



ImmunoPharma AS
Consolidated Financial
Statements

And

Parent Company Statements
2019

<Unofficial translation>

31 August 2020

IMMUNOPHARMA AS

Consolidated Income Statement

(Amount in NOK 1,000)	Note	2019	2018
Income:			
Sales income	3	667	416
Other income		1,670	1,247
Sum total income		2,337	1,663
Costs:			
Cost of sales		(1,259)	(4,738)
Payroll expenses	4	(1,036)	(732)
Depreciation and amortisation		-	
Other operating expenses		(11,148)	(5,093)
Sum total costs		(13,443)	(10,563)
Operating loss		(11,106)	(8,900)
Financial income and financial expenses:			
Financial income		827	10
Financial expenses		(4)	(32)
Net financial expenses		823	(22)
Ordinary profit/loss before tax		(10,283)	(8,922)
Tax (expenses)	5	9,991	(20)
Net profit/loss for the year		(292)	(8,942)

IMMUNOPHARMA AS

Consolidated Statement of Financial Position as of 31 December

(Amount in NOK 1,000)	Note	2019	2018
ASSETS			
Non-current assets			
Deferred tax benefits	5, 9	15,343	202
Intangible assets	6, 9	312,021	-
Property, buildings, machinery and other real property	7, 9	6,881	1,477
Investment in shares		-	-
Other receivables		97	-
Sum total non-current assets		334,342	1,679
Current assets			
Accounts receivable		23,180	2,308
Other short-term receivables		27,880	14,194
Inventories		15,142	-
Marketable shares		13,479	-
Cash and bank deposits		20,062	3,663
Sum total current assets		99,743	20,165
SUM TOTAL ASSETS		434,085	21,844

IMMUNOPHARMA AS

Consolidated Statement of Financial Position as of 31 December

(Amount in NOK 1,000)	Note	2019	2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2	7,556	7,205
Share premium reserve	2	48,259	32,302
Unregistered equity	2	108,754	-
Own shares	2.9	(16,637)	-
Other reserves	2	(30,867)	(30,575)
Translation differences	2	(16)	(9)
Minority interest	2.9	44,224	-
Sum total shareholders' equity		161,273	8,923
Liabilities			
Non-current liabilities			
Interest-bearing loans	8	189,807	-
Deferred tax benefits		32	-
Sum total non-current liabilities		189,839	-
Current liabilities			
Debt to financial institutions		1,089	-
Overdraft facility	8	10,334	-
Accounts payable		17,103	3,734
Public duties payable		3,928	46
Other short-term debt		50,519	9,141
Sum total current liabilities		82,973	12,921
Sum total liabilities		272,812	12,921
SUM TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		434,085	21844

Oslo, 31/08/2020

Board of Directors of Immunopharma AS

Hogne Vik
Chairman of the Board

Katarzyna Zdzisława Maresz
Member of the Board

Ragnvald Nydal
Member of the Board

Lodovico-Enrico Vitali-Rosati
Chief Executive Officer

NOTE 1 ACCOUNTING PRINCIPLES

The annual financial statements have been prepared pursuant to the provisions of the Norwegian Accounting Act and generally accepted accounting principles.

Consolidation

The consolidated financial statements cover Immunopharma AS and companies where Immunopharma AS has the controlling interest. Controlling interest is normally obtained when the Group holds more than 50% of the shares in a company and the Group exerts actual control over this company. Transactions and intra-group accounts have been eliminated. The consolidated financial statements are prepared based on uniform principles, where the subsidiaries apply the same accounting principles as the parent company.

When accounting for business combinations, the acquisition method is applied. Companies that are acquired or sold during the year are consolidated from the date control is achieved and until control ceases.

Foreign currency holdings

Foreign currency holdings are translated using the year-end exchange rates.

Operating income

Revenue from the sale of goods is booked at the time of delivery. Services are recognised as income as they are provided.

Tax

Tax costs in the Income Statement include both taxes payable and changes in deferred tax. Deferred tax is calculated at 22% on the basis of the temporary differences existing between accounting and tax values, and equalising deficits to carry forward at the end of the financial year. Taxable and deductible temporary differences that reverse or may reverse in the same period are offset and netted.

Qualification and assessment of non-current assets

Non-current assets comprise assets intended for permanent ownership and use. Non-current assets are valued at acquisition cost. Non-current assets are entered in the statement of financial position and written off over the economic life of the asset. Non-current assets are written down to fair value when the drop in value is not expected to be temporary. The recoverable amount is the greater of the net realisable value and the value in use. The value in use is the present value of future cash flows associated with the asset. The write-down is reversed when the basis for the write-down no longer exists.

Qualification and assessment of current assets

Current assets and current liabilities generally include items due for payment within one year after the balance sheet date as well as items related to product circulation. Current assets are valued at acquisition cost or market value, whichever is lower.

Inventories

Inventories are assessed at acquisition cost or net sales value, whichever is lower.

Receivables

Trade debts and other debts are valued in the statement of financial position at their nominal value, less provisions for anticipated losses on bad debts. Provisions for losses are made on the basis of an individual assessment of the individual receivables.

Pension commitments

Pension plans financed via secured scheme are not recognised in the statement of financial position. In these cases, pension premiums are not considered as pension costs and are classified together with payroll costs.

NOTE 2: SHAREHOLDERS' EQUITY

<i>(Amount in NOK 1,000)</i>	Share capital	Share premium reserve	Own shares	Other paid-in capital	Other capital	Translation difference	Minority interest	Total
Shareholders' equity as of 1 January 2018	6,568	29,944	-	-	(21,633)	-	-	14,879
Share issue	637	2,358	-	-	-	-	-	2,995
Issue transaction costs	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	(8,942)	-	-	(8,942)
Recalculation difference	-	-	-	-	-	(9)	-	(9)
Shareholders' equity as of 31 December 2018	7,205	32,302	-	-	(30,575)	(9)	-	8,923
Share issue	351	15,957	-	-	-	-	-	16,308
Shares issued in connection with acquisitions	-	-	-	108,754	-	-	-	108,754
Purchase of own stock	-	-	(16,637)	-	-	-	-	(16,637)
Losses for the period	-	-	-	-	(292)	-	-	(292)
Recalculation difference	-	-	-	-	-	(7)	-	(7)
Addition minority interest	-	-	-	-	-	-	44,224	44,224
Shareholders' equity as of 31 December 2019	7,556	48,259	(16,637)	108,754	(30,867)	(16)	44,224	161,273

NOTE 3: SALES REVENUE

<i>(Amount in NOK 1,000)</i>	2019	2018
Goods sold	667	416
Geographic distribution:		
Norway	667	416

NOTE 4: PAYROLL COSTS

<i>(Amount in NOK 1,000)</i>	2019	2018
Payroll	908	641
Employer's social security contributions	128	91
Pension costs	-	-
Other benefits	-	-
Sum total	1,036	732

The average number of employees for the year is one.

Benefits to senior executives:

<i>(Beløp i kroner tusen)</i>	Daglig leder	Styret
Lønn	879	-
Pensjonsutgifter	-	-
Annen godtgjørelse	-	-

<i>(Amount in NOK 1,000)</i>	Chief Executive Officer	Board of Directors
Payroll	879	-
Pension expenses	-	-
Other remuneration	-	-

The audit fee expensed for 2019 stands at NOK 137,000, exclusive of VAT.

There are also other benefits, to the amount of NOK 15,000, exclusive of VAT.

The audit fees for companies acquired at year-end, which are not included in the profit, are, as follows:

(Amount in NOK 1,000)	2019
Statutory audit	283
Other assistance	138
Sum total	421

NOTE 5: TAX

Tax (cost)/income for the year:

(Amount in NOK 1,000)	2019	2018
Deferred tax	9,991	(15)
Taxes payable	-	(5)
Sum total	9,991	(20)

Change in deferred tax for the year:

(Amount in NOK 1,000)	2019	2018
Deferred tax recognised in profit or loss	9,991	(15)
Addition of deferred tax from company merger	10,822	-
Group contribution from acquired companies equalised by loss brought forward	(5,704)	-
Sum total	15,109	(15)

Reconciliation of taxable income:

(Amount in NOK 1,000)	2019
Pre-tax profit	(10,283)
Permanent differences	(101)
Temporary differences	-
Taxable income	(10,384)

NOTE 6: INTANGIBLE ASSETS

(Amount in NOK 1,000)	Goodwill	Advertising video	Sum total
Acquisition cost at			
1 January 2018	-	-	-
Acquisition of intangible fixed assets	-	-	-
31 December 2018	-	-	-
Acquisition of intangible fixed assets	-	-	-
Addition in connection with acquisitions	311,947	354	312,301
31 December 2019	311,947	354	312,301
Accumulated amortisation			
1 January 2018	-	-	-
Amortisation and depreciation for the year	-	-	-
31 December 2018	-	-	-
Amortisation and depreciation for the year	-	-	-
Addition in connection with acquisitions	-	-	-

31 December 2019	-	-	-
<i>Net book value</i>			
31 December 2019	311,947	354	312,301
31 December 2018	-	-	-
1 January 2018	-	-	-

The addition of goodwill and other intangible assets comes from the acquisition of Ecology AS and TG Montgomery AS. Goodwill has also been calculated for the minority interest. The acquisitions took effect from the end of 2019.

Goodwill is amortised over a period of 5 years.

NOTE 7: PLANT, MACHINERY AND EQUIPMENT

(Amount in NOK 1,000)	Property, plant, machinery, equipment, fixtures and fittings		Total
Acquisition cost at			
1 January 2018	1,477	-	1,477
Acquisition of non-current assets	-	-	-
31 December 2018	1,477	-	1,477
Acquisition of non-current assets	4,835	-	4,835
Addition in connection with acquisitions	-	569	569
31 December 2019	6,312	569	6,881

Accumulated depreciation

1 January 2018	-	-	-
Depreciation for the year	-	-	-
31 December 2018	-	-	-
Depreciation expenses	-	-	-
31 December 2019	-	-	-
<i>Net book value</i>			
31 December 2019	6,312	569	6,881
31 December 2018	1,477	-	1,477
1 January 2018	1,477	-	1,477

The investments in land, plant and equipment are related to the Group's factory in Japan, which was completed in December 2019.

NOTE 8: INTEREST-BEARING LOANS

(Amount in NOK 1,000)	2019
Seller's credit — consideration for the acquisition of TG Montgomery	138,195
Seller's credit — consideration for the acquisition of NHL (Ecology).	44,177
Overdraft facility — non-current	6,889
Private loans	545
Sum total	189,807

NOTE 9: COMPANY ACQUISITIONS

NHL (Ecology)

At the end of 2019, the company purchased Nordic Healthy Living AS, which owned 54.7% of Ecology. The price was 5,741,500 ImmunoPharma shares valued at NOK 4.50 per share. In addition, non-current liabilities of a total of NOK 44,171,000 were assumed for a total consideration of NOK 70 million. Goodwill is also calculated and allocated for the minority interest.

TG Montgomery:

At the end of 2019, the company acquired TG Montgomery AS for NOK 221 million. A total of 18,426,061 shares valued at NOK 82.9 million were issued. In addition, debt (seller's credit) was assumed for NOK 138.2 million.

Both companies will be recognised in the income statement from 1 January 2020.

INCOME STATEMENT

IMMUNOPHARMA AS

OPERATING INCOME AND OPERATING EXPENSES	Note	2019	2018
Sales income	2	1,199,780	352,820
Sum total operating income		1,199,780	352,820
Cost of sales	3	1,937,800	9,705,644
Payroll expenses	4	981,577	696,089
Other operating expenses	4	8,846,884	531,414
Sum total operating expenses		11,766,262	10,933,147
Operating profit/loss		-10,566,482	-10,580,327
FINANCIAL INCOME AND FINANCIAL EXPENSES			
Other interest income		827,065	5,345
Other interest expenses		3,044	31,686
Profit/loss on financial items		824,021	-26,341
Ordinary profit/loss before tax		-9,742,460	-10,606,668
Tax on ordinary profit/loss	11	-9,850,062	0
Ordinary profit/loss		107,602	-10,606,668
EXTRAORDINARY INCOME AND EXPENSES			
Net profit/loss for the year		107,602	-10,606,668
BROUGHT FORWARD			
Brought forward to uncovered loss		-107,602	10,606,668
Sum total transfers		107,602	-10,606,668

STATEMENT OF FINANCIAL POSITION

IMMUNOPHARMA AS

ASSETS	Note	2019	2018
FIXED ASSETS			
INTANGIBLE ASSETS			
Deferred tax benefits	11	4,146,510	0
Sum total intangible assets		4,146,510	0
PROPERTY, PLANT AND EQUIPMENT			
Property, buildings and other real property	5	6,312,186	1,476,716
Sum total property, plant and equipment		6,312,186	1,476,716
FINANCIAL FIXED ASSETS			
Investment in subsidiaries	6	227,727,808	1,000,000
Loans to Group companies	7	650,000	0
Other long-term receivables	7	13,856,427	13,029,527
Sum total financial fixed assets		242,234,235	14,029,527
 Sum total non-current assets		 252,692,931	 15,506,243
 CURRENT ASSETS			
RECEIVABLES			
Accounts receivable	7	727,464	2,443,673
Other short-term receivables	7	27,999,245	1,268,104
Sum total receivables		28,726,709	3,711,777
INVESTMENTS			
Cash and bank deposits	8	8,095,121	1,565,636
Sum total current assets		36,821,830	5,277,413
 Sum total assets		 289,514,761	 20,783,656

STATEMENT OF FINANCIAL POSITION

IMMUNOPHARMA AS

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2019	2018
SHAREHOLDERS' EQUITY			
PAID-UP CAPITAL			
Share capital	9, 10	7,555,991	7,205,191
Paid but not registered capital	9	-108,754,025	0
Share premium reserve	9	48,259,279	32,301,696
Sum total paid-up equity		164,569,294	39,506,886
RETAINED EARNINGS			
Uncovered loss	9	-31,577,645	-31,685,246
Sum total retained earnings		-31,577,645	-31,685,246
Sum total equity		132,991,649	7,821,640
LIABILITIES			
PROVISIONS FOR LIABILITIES			
OTHER NON-CURRENT LIABILITIES			
Other non-current liabilities	5	143,711,976	5,716,510.
Sum total other non-current liabilities		143,711,976	5,716,510
CURRENT LIABILITIES			
Accounts payable		4,156,930	3,698,383
Public duties payable		46,287	46,288
Group liabilities		-2,670,278	0
Other current liabilities		5,937,640	3,500,835
Sum total current liabilities		12,811,136	7,245,506
Sum total liabilities		156,523,112	12,962,016
Sum total equity and liabilities		289,514,761	20,783,656

Oslo, 31/08/2020

Board of Directors of Immunopharma AS

Hogne Vik
Chairman of the Board

Katarzyna Zdzislawa Maresz
Member of the Board

Ragnvald Nydal
Member of the Board

Lodovico-Enrico Vitali-Rosati
Chief Executive Officer

Chartered Accountant Elin Helene Fjellberg

INDEPENDENT AUDITOR'S REPORT

To the General Meeting of the Shareholders of IMMUNOPHARMA AS

Bærum, 31 August 2020

Report on the Audit of the Annual Financial Statements

Conclusion

I have audited the annual financial statements of IMMUNOPHARMA AS, which show a profit of NOK 107,601.60 in the company's financial statements and a loss of 292,182 in the consolidated financial statements. In my opinion:

- the financial statements have been prepared in accordance with the laws and regulations
- the enclosed company's financial statements present fairly, in all material respects, the financial position of ImmunoPharma AS as of 31 December 2019 and its financial performance and cash flows for the financial year then ended in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway
- the enclosed consolidated financial statements present fairly, in all material respects, the financial position of the ImmunoPharma AS Group as of 31 December 2019 and its financial performance and cash flows for the financial year then ended in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The annual financial statements consist of:

- annual financial statements of the company, comprising statement of financial position as of 31 December 2019, income statement for the year then ended, statement of changes in equity as well as notes to the financial statements, including summary of significant accounting policies.
- consolidated financial statements, comprising statement of financial position as of 31 December 2019, income statement for the year then ended, statement of changes in equity as well as notes to the financial statements, including summary of significant accounting policies.

Basis for Opinion

I conducted my audit in accordance with the laws, regulations and auditing standards and practices generally accepted in Norway, including the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements section of my report*. I am independent of the Company and the Group, as required by laws and regulations, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board of Directors and the Chief Executive Officer for the Financial Statements

The Board of Directors and the Chief Executive Officer (the management) are responsible for preparing the annual financial statements in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting principles in Norway. The management is also responsible for such internal controls as are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the management must decide on the Company and the Group's ability to continue as a going concern, disclosing, where applicable, matters related to the going concern and using the going concern basis of accounting, unless the 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 Annual Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations and auditing standards and practices generally accepted in Norway, including ISAs, will always detect a material misstatement where such exists. Misstatements can occur as a result of either 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.

Chartered Accountant Elin H. Fjellberg
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Member the Norwegian Institute of Public Accountants

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Mobile: +48 91 37 29 09
Corporate ID no. 965 396 713 MVA

Chartered Accountant Elin Helene Fjellberg

As part of an audit in accordance with the law, regulations and generally accepted auditing principles in Norway, including ISAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement included in the financial statements, whether due to fraud or error, and I design and perform audit procedures responsive to those risks, in order to obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of the internal controls 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 controls.
- 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 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 and the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of the 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit as well as significant audit findings, including any significant deficiencies in internal controls that I identify during my audit. I also exchange information about matters of importance I uncover in the course of the audit, including about possible flaws of importance in internal controls.

Opinion on Registration and Documentation

Based on my audit of the financial statements, as described above, and control procedures I have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is my opinion that the management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented, as required by the laws and accounting standards and practices accepted in Norway.

Kind regards,



Elin Helene Fjellberg
Registrert revisor