time, we want to ensure our products are supported by the right commercial platforms, making this a top priority going forward.

The best team

We are still a young organization, but we are growing our competences and network which will benefit us later. I am proud to report, that after being more than 20 years in the industry, the Cessatech team is by far the best I have worked with – so much dedication, such a high effort and still the most human focus that anyone could wish for – the future is really looking good.

Some of the major milestones for 2023 include – the agreement with **EMA on PIP for CT002**. The Paediatric Committee (PDCCO) under The European Medicines Agency (EMA) has agreed to the Paediatric Investigational Plan (PIP) for CT002.

CT002 is developed to address the unmet medical need of a non-invasive sedative procedure for children undergoing MRI scanning or other procedures requiring sedation



US planning & preparation CT001 launch

The agreement with Ventis Pharma was signed in June 2023, and since then both teams have been busy preparing for manufacturing and release of CT001 under the special early access program. We have initiated a tech transfer of the analytical methods and sterilized vials and pumps, alongside GMP APIs have been shipped to the manufacturing site.

The 0205 data **demonstrated significant reduction in pain scale of CT001**, and although superiority was not achieved for the sufentanil control arm in adults the co-primary endpoint of preliminary modelled exposure-response data substantiates that CT001 is superior in children. We are looking forward to present more data from this study at later events.

From the results of the 0205 study, we exercised the warrants of series TO2 in the early part of 2024 which has provided us with significant **capital** to complete the last development activities while we in parallel strive towards the first income in 2024 – in addition, we have signed a Loan facility agreement with a group of investors to support the US launch of CT001 and provides Cessatech financial flexibility and support to the planned US launch of CT001

We remain optimistic, focused and dedicated and are very optimistic about the future, and at the same time grateful for the collaboration with all our partners and teams involved.

5. Highlights from 2023

5. Highlights from 2023

Based on ongoing stability studies of CT001, CT001 has been shown to be stable over a prolonged period of time and is now estimated to have a shelf-life of more than two years at controlled room temperature. This will greatly benefit the future supply chain management and will be a major advantage for the hospitals and clinics storing and working with CT001. The final anticipated market shelf-life will most likely be even longer and based on the outcome from stability studies of upcoming process validation batches.

The Company announced that it entered into an exclusive US license and collaboration agreement with Ventis Pharma Corporation - a biopharmaceutical company focused on developing and formulating innovative pain management therapies - for the development and commercialization of CT001 for the US market. Under the agreement both parties, Cessatech and Ventis Pharma will share costs and net profits 50/50 with the potential to generate revenues from 2024, much earlier than originally anticipated.

During Q3'2023 we successfully managed to add an extra product to the development pipeline. CT002 is developed to address the unmet medical need of a non-invasive sedative procedure for children undergoing MRI scanning or other procedures requiring sedation

The 0205 data demonstrated that CT001 had significant reduction in the pain scale, and although superiority was not achieved for the sufentanil control arm in adults the co-primary endpoint of preliminary modelled exposure-response data substantiates that CT001 is superior in children.

- Improved shelf-life data of CT001

- US Agreement Ventis Pharma
- Loan facility agreement

- Approved PIP CT002

- Top-line result from Study 0205

Q1
2023

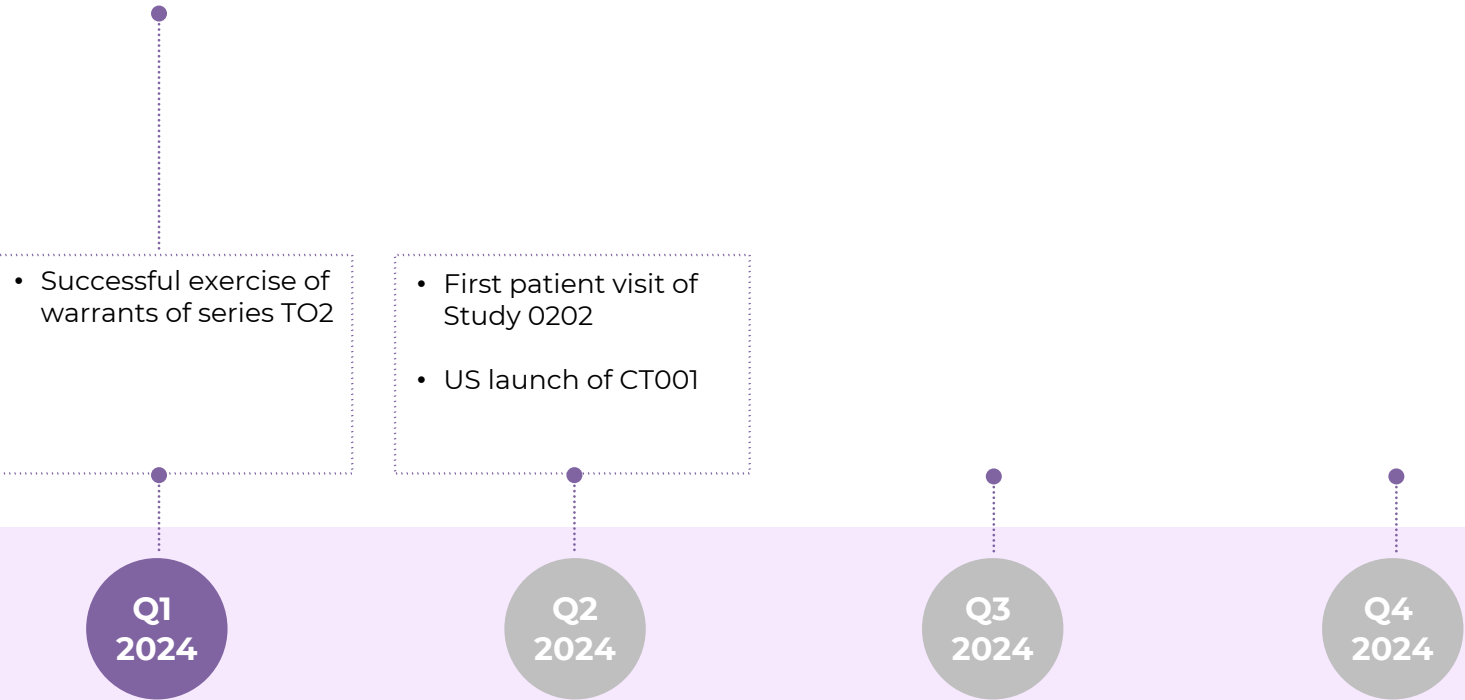
Q2
2023

Q3
2023

Q4
2023

6. Highlights after the period

On January 30, 2024 the Company announced the outcome of the exercise of warrants of series TO2, which were issued in connection with the Company's rights issue of units announced on October 19, 2022. In total 3,636,339 warrants were exercised, corresponding to approximately 94.7 percent of the total number of outstanding warrants, for subscription of 3,636,339 shares at an exercise price of DKK 4.71 per share. Cessatech received approximately DKK 17.1 million before issuing costs.



Contributions across the entire value chain

Chairman



Martin Olin

BerGenBio, CEO

Member of the Board of Directors since 2020, and Chairman since 2022.

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



Rachel Curtis Gravesen

Consultant & Board member

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: Own consultancy company



Adam Steensberg, MD

Zealand Pharma, CEO

Member of the Board of Directors since 2020

Education: MD, Doctor of Medical Science, Copenhagen, MBA IMD Switzerland.
 About: Adam Steenberg has 15 years of experience in 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



Flemming Steen Jensen

Ascendis Pharma, EVP Supply & Quality

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, supply chain, QA, engineering.

Other ongoing assignments: None



Charlotte Videbæk, MD

Entrepreneur & Board member

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

Partner at Accelerace

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: Chairman of the Board of Directors of Monta Biosciences ApS.

Vast experience from leading pharma and biotech companies

Leadership Team

Executive Management



Jes Trygved

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 and late-stage development roles where he managed several teams and cross-functional projects. In addition, Jes Trygved is also an MBA Advisor at Copenhagen Business School and Senior Healthcare Adviser for Valtech A/S.



Malene Cording

CLINICAL



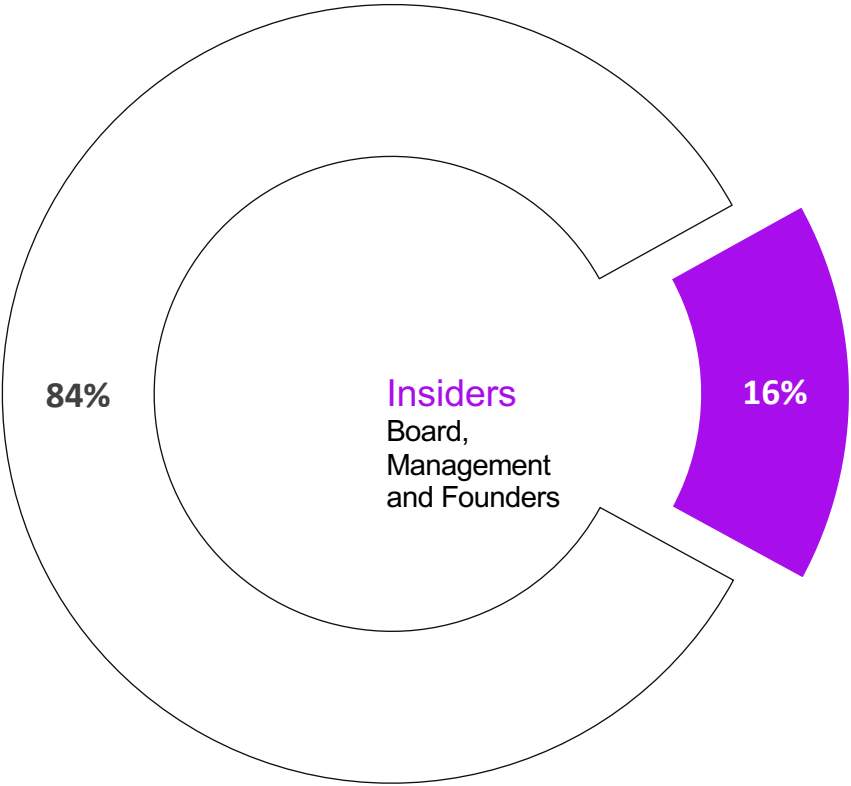
Martin Juhl

**CSO
CMC & DEVICE**



Louise Bak

REGULATORY



THE SHARE

The shares in Cessatech were listed at Spotlight Stock Market on 16. December 2020. The ticker is CESSA and the ISIN code is DK0061411964. The total number of shares as of 31 December 2023 amounted to 13.788.755

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.

WARRENTS OF SERIES TO2

As part of the Rights Issue in relation to the latest Offering in Q4-2022, associated warrant TO2 was issued to further strengthened the cash-position of the company. The warrants was successfully exercised at the beginning of 2024 adding additional approximately DKK 17.1 million before issuing costs.

FINANCIAL CALENDAR

Q4 and Annual Year Report 2023: 29 FEB 2024

Annual General Meeting 2023: 27 MAR 2024

Q1 Report: 15 May 2024

Q2 Report: 21 August 2024

Q3 Report: 13 November 2024

Q4 and year-end report: 28 February 2025

Annual General Meeting 2024: March 2025

9. Miscellaneous

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 2023 amounted to 13,788,755
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 2023 - 31 December 2023.

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](#)).

ANNUAL GENERAL MEETING AND AVAILABILITY OF THE ANNUAL REPORT

The Annual General Meeting 2022 was held on Thursday 23 March 2023 at 9.00 AM. The annual report and the minutes from the annual general meeting is available on Cessatech's website.

The Annual General Meeting for 2023 will take place on 27 March 2024.

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10. Financial highlights and ratios – Annual reporting

	2023	2022	2021	2020
Key figures	01/Jan/23	01/Jan/22	01/Jan/21	06/Apr/20
Amounts in DKK '000'	31/Dec/23	31/Dec/22	31/Dec/21	31/Dec/20
<i>Income statement</i>				
Operating Loss	-22.510	-17.589	-13.833	-901
Total financial items	-8.230	-210	-60	-8
Loss for the period	-26.527	-14.656	-11.569	-849
<i>Balance sheet</i>				
Cash at Bank	3.373	23.343	3.275	13.506
Total assets	8.504	28.187	30.653	13.808
Equity	-1.919	23.855	26.242	13.611
<i>Cash flows</i>				
Cash flows from:				
- Operating activities	-19.970	-14.845	-10.104	-732
- Investing activities	0	0	-127	-76
- Financial activities	0	34.913	0	14.314
The Period's cash flow	-19.970	20.068	-10.231	13.506
Dividend	0	0	0	0
Ratios				
Solvency ratio	-23%	85%	86%	99%
Earnings per share (DKK)	-1,92	-2,06	-3,09	-0,55

For definitions of ratios, see under accounting policies.

10. Financial highlights and ratios – Quarterly reporting

Below is the financial reporting on the Q4-2023 related to the annual announcement required by Spotlight Stock Market, which is not included as part of the financial statements in the Annual Report

Income statement

	Q4 2023	Q4 2022
	01/Oct/23	01/Oct/22
Amounts in DKK '000'	31/Dec/23	31/Dec/22
Revenue	0	0
Other external expenses	-3.008	-5.232
Staff expenses	-1.844	-1.390
Operating loss before net financials	-4.852	-6.622
Financial expenses, net	-6.277	0
Loss before tax	-11.129	-6.622
Tax on loss for the period	-880	1.252
Net loss for the period	-12.009	-5.370
Other comprehensive income for the period	0	0
Total comprehensive income	-12.009	-5.370
Basis and diluted earnings per share	-0,87	-0,54

Cash flow statement

	Q4 2023	Q4 2022
	01/Oct/23	01/Oct/22
Amounts in DKK '000'	31/Dec/23	31/Dec/22
Loss before tax	-11.129	-6.622
Financial expenses, reversed net	6.277	0
Other non-cash items	107	94
Tax credit paid out	3.143	2.324
Change in working capital	-196	267
Cash flow from operating activities before net financials	-1.798	-3.938
Financial expenses paid/received	-20	0
Cash flow from operating activities	-1.819	-3.938
Purchase of intangible assets	0	0
Cash flow from investing activities	0	0
Cash capital increase, TO1 + Rights Issue	0	14.670
Transaction cost, cash capital increase	0	-2.390
Cash flow from financing activities	0	12.280
Total cash flow for the period	-1.819	8.342
Cash, beginning of the period	5.192	15.001
Cash, end of the period	3.373	23.343

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11. Financial review

Operating income and operating results

The operating income and result for 2023 were as expected. Net revenue amounted to DKK 0 and the operating result was KDKK -22,510 in 2023 compared to KDKK 17,589 for 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 2023 was KDKK -1,919. The solvency ratio as per 31 December 2023 was -23%. The negative number reflect the impact from the fair value assessment of the outstanding TO2 warrants at 31 December 2023 of KDKK -8,636 (2023 adjustment of KDKK -8,290 in the income statement), which is due to the high warrant share price at the end of the period. Up to the successful exercise of the warrants of TO2 in January 2024 the fair value dropped, and this will have a positive impact on the income statement and equity during the Q1-2024 results.

Cash flow

The total cash flow for the year 2023 was KDKK -19,970 compared to KDKK 20,068 for 2022 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 2024 from operating activities. As part of the Rights Issue in relation to the latest Offering in Q4-2022, associated warrant TO2 was issued. These were exercised in January 2024 and further strengthened the cash-position of the company with KDKK 17.127 before issuing costs. Please refer to note 2 to the Financial Statements.

Subsequent events

Subsequent to the balance sheet date, the company successfully exercised the warrants of series TO2. Please refer to note 2 in the Financial Statements

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 2023

The Financial Statements have been prepared in accordance with IFRS accounting 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 2023 of the Company and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2023.

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, 29 February 2024

Executive Management

Jes Trygved
CEO

Board of Directors

Martin Olin
Chairman

Charlotte Videbæk

Adam Steensberg

Rachel Curtis Gravesen

Flemming Steen Jensen

Peter Birk

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 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with IFRS accounting 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 2023, 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 currently has no product on market and uncertainties regarding the timing of income.

These circumstances indicate that material uncertainty exists that may cast significant doubt on the Company'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 IFRS accounting 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, 29 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Claus Carlsson
State Authorised Public Accountant
mne29461

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14. Income statement and statement of comprehensive income

INCOME STATEMENT		2023	2022
		01/Jan/23	01/Jan/22
Amounts in DKK '000'		31/Dec/23	31/Dec/22
	Revenue	0	0
	Other external expenses	-16.592	-12.246
3	Staff expenses	-5.918	-5.343
	Operating loss before net financials	-22.510	-17.589
	Financial expenses, net	-8.230	-210
	Loss before tax	-30.740	-17.799
4	Tax on loss for the period	4.213	3.143
	Net loss for the period	-26.527	-14.656
	Other comprehensive income for the period	0	0
	Total comprehensive income	-26.527	-14.656
5	Basis and diluted earnings per share	-1,92	-2,06

15. Balance sheet

	2023	2022
Amounts in DKK '000'	31/Dec/23	31/Dec/22
Assets		
Fixed Assets		
- Patents	203	203
Intangible Assets	203	203
Total non-current assets	203	203
Current assets		
4 - Receivables corporate tax	4.213	3.143
- Other receivables	606	1.334
- Prepayments	109	164
- Cash at bank	3.373	23.343
Total current assets	8.301	27.984
Total assets	8.504	28.187

	2023	2022
	31/Dec/23	31/Dec/22
Equity and liabilities		
Equity		
Share capital	2.758	2.758
Retained earnings	-4.677	21.098
5 Total equity	-1.919	23.855
Liabilities		
- Trade payables	657	2.738
- Liabilities measured at fair value	8.636	614
- Other payables	1.130	979
Current liabilities	10.423	4.332
Total liabilities	10.423	4.332
Total equity and liabilities	8.504	28.187

16. Statement of changes in equity

STATEMENT OF CHANGE IN EQUITY 2023

Amounts in DKK '000'

	Share- Capital	Share Premium	Retained earnings	Shareholders equity
At 1 January 2023	2.758	0	21.098	23.855
Incentive Warrant Scheme	0	0	753	753
Total comprehensive income for the period	0	0	-26.527	-26.527
At 31 December 2023	2.758	0	-4.677	-1.919

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

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16. Cash flow statement

	2023	2022
	01/Jan/23	01/Jan/22
Amounts in DKK '000'	31/Dec/23	31/Dec/22
Loss before tax	-30.740	-17.799
Financial expenses, reversed net	8.230	210
Other non-cash items	754	565
Tax credit paid out	3.143	2.324
7 Change in working capital	-1.148	27
Cash flow from operating activities before net financials	-19.762	-14.673
Financial expenses paid/received	-208	-172
Cash flow from operating activities	-19.970	-14.845
Purchase of intangible assets	0	0
Cash flow from investing activities	0	0
Cash capital increase, TO1 + Rights Issue	0	38.995
Transaction cost, cash capital increase	0	-4.082
Cash flow from financing activities	0	34.913
Total cash flow for the period	-19.970	20.068
Cash, beginning of the period	23.343	3.275
Cash, end of the period	3.373	23.343

18 - Notes

1. Accounting policies
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18.1. Accounting policies

Cessatech A/S is a limited liability company domiciled in Denmark. The Financial Statements have been prepared in accordance with IFRS accounting 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 all 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.

Liabilities measured at fair value comprise TO 2 warrants. Upon initial recognition the fair value of the TO 2 warrants are recognised based on the fair value according to Spotlight Stock Market immediately after the listing, due to the fact that these were free of charge. Subsequently, the fair value is determined each balance sheet date using the same principle. Any subsequent change in fair value is recognised as a financial item in the income statement. The TO 2 warrants are reclassified from a derivative liability to equity at the time of pricing, because the TO 2 warrants meet the definition of equity as of this point in time.

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:

Solvency ratio:

Equity at year end x 100 /
Total assets at year end

Earnings per share:

Net loss for the year /
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 2023.

18. 2 Capital resources and liquidity

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 2023. 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 and to some extent from potential revenue streams from commercial partners.

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.

The important milestone of the outcome of study 0205 in December 2023, had a positive impact to the Company as it resulted in a positive outcome of the TO 2 warrants which added additional approximately DKK 17.1 million before issuing costs to the cash balance. The Company is in a strong position, with a close to final development program and first commercial packs made available in 2024 – however, the Board of Directors and Executive Management also acknowledge that currently the Company has no products on market and still not sure about timing of income. Therefore there will still be 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 2024, but overall, the Company has never been in a better position than now.

If the Company has higher net negative cash-flow than expected 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 2024.

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18.3 Staff expenses

Amounts in DKK '000'	2023	2022
Wages and salaries	4.699	4.506
Pensions	430	245
Incentive Warrant Scheme	754	565
Other Social security costs etc.	35	27
Total	5.918	5.343

Key management comprising Executive Management

Wages and salaries	1.144	820
Incentive Warrant Scheme	433	418
Other Social security costs etc.	8	5
Total	1.585	1.243

Board of Directors

Wages and salaries	350	350
Incentive Warrant Scheme	159	147
Total	509	497
The average number of employees	4	4

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.

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%

The number of outstanding warrants at 31 December 2023 amounted to 1,367,400 warrants (31 December 2022: 322,400 warrants). Weighted average remaining contractual life of the warrants outstanding at 31 December 2023 are 2.2 year (31 December 2022: 2.5 years).

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18. 4 Tax

	2023	2022
Amounts in DKK '000'		
Tax on profit/loss for the year:		
Current tax (tax under the tax credit scheme)	4.213	3.143
Total	4.213	3.143
<i>Reconciliation of effective tax:</i>		
Tax computed on loss	6.763	3.916
Other permanent differences	337	943
Non-deductible expenses	-166	-124
Non-recognized deferred tax asset	-2.721	-1.591
Effective tax rate (2023 -14%, 2022 -18%)	4.213	3.143
<i>Deferred tax:</i>		
Tax loss carried forward	5.515	2.793
Write down to assessed value	-5.515	-2.793
Total	0	0

The Company has a loss for the year and tax on the loss for the year is KDKK 4.213. The unrecognised deferred tax assets from tax losses carried forward of KDKK 5.515 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 4.213 and is anticipated to be paid out from the Danish Tax Authorities in Q4, 2024 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.

18.5 Equity**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.

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.

	2023	2022
1 January	6.112.535	6.112.535
Shares issued, November 2022	7.334.970	7.334.970
Compensation shares (underwriters)	341.250	341.250
Shares issued, 31 December	13.788.755	13.788.755

All shares have a nominal value of DKK 0,2

Weighted average number of shares used as denominator, when calculation earnings per share	13.788.755	7.100.507
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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 – subscription took place during January 2024, after the period end – resulting in additional KDDK 17.1 million at an exercise discounted price of DKK 4.71, before issuing costs. The total number of outstanding TO 2 warrants was 3,838,110 at 31 December 2023 of which 94.7% were exercised in January 2024.

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 2023 recognised as financial expense amounted to KDKK 8.022 (2022 KDKK 38).

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6. Distribution of profit/loss for the year

	2023	2022
Amounts in DKK '000'		
Proposed dividends for the year	0	0
Retained earnings	-26.527	-14.656
Total	-26.527	-14.656

7. Change in working capital

	2023	2022
Amounts in DKK '000'		
Other receivables and prepayments	782	-972
Change in trade payables	-2.081	1.361
Change in other payables	150	-361
Total	-1.149	27

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- 1. Accounting policies
- 2. Capital resources and liquidity
- 3. Staff expenses
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- 5. Equity
- 6. Distribution of profit/loss for the year
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Amounts in DKK '000'	Within		Over		Total
	1 year	1-2 year(s)	2-5 years	5 years	
As at 31 December 2023					
Trade payables	657	0	0	0	657
Other payables	1.130	0	0	0	1.130
Total	1.787	0	0	0	1.787

8. Financial risks

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 2023, 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.

Financial assets and liabilities measured at fair value

There were no assets measured at fair value as at 31 December 2023. Liabilities measured at fair value 31 December 2023 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.

Notes

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

9. Fees to auditors appointed at the Annual General Meeting

	2023	2022
Amounts in DKK '000'		
Statutory audit fees	110	115
Other assurance services	0	0
Tax and VAT advisory services	18	17
Other services	17	50
Total	145	182

Non-audit services of DKK 35k (2022: DKK 67k) are related to review of tax statements and assistance with filing of tax return as well as reading and commenting on quarterly reporting and advice related to determination of fair value of warrants and subscription rights.

	Shares	Shares %	Warrants T02	Incentive Warrants (2020)	Incentive Warrants (2023)
Jes Trygved (CEO)	904.399	6,56%	176.457	248.000	550.000
Board of Directors					
Martin Olin - Chairman	226.619	1,64%	130.067	12.400	45.000
Adam Steensberg	164.901	1,20%	77.164	12.400	65.000
Charlotte Videbæk (C- Aps)	163.413	1,19%	50.726	12.400	30.000
Rachel Curtis Gravesen	37.917	0,27%	26.459	0	30.000
Peter Birk	10.318	0,07%	0	12.400	30.000
Flemming Jensen	0	0	0	12.400	30.000

10 - 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.

11 - Lease commitments and other commitments

The company has not entered any lease commitments.

12 - Events occurring after the balance sheet date

Subsequent to the balance sheet date, the successful exercise of the series of the TO2 warrant had a significantly impact of the financial position for 2023, adding additional KDKK 17.127 before issuing costs to the cash balance in January 2024.