
2020

Annual Report



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AndoSan™
mushroom drink
マッシュルーム飲料
Agaricus blazei Murill
アガリクス・ブラゼイ・ムリル

2020

Building the Foundation

2020 is characterized with a lot of change and effort from the ImmunoPharma team to continue to build the foundation for further growth and expansion.

During the fourth quarter I proudly took the interim position of CEO to pave the way for the next steps in the transformation and growth of the ImmunoPharma Group. As founder and CEO of TG Montgomery AS – one of the pillars of the ImmunoPharma Group – I am honored to lead the Group in the interim period.

I want to use this opportunity to thank all of you for your commitment and investment in ImmunoPharma. Reflecting on 2020 I am proud of what the team has achieved amidst all the continued challenges of the COVID-19 pandemic.

In 2020 ImmunoPharma has grown both its topline and EBITDA with respectively 23% and 79%. The continued focus on performance in the key segments have been pivotal to achieve these results and provide a solid baseline for our future ambitions for growth and expansion.

<i>Amounts in NOK mill.</i>	2020	2019
Operating Revenue	316.3	256.9
EBITDA	29.2	16.3

We continue to see an increased focus on general health globally, and in the markets we are presently in, mainly continental Europe and the United Kingdom. Different market analysts predict that the focus on general health will continue and will further increase. The ImmunoPharma Group is excellently positioned to embrace and seize opportunities in the market. We are constantly monitoring the market and adapting to the latest trends. Furthermore, digitization is at the core of our different business models providing us with scalable platforms and tools to continuously be in touch with our customers and prospects.

2020 was an important year to prepare ImmunoPharma AS for the future. After the Annual General Meeting in August 2020 a new board has been installed. We are proud that Christian Espeseth has joined as the Chariman of the Board. Christian has vast experience in different communication areas, from business development and CRM to brand projects and tactical sales activities. Activities developed for both small organizations and entrepreneurial enterprises for larger multinational companies. He has been following the development of AndoSan and ImmunoPharma with great interest for several years. He is looking forward to taking on a direct role in guiding the company into its new position as an integrated health solutions provider with Europe-wide ambitions.

Further, Frode Bohan and Katarzyna Maresz were re-elected, while Kjetil Ramsøy and I joined as new members. Geir Hetland was re-elected as a deputy board member.

Kjetil Ramsøy is the current CEO of NattoPharma and has an extensive background working in senior leadership and finance positions in both Scandinavia and the US for more than 20 years. His experience is of great value to the Group and the journey it has embarked on.

After the acquisitions of both TG Montgomery and a controlling share in Eqology during 2019, we have successfully acquired more shares in Eqology through 2020, and at the end of the year control 69.8% of issued shares of Eqology through our wholly owned subsidiary Nordic Healthy Living AS.

With these steps, ImmunoPharma laid the foundation to become a leading European player in developing and selling health products based on scientific documentation and biotechnological research.

In order to achieve this ambition, we have, together with the Board and the management team, established our new mission and vision for the ImmunoPharma Group. In the annual report you will find a dedicated section to explain and illustrate this in more detail.

In 2021 we will continue to build and expand. It is therefore that both the Board and I are very pleased that Dr. Ralf Schmidt will join ImmunoPharma as the new Group CEO on October 1st, 2021. With his extensive industrial background, Ralf is highly qualified for the task of leading our company into a great future.

He is leaving Biotech to join ImmunoPharma. In 2014 he founded this biotech company and is currently leading as their CEO. Biotech has grown both organically and through different capital injections funded by both public funds and private investments.

I look forward to working with Ralf and have high expectations for what he brings to the company with his experience and established network in the industry.



Kim Øien
Board Member and CEO



The ImmunoPharma Group

ImmunoPharma AS operates out of its head office in Oslo, Norway with subsidiaries in Norway, Sweden and Japan.

ImmunoPharma AS was incorporated in 2010 to document and sell the Japanese-produced mushroom extract AndoSan. In late 2019, ImmunoPharma acquired the marketing and sales companies Eqology and TG Montgomery.

- Ongoing R&D efforts since 1998
- Unique immunomodulating mushroom extract ANDOSAN
- Demonstrated clinical effects of ANDOSAN
- Patented and protected IP
- R&D basis on longevity products based on chemical substances - NAD
- Target billion business



Some of our products.

About TG Montgomery

TG Montgomery is a specialized seller and distributor of K2 Vitamin. TGM's emphasis is on maximizing profitability through a proprietary, fully automated, and easily scalable in-house marketing system. Through this platform, TGM is well-positioned to penetrate new attractive markets.

- Distributor of K2 vitamin.
- 30 000 active subscribers.
- Strong digitization.
- A fully automated marketing system.
- Positioned to penetrate new attractive markets.

Vitamin K2

- One of our most popular products.
- Sold through subscriptions, with more than 30 000 customers.
- Supports bone structure, immune system, heart and muscles.

About Eqology

Eqology is a fast-growing Norwegian Network Marketing company established in 1998. Network Marketing means that they sell products directly to the consumers through the usual channels of resale. Eqology's philosophy is reflected in their products, which are produced using natural, highly effective ingredients. All Eqology's products are developed in collaboration with leading herbalists homeopaths and biochemists. Today, Eqology operates across 24 European countries.

- Dietary supplements.
- 40 000 active subscriptions.
- Diversified and exclusive product portfolio.
- Topline growth of ~70% Y/Y.

Omega-3

- High-quality Omega-3 from Arctic wild fish.
- A range of different products within the Omega-3 segment.
- Test kit which allows customers to measure and track Omega-3 levels over time.

About AndoSan™

AndoSan™ is a potent immune-modulating substance with wide-ranging potential applications. AndoSan's medicinal benefits have been clinically studied and documented in 20+ scientific publications. In a 2004 comparative study with other medicinal mushroom extracts, AndoSan stood out among several extracts because of its unique immunomodulatory properties. Further research is planned to document the medicinal benefits of this extract clinically.

- Developed through years of extensive research and testing.
- Extracted mushrooms and produced at fully owned factory in Japan.
- Promising effects on cancer and inflammatory conditions.
- Exclusive global distribution.

Becoming a Modern Biotech Company

Our vision

To become a leading advanced biotech company based on medical approved natural substances.

Our mission

To enable humans to increase their life quality by improving and maintaining their natural immune response capabilities and allowing them to age with a high quality of life.

Present situation

For many decades, the European approach to health has been to “fix” the health problem after it occurred, which was in sharp contrast to the Asian and Japanese culture to prevent health issues. In Asia, prevention of health issues is done through a generally healthy lifestyle and by consuming selected food and natural preventive medical products, improving the innate immune response of humans and extending the life expectancy with a high quality of life.

Over the last decade, this awareness has also come to the western world. Consumers, especially in former Western Europe and the USA, have increasingly consumed natural food supplements and Nutraceuticals. The awareness of natural substances having the potential to improve the quality of life has already led several large “chemical” companies to go in the direction of being suppliers of natural components. Some notable Examples are BASF, DSM, Air Liquide, and Evonik (acquiring Medox). However, these companies mainly focus on “material supply” and have only, to a limited extend, own brands selling to consumers.

COVID-19 has reminded us that we are vulnerable and that drugs can not address all challenges. The COVID-19 situation has increased the consumption of natural immune-modulating substances with 20 – 100% yearly growth rates! This growth is expected to result in a sustainable trend of awareness and consumption. In addition, one becomes increasingly aware that the paradigm of one chemical substance curing one disease is not giving an optimum outcome and that more a “symphony” of substances leads to a better outcome. Certain natural substances offer such a great opportunity. However, due to the stringent requirements for clinical documentation, most natural substance companies are not pursuing this direction.

In contrast, the classical pharma companies have and are still focused on chemically produced substances to a large extent. The last years’ success in immune therapy in cancer treatment has increased the awareness that stimulating one’s body to fight disease may be a way to go! However, this approach has not spread to other areas – ImmunoPharma intends to change this!

Global trends indicate that we increase our life expectancy but that maintaining a high quality of life has not increased. This lack of proportional increase has led to a trend in finding new ways of achieving longevity, and in Europe this is still in its infancy, lacking a market shaper. ImmunoPharma’s mission is to create this market.

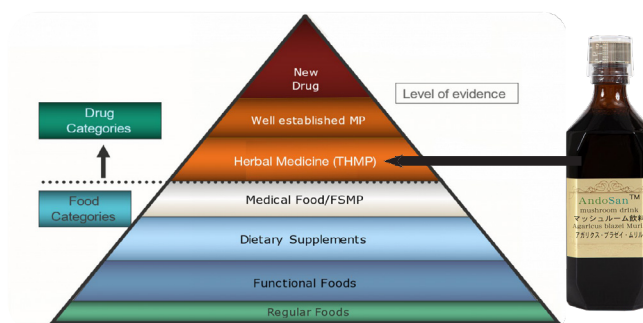
Unique Enablers and Opportunities

ImmunoPharma has a unique possibility to capitalize on this significant opportunity by combining and further aggressively extend:

- its present sales channels with existing products, securing sales and a substantial cash flow
- to build on its lead product AndoSan to become the leading medical mushroom-based immune modulating/company and achieve herbal medicine approval
- to take a stake in the growth market of longevity
- world-class regulatory top competence through alliances
- being a first mover in two selective high growth areas, with the clear sustainable differentiation of being an herbal medicine provider and not another provider of nutraceuticals

A particular focus and area of expertise ImmunoPharma will have is on mushroom/myco products for Immune improving/ modulating applications, with its current lead product being AndoSan. AndoSan is a Japanese-produced multi-fungal “cocktail” that has shown astonishing results in human pilot trials ranging from cancer co-treatment to allergies. The extensive experience with AndoSan has given ImmunoPharma a unique understanding of the medicinal potential of mushrooms. These substances sell for billions of \$ in the US and have been used for hundreds of years in Asia and Japan. The medicinal mushroom product landscape in Europe is divided into three main groups:

1. Scientific study-based players (often academic) lacking sales channels or only having very local sales
2. Companies selling mushroom products but have minimal scientific documentation and operating in local markets
3. Producer supplying to whom they can, but often being small



There is no real established leading brand or player and no herbal medicine provider addressing this field. ImmunoPharma, with its unique abilities and its close partnership with the world-leading regulatory agency on natural substances, Analyze and Realize (A&R), will lay on a path to consolidate this landscape and become the shaper and the leader in sales, R&D, and regulatory status as herbal medicines of mushroom products modulating the Immune response of humans.

By doing so, ImmunoPharma will build up and capitalize on existing top competence in the field of herbal/ mushroom science and regulatory affairs competence and extend its sales and market reach.

Another focus will be on developing “longevity” products. This will be done in alliances but with the firm basis of ownership of the IP for the most cost complete process for synthesizing this substance.

These longevity products address the core of ImmunoPharmas Mission. ImmunoPharma will actively engage with development partners to develop product lines to be sold through its existing and create other or parallel sales channels.

Board of Directors' Report

ImmunoPharma produces dietary supplements and herbal medicine and distributes these products directly to end consumers and business partners across 24 European countries. Our quest is to improve the quality of life by enabling people to do more, feel better and live longer.

OPERATIONS AND LOCATIONS

Founded in 2009 ImmunoPharma has had ongoing research and development with leading medical institutions demonstrating clinical effects on a wide range of health issues.

ImmunoPharma AS operates out of its head office in Oslo, Norway, and has subsidiaries in Norway, Sweden and Japan.

ImmunoPharma strives to enable humans to increase their life quality by improving and maintaining their natural immune response capabilities and allowing them to age with a high quality of life.

VISION

ImmunoPharma's vision is to become a leading advance biotech company based on medical approved natural substances.

FINANCIAL MATTERS

The financial statements of ImmunoPharma Group and the parent company, ImmunoPharma AS, have been prepared in accordance with the Generally Accepted Accounting Principles in Norway. The Board of Directors is of the opinion that the annual financial statements provide a true and fair view of the financial results for 2020 and financial position as at December 31st, 2020.

In accordance with the Norwegian accounting legislation requirements, the Board of Directors confirms that the requirements have been met for preparation of the accounts under the going concern assumption and that the accounts have been prepared on this basis.

COMMENTS TO THE CONSOLIDATED ACCOUNTS

Income Statement

<i>Amounts in NOK mill.</i>	2020	2019*
Operating Revenue	316.3	256.9
EBITDA	29.2	16.3

*Unaudited pro forma consolidated financials for ImmunoPharma, TG Montgomery and Eqology (100% basis)

The total operating income was MNOK 316.3 compared to MNOK 256.9 in 2019, which is an increase of 23%. Total equity per December 31st, 2020 is MNOK 138.0 compared to MNOK 161.3. The Earnings Before Interest, Tax & Depreciation (EBITDA) increased to MNOK 29.2 in 2020 from 16.3 in 2019, an increase of 79%.

Operating loss was MNOK -34.5 in 2020 vs -11.1 in 2019. The operating result in 2020 is significantly impacted by goodwill amortization of MNOK 62.3 on the acquisitions of TG Montgomery and Eqology (by acquiring 100% of the shares in Nordic Healthy Living AS). Under Norwegian GAAP goodwill is amortized over a period of 5 years unlike IFRS where goodwill is not amortized but is tested annually for impairment. As a non-cash charge it will negatively affect operating results and net profit/loss for the 5 year period. On the other hand cash generated by operations was MNOK 27.6 in 2020 vs MNOK -5.8 in 2019.

Eqology is currently the largest contributor to the ImmunoPharma Groups total revenues. Eqology was acquired at year-end 2019, and the results have been included in the consolidated profit or loss statement starting on January 1st, 2020.

In 2020 Eqology delivered revenues of MNOK 266.7, up 40% from 2019 revenues of MNOK 191.4 (not included in the comparable numbers for 2019).

Balance Sheet, Working Capital and Cash Flow

As at the end of 2020 the equity ratio was 35% (2019: 37%).

Despite the growth and required investment in working capital the cash balances remain positive at the end of 2020. Close attention to cash management and improved profitability (EBITDA) have both contributed to the positive development. Working capital management is a priority to ensure that the organization will sustain the growing investment required in working capital as the business continues to grow.

COMMENTS TO PARENT COMPANY ACCOUNTS (IMMUNOPHARMA AS)

The total operating income was MNOK 0.97 compared to MNOK 1.2 in 2019 which is a decrease of 19%. The result after taxes was MNOK 10.3 in 2020 compared to MNOK 0.1 in 2019. The increase includes the effect of net group relief of MNOK 8.0 from Group subsidiaries (which is eliminated in the Group accounts). Equity in the parent company was MNOK 162.8 on December 31st, 2020 compared to MNOK 133 on December 31st, 2019.

DISTRIBUTION OF NET LOSS FOR THE YEAR

The Board proposes that the net loss for ImmunoPharma AS for the year of MNOK 10.3 is transferred to retained equity.

EVENTS AFTER BALANCE SHEET DATE

The ImmunoPharma Group, through its subsidiary TG Montgomery AS, was a shareholder in NattoPharma ASA and Kaydence Pharma AS as at December 31st, 2020. As a result of the offer by Lesaffre and NattoPharma ASA on all outstanding shares in the two companies, the Group has tendered to sell its shares and thereby has generated an additional financial income of MNOK 29.2 in 2021.

It is the assessment of the Board of Directors the event has no material impact on the company's financial position as at December 31st, 2020.

There are no other material events that have taken place after the balance date which are not disclosed in this report.

WORK ENVIRONMENT & PERSONNEL

ImmunoPharma has not experienced any working accidents throughout 2020. The company works actively, purposefully, and systematically to promote the purpose of keeping a good working environment for all employees. The activities include recruitment, pay, promotion, development, and protection against harassment and discrimination. The company aims to be an including workplace.

The Group prohibits discrimination of any kind, including but not limited to discrimination based on sex, race, color, age, religion, sexual preference, marital status, national origin, disability, ancestry, political opinion, or any other basis prohibited by the laws that govern its operations.

No issues related to discrimination or gender equality were registered in 2020, and it is not considered necessary to take any further measures to ensure equal opportunities.

The Group shall conduct itself in a manner designed to ensure a healthy work environment where all employees feel safe and secure and are valued for the diversity that they bring to the business.

ImmunoPharma honors all domestic and international laws and regulations designed to protect the Company's personnel, and this ensures regulated working conditions related to working hours, holidays, remuneration, pensions, and discrimination. Employees should conduct themselves in a manner that is consistent with this policy.

The Group prohibits harassment. Employees are expected to treat one another with respect. "Harassment" includes any conduct likely to cause offense or humiliation to any person or that might, on reasonable grounds, be perceived by a reasonable person to place a condition on employment or on any opportunity for training or promotion.

No claims or accidents have been reported involving any Group employees in 2020.

ImmunoPharma is strongly opposed to all forms of corruption and is committed to undertaking business in accordance with the highest ethical standards, with a zero-tolerance policy for corruption or bribery. No issues related to ethics or corruption were registered in 2020.

EXTERNAL ENVIRONMENT

ImmunoPharma's policy is to operate its business in accordance with all applicable environmental laws and regulations to ensure protection of and minimal impact upon both the environment and climate change. All employees should conduct themselves in a manner that is consistent with this policy. ImmunoPharma does not conduct business that pollutes the external environment beyond what is the normal result of a primarily office-based operation. The influence on the environment is predominantly through energy consumption, waste generation, and travel, and the Company is committed to minimizing these activities and their negative impact by implementing procedures to ensure that energy and materials are used efficiently and that waste and residual products are minimal.

RISK AREAS

The Board of Directors and Management conducts ongoing analysis of the risk factors facing the Company. An investment in equities implies risk and potential investors should carefully assess the risk outlined in this section, as well as the information contained elsewhere in this Annual Report with accompanying accounts and notes before deciding to invest in the Company's shares. If any of the following risks materialize, this could adversely affect the Company and/or its business, financial position, operating profit, liquidity, and/or prospects. The value of the Company's shares can be reduced, and investors may lose all or part of their investments. The order in which the risks are presented does not necessarily reflect the likelihood that they occur or the extent of their potential impact on the Company.

An investment in the Company's shares is only suitable for investors who understand risk factors associated with this type of investment and can afford a loss of all or part of the investment. The most significant risks that are known to the Company or as the Company considers material is described in this section.

OPERATIONAL RISK FACTORS

Activity Levels

The Company's business is exposed to the economic cycle in the market. Changes in the overall financial situation may affect the demand for the Company's products, thereby affecting the Company's financial position and profit. Since the Company's business is concentrated in a single industry, the Company may be more exposed to special economic, political, regulatory, environmental, or other developmental features than a company that has a more diverse business.

Competition and Strategic Choices

Competition is a constant threat to the Company's success. The competitive situation implies that high demands are set regarding the Company's board and management and the long-term strategic choices that have been made. There is a possibility that new companies can enter our markets and thereby increase the level of competition in the market. In such a situation, the company's market situation can be significantly more challenging and lead to an unforeseen decline in sales.

The competence of the Board and Management, and the ability to make the right strategic choices in a dynamic business environment can have a significant effect on the Company's future financial performance and position.

Protection and Ownership of Intellectual Property

The Company relies on intellectual property rights (IPR) and patents regulated by law, in addition to contractual restrictions, to protect important property rights. If these rights are not adequately protected, the Company's ability to compete and generate revenue may be adversely affected.

Furthermore, the Company may risk not obtaining adequate patent protection on the technology embodied in its products and manufacturing processes. There is also a risk of intrusion of IPR from third parties, which potentially impedes the Company's business or leads to losses for the Company. In such cases, expenses for legal counselors may be significant.

The Company's access and ability to use and claim rights related to its patents and other IPR developed by consultants or other collaborators on behalf of the Company relies on the ability of the Company to fulfill its payment obligations related to its patents, and agreements with affiliated third parties. Failure to make such payments as they mature may result in the Company being deprived of its patents and, in extreme consequence, the basis for continued operation. place after the balance date which are not disclosed in this report.

Regulatory and Environmental Risk

The Company operates in different jurisdictions around the world. International operations increase the level of regulatory requirements and guidelines to which the Company must relate. Changes to the regulations and environmental provisions in the relevant jurisdictions may therefore affect the Company's business. Approvals from the EU Commission, FDA, and similar authorities in other jurisdictions are necessary to be allowed to market the Company's products in Europe, the United States, and other relevant areas, respectively. It cannot be guaranteed that the Company will receive and/or be able to obtain the future necessary permits to commercialize the products. Regulatory approvals can be withdrawn, denied, delayed, or limited for various reasons, and since regulatory agencies around the world have different approval requirements, this may have a negative effect on the Company.

Supply Risk

The Company's business is dependent on the continued supply of product. A large part of the Company's purchases is made from a small number of suppliers. As such the Company is dependent on these suppliers and their ability to produce and deliver goods in line with the demand and growth in demand. If the suppliers are not able to meet the requested demand this could affect the Company's turnover and profitability. To ensure further access to raw materials, the Company has implemented significant measures in the last years to increase access to products by entering strategic contracts with new suppliers and contract manufacturers. These measures will reduce the risk associated with reliance on one or a few critical suppliers.

Disputes and Compensation Claims

The Company may from time to time be involved in disputes and/or legal actions that could lead to significant losses and/or expenses for the Company and its business. No warranties can be made for the Company to succeed in litigation or disagreement with third parties.

Market Risk

ImmunoPharma has a diversified portfolio of products and business models. The structure of the Company provides an agile basis and flexibility to adapt to changes in the market and demand. Nevertheless, the different business models and businesses of ImmunoPharma do have risks relating to competitors and new entrants to its markets.

ImmunoPharma recognizes different type of competitors. For its Eqology business the risk of their business partners, and especially the larger ones, joining a competitor and for TG Montgomery the risk of new digital direct sales companies making entries into the same markets. Besides the overall risk of competitors and entrants competing with the products of ImmunoPharma.

The Board of directors considers ImmunoPharma to have a very innovative and attractive product offering, pursuing high standard products in all its businesses. Besides, the company offers very attractive compensation plans to all its partners and employees to retain continuity and provide further growth to the Company. In addition to this, ImmunoPharma has a strong in-house product development focus and is committed to making investments to diversify its product offering further and invest in the end-to-end supply chain.

FINANCIAL RISK FACTORS

Liquidity Risk

ImmunoPharma manages liquidity risk by adequate reserves and committed (bank) facilities, and by continuously monitoring forecasted and actual cash flows. The individual entities in the group have independent access to credit facilities with respectively DNB and Handelsbanken with an aggregated value of approximately MNOK 10. The credit facilities are in place to support any excess need for cash and safeguard the continuation of the growth not being impacted by the availability of funds.

Barring any unforeseen events, the management's assessment is that the Company's liquidity by the end of 2020, and updated forecasts for the short and medium term, indicate no immediate need for additional funding to meet our operational requirements. Any new investments, other than ordinary operations, may, however, entail the risk that future funding requirements will arise.

Currency Exchange Risk

The Group's expenses are mainly related to NOK, USD, and EUR, while revenues are largely in EUR. The exposure to currency risk is continuously monitored.

The Group's management and the Board have continuously assessed the risk and have not seen the need to implement additional measures to limit the currency risk. The Group operates with several currencies that impact different parts of the financials, which creates a partial natural foreign exchange rate hedging situation. However, if necessary, financial instruments such as futures will be evaluated to reduce this exposure, especially in cases where credit will be given to major customers.

Credit Risk

The risk for losses on receivables is considered low, and historically such losses have been very low.

Interest Rate Risk

The Company is, to a limited extent, exposed to risk with regard to future interest rate fluctuations, beyond the above-mentioned currency exposure, and there are low deposit rates on surplus liquidity, which are managed based on a low-risk strategy. The Company's excess liquidity is placed on the account with its banks. A significant increase in the overall interest rate level may adversely affect the Company's results. Increased interest rate risk can also affect capital costs and reduce the possibility of acquiring new capital in the future, if necessary.

Shareholder Condition

There are no provisions in the Company's articles of association that restrict the right to sell the Company's shares. There is no arrangement for employee shares or agreements between shareholders that limit the ability to sell or exercise voting rights for the Company's shares. Nor is the Company a party to any agreements regarding shareholder relationships.

COVID-19

In 2020 the world was hit by the COVID-19 pandemic. The pandemic exposed the different regions in different ways as well as the timing of the different waves have varied. Our focus through this period has been on safeguarding operations and employees, including their families, to continue to support our valued customers in these challenging times. ImmunoPharma accommodates employees in their personal situations to find the best solution to continue work and operations.

At the same time, we see the market for our business continues to grow. The widespread attention to health and the importance of staying healthy is increasing within the general population. The Board believes this is a shift that will continue and impact the markets ImmunoPharma operates.

FUTURE DEVELOPMENT

The company's end goal is to be one of the world's leading advanced biotech company based on medical approved natural substances. This will be achieved through carefully selected strategic acquisitions and a diversified global business, to deliver more products of value and to simplify the operating model.

In the end of 2019, the Group had acquired a controlling interest in both EQology AS and TG Montgomery AS. In 2020 the Group has further strengthened its shareholding in EQology AS and has acquired another 4.5 million shares. Hereafter the Group controls approximately 70% of the shares in EQology AS.

In July 2021 the Private Placement was closed and in total 24 333 329 new shares will be issued. The placement includes 16 338 888 shares for conversion of debts to shareholders and 7 994 441 has been paid for in cash. The total outstanding shares after this placement amount to 133 776 645 shares which also includes a placement of 5 290 080 shares that has been concluded earlier in 2021. The Group is currently evaluating to launch a repair emission for other existing shareholders

To further lead the growth and the transformation of the Group to become a leading advanced biotech company Dr. Ralf Schmidt will take the seat as the new Group CEO of ImmunoPharma on October 1st, 2021. Dr. Schmidt has been a leader in biotech for decades and is primed to lead ImmunoPharma through its evolution into becoming a biotech enterprise. Schmidt will leave his current post as Biovotec CEO—an international biotech company. Prior to co-founding Biovotec, Dr. Schmidt was COO of Dynal Biotech, a Norwegian company, and Axis-Shield, which is listed on the stock exchange in both the UK and Norway. He worked in both operational and managerial roles, including a senior management consultant role at McKinsey, and he currently sits on the board of two multinational corporations.

Oslo, August 23rd, 2021
Board of Directors, ImmunoPharma AS



Knut Christian Espeseth
Chairman



Frode Marc Bohan
Board Member



Katarzyna Maresz
Board Member



Kjetil Ramsøy
Board Member



Kim Øien
Board Member and CEO

Consolidated Financial Statements

STATEMENT OF PROFIT AND LOSS

<i>Amounts in NOK 1000</i>	Note	2020	2019
Revenues and Other Income:			
Revenues	2	316 258	667
Other Income		325	255
Total Revenues and Other Income		316 583	922
Operating Expenses			
Cost of Goods Sold		-83 249	-1 259
Employee Compensation	3	-29 383	-1 036
Depreciation and Amortization	8, 9	-1 454	-
Amortization of Goodwill	7, 8	-62 279	-
Other Operating Expenses	4	-174 754	-9 733
Total Operating Expenses		-351 119	-12 028
Operating Loss		-34 536	-11 106
Financial Items			
Finance Income	5	26 747	827
Finance Cost	5	-11 777	-4
Net Financial Items		14 970	823
Result Before Income Tax		-19 566	-10 283
Income Tax Expense/Income	6	-6 054	9 991
Net Result for period		-25 620	292
Allocated to:			
Shareholders		-21 122	-292
Non-Controlling Interest		-4 498	-

STATEMENT OF FINANCIAL POSITION

Amounts in NOK 1000	Note	2020	2019
Assets			
Non-Current Assets			
Deferred Tax Asset	6	12 845	15 343
Intangible Assets	8	260 967	312 021
Property, Plant and Equipment	9	5 979	6 881
Other Assets	10	7 381	97
Total Non-Current Assets		287 172	334 342
Current Assets			
Trade Receivables		5 507	23 180
Other Receivables		13 479	27 880
Inventories		10 958	15 142
Investments	11	32 045	13 479
Cash and Cash Equivalents		41 310	20 062
Total Current Assets		103 299	99 743
Total Assets		390 471	434 085
Equity and Liabilities			
Equity			
Share Capital	13	10 415	7 556
Share Premium	13	173 708	48 259
Non-Registered Equity		-	108 754
Treasury Stock	13	-16 637	-16 637
Other Equity		-54 695	-30 867
Translation Adjustment		32	-16
Non-Controlling Interest		25 200	44 224
Total Equity		138 023	161 273
Liabilities			
Non-Current Liabilities			
Interest-Bearing Debt	14	181 187	189 807
Deferred Tax Liabilities		-	32
Total Non-Current Liabilities		181 187	189 839
Current Liabilities			
Interest-Bearing Debt - Current Portion		-	1 089
Overdraft Facilities		7 911	10 334
Trade Payables		12 545	17 103
Social Security Etc.		8 524	3 928
Other Short-Term Liabilities		42 281	50 519
Total Current Liabilities		71 261	82 973
Total Debt		252 448	272 812
Total Equity and Liabilities		390 471	434 085

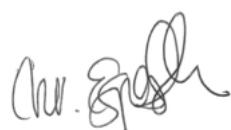
STATEMENT OF CHANGES IN EQUITY

Amounts in NOK 1000

	Share Capital	Share Premium	Treasury Stock	Other Paid-in Equity	Other Equity	Translation Adjustment	Non-Controlling Interest	Total
Equity as per January 1st, 2019	7 205	32 302	-	-	-30 575	-9	-	8 923
Share Issue	351	15 957	-	-	-	-	-	16 308
Shares Issued in Business Combination	-	-	-	108 754	-	-	-	108 754
Purchase of Treasury Stock	-	-	-16 637	-	-	-	-	-16 637
Result for the Period	-	-	-	-	-292	-	-	-292
Currency Translation Differences	-	-	-	-	-	-7	-	-7
Non-Controlling Interest	-	-	-	-	-	-	44 224	44 224
Equity December 31st, 2019	7 556	48 259	-16 637	108 754	-30 867	-16	44 224	161 273
Share Issue	196	9 742	-	-	-	-	-	9 938
Share Issue Transaction Costs	-	-1 468	-	-	-	-	-	-1 468
Registering Shares	2 417	106 337	-	-108 754	-	-	-	-
Result for the Period	-	-	-	-	-21 121	-	-4 498	-25 619
Currency Translation Differences	-	-	-	-	-	48	-	48
Share-Based Payment	-	-	-	-	309	-	128	437
Shares Issued and Exchanged for Non-Controlling Interest	246	10 838	-	-	-	-	-	11 084
Repurchased Non-Controlling Interest	-	-	-	-	-3 004	-	-14 666	-17 670
Other Changes Non-Controlling Interest	-	-	-	-	-12	-	-12	-
Equity December 31st, 2020	10 415	173 708	-16 637	-	-54 695	32	25 200	138 023

Oslo, August 23rd, 2021

Board of Directors, ImmunoPharma AS



Knut Christian Espeseth
Chairman



Frode Marc Bohan
Board Member



Katarzyna Maresz
Board Member



Kjetil Ramsøy
Board Member



Kim Øien
Board Member and CEO

STATEMENT OF CASH FLOW

Amounts in NOK 1000	Note	2020	2019
Operating Activities			
Result Before Income Tax		-20 563	-10 283
Depreciation and Amortisation	8, 9	63 733	-
Share-Based Compensation		437	-
Unrealized Gain of Marketable Securities	5, 11	-18 566	-
Non-Cash Interest		554	6
Net Movement in Long-Term Inventory Rec		-7 381	-
Adjustment Government Grants		997	-
Gain on Net Asset Disposal		-29	-
Taxes Paid		-6	-
Changes in Working Capital Items			
Trade Receivables		2 076	1 410
Other Receivables		3 923	920
Inventories		4 721	0
Trade Payables		-3 892	1 093
Social Security, etc.		4 511	-104
Other Short-Term Liabilities		-2 892	1 123
Net Cash Flow from/(used) Operating Activities		27 623	-5 835
Investing Activities			
Acquisition of Subsidiary Net of Cash Acquired	7	144	10 770
Acquisition of Intangible Assets	8	-2 812	-
Acquisition of Property, Plant and Equipment	9	-234	-4 835
Sale of Property, Plant and Equipment	9	330	-
Net Cash from/(used) in Investing Activities		-2 572	5 934
Financing Activities			
Share Issues		8 038	16 308
Repurchase of Non-Controlling Interest		-2 742	-
Payment of Interest-Bearing Debt	14	-6 716	-
Payment on Credit Facilities		-2 423	-
Net Cash from/(used) in Financing Activities		-3 843	16 308
Net Change in Cash and Cash Equivalents		21 208	16 407
Net Foreign Exchange Difference		40	-8
Cash and Cash Equivalents at January 1 st		20 062	3 663
Cash and Cash Equivalents at December 31st		41 310	20 062

Notes to the Financial Statements

NOTE 1 ACCOUNTING PRINCIPLES

The annual accounts have been prepared for the Group for 2020 with comparative figures for 2019 for the Consolidated Statement of Income, Other Comprehensive Income, Financial Position, Cash Flows and Changes in Equity. These principles have been applied consistently throughout all periods presented unless otherwise stated in the description.

BASIS OF PRESENTATION

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

Changes in accounting policies due to new or amended standards are performed retroactively unless otherwise specifically determined by a current standard. Recurring effect requires that results from previous periods and opening balance for such period have been restated.

CONSOLIDATION PRINCIPLES

As at December 31st, 2020, ImmunoPharma is a group consisting of a parent company with subsidiaries.

The consolidated financial statements show the overall financial result and the total financial position when the parent company ImmunoPharma AS and its controlling ownership interests in other companies are presented as one financial unit. All companies have applied consistent principles, and all internal relationships between the companies have been eliminated. Wholly-owned subsidiaries have been consolidated 100% line by line in the consolidated financial statements from the date on which the Group has control and is consolidated until the date that control ceases. If the Group has control but owns less than 100% of its subsidiaries, the minority share of profit after tax and equity is presented on its own lines.

Business combinations are accounted for using the acquisition method. Acquisitions will be accounted for from the time the Group has control, normally from the date all public approvals are registered. Assets and liabilities are valued at fair value. The residual value of the acquisition will constitute goodwill. If there are non-controlling interests in the acquired company, these will receive their share of assets and liabilities transferred. Transactions with non-controlling interests will be recorded against equity.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Functional Currency and Presentation Currency

The accounts are measured in the currency used primarily in the economic area in which the entity operates (functional currency). The accounts are presented in Norwegian kroner (NOK), which is also the functional currency of the parent company.

Transactions and Balances in Foreign Currency

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot exchange rates at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Translation of Foreign Operations

On consolidation, assets and liabilities of subsidiaries reported in their functional currencies are translated to NOK, the Group's presentation currency, at period-end exchange rates according to Norges Bank. Income and expense items are translated to NOKs at the average rate for the reporting periods.

Differences arising from the retranslation of opening net assets of subsidiaries, together with differences arising from the translation of the net results for the year for subsidiaries, are recognised in other comprehensive income, a component of equity.

TANGIBLE ASSETS

Tangible assets are valued at acquisition cost less accumulated depreciation and impairment losses. Acquisition costs include costs directly related to the acquisition of the asset. Depreciation is calculated on a straight-line basis based on the expected useful life of the assets, as well as the expected residual value. When incurring expenses related to the asset after the investment, expenses are capitalized to the extent that it is likely that the company will have future economic benefits from them and that the expenses can be measured reliably.

An annual assessment of the depreciation plan is made taking into account the remaining useful life and residual value. In case of changes in useful life and net asset value, the remaining depreciation plan is changed accordingly. Gains and losses on disposals of tangible fixed assets are recognized in the profit and loss account and make up the difference between the selling price and the book value.

INTANGIBLE ASSETS

Intangible assets purchased externally are measured at cost. Acquisition cost of intangible assets acquired in business acquisitions is measured at fair value at acquisition date. In subsequent measurement, intangible assets are measured at acquisition cost less accumulated amortization and accumulated impairment losses.

INVENTORIES

Inventories are measured based on the FIFO principle, and on the lowest value of historic cost and net realisable value.

RECEIVABLES

Trade receivables and other receivables are initially recognised in the balance sheet 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, and such provision occurs if there are indications that the company will not be able to collect the nominal amount of the claim. The provision is recognized in the income statement in the period it arises.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, bank deposits and maturities within three months of the date of placement.

SHARE CAPITAL

Share Capital

Ordinary shares are classified as equity. When issuing new shares, expenses associated with the issue are recorded as a reduction of equity.

Cost of Equity Transactions

Transaction costs directly related to equity transactions and tax effects on equity transactions are recognized directly in equity after deduction of tax.

GOVERNMENT GRANTS

Public grants are recognized in a systematic manner over the periods in which the company recognizes costs that the grant is intended to compensate for. Grants are presented as part of other operating expenses, i.e. net of associated costs.

TAXES

Tax Payable

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount recognised in the consolidated financial statements reflects the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred taxes are based on the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ from the principles of the consolidated financial statements. They also arise on temporary differences resulting from tax losses carried forward.

No deferred tax is recognised for the initial recognition of goodwill and the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction it affects neither the accounting or taxable profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is recognised only to the extent that probable sufficient taxable profits will be available to allow the assets to be recovered.

PENSIONS

The company operates a pension contribution plan scheme for employees. A defined contribution pension scheme is one under which members pay contributions to an independently administered fund, into which the group also pays contributions based upon a fixed percentage of the members' annual salaries. Members' benefits upon retirement are then determined by the amount of contributions paid into the fund, together with the performance of the investments into which those contributions have been invested. Members are able to choose the investments into which their contributions are invested, and as a result any risks associated with either the future value of benefits and the performance of the assets invested lie with the member.

PROVISIONS

Provisions arise when ImmunoPharma has legal or otherwise present obligations as a result of past events. The requirement for a provision is that the probability that the company will meet the obligation in the future is considered by the company to be over 50%. In addition, it must be possible to estimate the amounts of the commitment reliably.

Provisions are measured at the present value of expected payments to meet the obligation. Accruals are made when the company has an actual or assumed obligation regarding accrued non-billed items that are likely to be paid and where the amount is adequately calculated. Accruals are made with pre-tax amounts that the company expects to pay and reflects market estimates of interest on the amounts and risks associated with the liability. Increases in accrual due to interest accruals are recognized as interest expenses.

REVENUE RECOGNITION

Revenue recognition for sale of goods is in general the time of delivery of the good, when the risks and rewards of ownership of the goods have been transferred to the customer. Services are recognized using the percentage of completion method over the period the services are provided.

CASH FLOW

Cash flow analysis is done according to the indirect method.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date that provide information about conditions that existed on the balance sheet date or events indicating circumstances arising after the balance sheet date with accounting consequences, will be accounted for if significant.

NOTE 2 REVENUES

Geographical distribution of revenues:

<i>Amount in NOK 1000</i>	2020	2019
Norway	51 253	667
Austria	86 931	-
Denmark	62 105	-
Netherlands	53 898	-
Germany	17 038	-
Romania	9 979	-
Hungary	7 416	-
Italy	6 987	-
France	3 401	-
Sweden	3 040	-
Other	14 210	-
Total	316 258	667

NOTE 3 EMPLOYEE COMPENSATION

<i>Amount in NOK 1000</i>	2020	2019
Salary Cost	18 453	908
Employer Tax Cost	1 734	128
Employee Related Insurance	326	-
Pension Costs - Contribution Plans	35	-
Other Personnel Cost	9 093	-
Government Grant Salaries	-258	-
Total Personnel Cost	29 383	1 036

The compensation (consulting fee) paid to Enrico Vitali-Rosati for his CEO role in 2020 amounted to NOK 500 000. Kim Øien took over as CEO on November 1st, 2020 and has invoiced the Group NOK 200 000 for CEO services for the year.

NOTE 4 OTHER OPERATING EXPENSES

<i>Amount in NOK 1000</i>	2020	2019
Commissions	120 772	-
Sales and Marketing Expenses	21 836	100
Consultants, Lawyers, Accountants, Auditors	18 077	9 750
Office Expenses	3 862	-
IT Expenses	8 630	-
Payment Solution Expenses	4 152	-
Other	-517	1 298
Government Grant - Operating Expenses	-2 058	-1 415
Total Other Operating Expenses	174 754	9 733

In 2020, audit fees were NOK 474 900 while fees for other services were NOK 211 137.

NOTE 5 FINANCE INCOME AND FINANCE COSTS

Finance income for the year:

<i>Amount in NOK 1000</i>	2020	2019
Interest Income	70	827
Unrealized Gain on Marketable Securities	18 566	-
Foreign Exchange Gains	7 261	-
Other Financial Income	850	-
Total Finance Income	26 747	827

Finance costs for the year:

<i>Amount in NOK 1000</i>	2020	2019
Interest Expense	-2 416	-4
Foreign Exchange Losses	-8 822	-
Other Financial Expenses	-539	-
Total Finance Costs	-11 777	-4

NOTE 6 INCOME TAXES

Tax expense for the year:

<i>Amount in NOK 1000</i>	2020	2019
Taxes Payable	-6	-
Deferred Taxes	-6 048	9 991
Deferred Taxes	-6 054	9 991

In 2019, the Group recognized previously unrecognized deferred tax assets of MNOK 7.7 as a result of acquisitions of businesses with taxable income enabling the Group to use group relief to utilize the parent company's tax loss carryforwards.

Tax effect of temporary differences:

<i>Amount in NOK 1000</i>	2020	2019
Property, Plant and Equipment	61	18
Receivables	78	610
Accruals	1 584	825
Tax Loss Carryforward	11 330	13 893
Total	13 053	15 346
Not Recognized	-208	-35
Net Deferred Tax Asset	12 845	15 311

NOTE 6 INCOME TAXES CONT.

Reconciliation of expected tax to actual tax expense:

<i>Amount in NOK 1000</i>	2020	2019
Loss Before Tax	-19 566	-10 283
Nominal Tax Rate	22%	22%
Expected Tax	4 305	2 262
Non-Deductible Costs	-1 507	-
Goodwill Amortization	-13 701	-
Skattefunn	833	-
Non-Taxable Unrealized Gain on Securities	4 084	-
Recognition of Previously Unrecognized Deferred Tax Ass	-	7 707
Other Non-Taxable Income	104	22
Non-Recognized Deferred Tax Assets	-171	-
Income Tax Expense for the Year	-6 054-	9 991

NOTE 7 BUSINESS COMBINATIONS

Naturlig Styke AS Acquisition 2020:

In the beginning of November 2020, the Group acquired 100% of the outstanding shares in Naturlig Styrke AS, a direct seller of Vitamin K2 products. The acquisition price was MNOK 1 plus the assumption of debt in Naturlig Styrke.

The Group recognized goodwill of MNOK 11.2 on the acquisition. The goodwill is amortized over 5 years from the acquisition date.

Acquisition of Non-Controlling (Minority Interest) in Eqology 2020:

The Group acquired additional 11 084 715 shares in Eqology by issuing 2 483 270 ImmunoPharma AS shares. The ImmunoPharma shares were valued at NOK 4.50 per share in the transaction.

Furthermore, the Group acquired 6 584 714 Eqology shares for consideration of MNOK 6.58 consisting of an up-front payment of MNOK 2.74 and a sellers credit of MNOK 3.84 to be paid over 3 years in equal installments.

After the acquisitions, the Group owns 70.9% of the outstanding shares in Eqology AS. The transaction was treated as an equity transaction as it involved the repurchase of part of the non-controlling interest. The gain/loss on the repurchase is accounted as a reclassification between other equity and non-controlling interest.

Pro Forma Revenues and Income:

The following table shows what the comparable figures for 2019 would had been if the acquisitions of TGM and Eqology had taken place January 1st, 2019 and had been consolidated for the full year.

In 2019, the Group made 2 major acquisitions:

- TG Montgomery AS with subsidiaries ("TGM")
- Eqology ASA ("Eqology")

TGM Acquisition 2019:

The Group issued 18 426 041 shares valued at MNOK 82.9 and incurred debt to the seller of MNOK 138.2 for a total consideration of MNOK 221.1. The purchase of TGM's net assets included 3 697 000 ImmunoPharma shares held by TGM that has been accounted for as treasury stock for the Group accounts at MNOK 16.6.

The Group acquired 98.87% of all outstanding TGM shares. The goodwill recognized on the transaction was MNOK 186.

NOTE 7 BUSINESS COMBINATIONS

Eqology Acquisition 2019:

The Group acquired 54.73% of the outstanding shares in Eqology ASA by issuing 7 741 500 ImmunoPharma shares valued at MNOK 25.8 and incurred debt of MNOK 44.2 to the seller for a total consideration of MNOK 70.

The group recognized a goodwill of MNOK 123 on the transaction, including goodwill allocated to the non-controlling share (minority share).

<i>Amount in NOK 1000</i>	2020 Actual	2020 Pro Forma	2019 Pro Forma
Revenues	316 258	326 775	256 939
EBITDA	29 197	26 275	16 345
Depreciation and Amortization	-63 733	-65 594	-63 379
Operating Result	-34 536	-39 319	-47 034
Result Before Tax	-19 566	-24 339	-58 463

NOTE 8 INTANGIBLE ASSETS

<i>Amounts in NOK 1000</i>	Goodwill	Software	Other	Total
Acquisition Cost				
January 1 st , 2019	-	-	-	-
Additions	311 666	-	354	312 020
December 31st, 2019	311 666	-	354	312 020
Additions	-	2 812	-	2 812
Additions Through Business Acquisitions	11 164	-	-	11 164
Reallocation of Business Comb Values	-2 131	-	-	-2 131
Disposals	-	-	-	-
December 31st, 2020	320 699	2 812	354	323 865
Accumulated Amortization				
January 1 st , 2019	-	-	-	-
Amortization and Impairments for Period	-	-	-	-
December 31st, 2019	-	-	-	-
Amortization and Impairments for Period	-62 279	-265	-354	-62 898
Disposals	-	-	-	-
December 31st, 2020	-62 279	-265	-354	-62 898
Net Book Value				
December 31 st , 2020	258 420	2 547	-	260 967
December 31 st , 2019	311 666	-	354	312 020
January 1 st , 2019	-	-	-	-

Amortization periods:

- Goodwill – straight-line amortization over a period of 5 years
- Software – straight-line amortization over a period of 2-5 years.

See note 7 Business combinations for addition of goodwill.

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

<i>Amounts in NOK 1000</i>	Property and Plant	Machinery, Computers	Total
Acquisition Cost			
January 1 st , 2019	1 477	-	1 477
Additions	4 835	-	4 835
Additions from Business Combinations	-	569	569
December 31st, 2019	6 312	569	6 881
Additions	234	-	234
Additions from Business Combinations	-	-	-
Disposals	-	-301	-301
December 31st, 2020	6 546	268	6 814
Accumulated Depreciation			
January 1 st , 2019	-	-	-
December 31st, 2019	-	-	-
Depreciation for the Period	-567	-268	-835
December 31st, 2020	-567	-268	-835
Net Carrying Amount			
December 31st, 2020	5 979	-	5 979
December 31 st , 2019	6 312	569	6 881
January 1 st , 2019	1 477	-	1 477

The AndoSan factory in Japan, completed at the end of 2019, is depreciated on a straight-line basis over 10 years.

NOTE 10 OTHER ASSETS

<i>Amounts in NOK 1000</i>	2020	2019
Product Receivable	7 381	-
Other Assets	-	97
December 31st, 2020	7 381	97

The Group entered a cooperation agreement with the former owner (ACE owned by the Ando family) of the patents and rights related to AndoSan in 2010. As part of the agreement all rights including but not limited to trade secrets, know-how and other intellectual property rights were transferred to the Group.

In 2016 the parties established a Japanese subsidiary, ImmunoPharma Nippon Ltd that would be the owner of the know-how and trade secrets related to the manufacturing of the various formulations of the product. ImmunoPharma AS is the owner of 67% of the outstanding shares in the venture.

Since the inception of the agreement, the Group paid a number of advances and loans to ACE that in 2018 totaled Yen 100 million. The parties agreed in 2018 and in the amended agreement in 2020 that the Yen 100 million would be settled by delivery of AndoSan product to the Group. ACE is obligated to deliver 16 749 liters of AndoSan (or Yen 6000 per liter) under the agreement. The receivable was initially not recognized due to uncertain recoverability for the foreseeable future. Historically, it has been challenging to achieve adequate production of substantial amounts of AndoSan.

At the end of 2019, the new factory was completed, and it started production in 2020. After initial manufacturing difficulties, towards the middle of the year, the factory has been making stable deliveries.

Given the improvement in the manufacturing situation, the Group now considers that it is probable that the product receivable will be recovered within the foreseeable future. The Group recognized the previously written-down product receivable in the amount of MNOK 7.3 in 2020.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

<i>Amounts in NOK 1000, except number of shares</i>	2020	2019
Non-Current Assets (Lower of Cost or Market):		
Kaydence Pharma AS		
Number of Shares Held	93 115	93 115
Acquisition Cost	1 048	1 048
Cumulative Impairment	-582	-582
Recognized Amount in Balance Sheet	466	466
Current Assets (Recognized at Fair Value Through Profit or Loss):		
NattoPharma:		
Number of Shares Held	1 735 122	1 735 122
Amount Recognized in Balance Sheet	31 579	13 013

Subsequent event:

The Group accepted an offer of NOK 35 per share for its 1 735 122 shares in February 2021. The Group received MNOK 60.7 for the shares in March of 2021.

NOTE 12 SUBSIDIARIES

<i>Amounts in NOK 1000</i>	Parent Company	Share Capital	Ownership	Equity 31.12.20	Net Profit/ Loss 2020
Direct Subsidiaries					
TGM Montgomery AS ("TGM")	ImmunoPharma AS	2 242	98.87%	52 476	25 567
Nordic Healthy Living AS ("NHL")	ImmunoPharma AS	200	100.00%	29 163	-779
ImmunoPharma Nippon Ltd	ImmunoPharma AS	22	67.00%	159	203
Indirect Subsidiaries					
Naturlig Balanse og Helse AS	TG Montgomery AS	1 030	100.00%	1 149	2 764
Naturlig Styrke AS	TG Montgomery AS	1 030	100.00%	-9 381	-1 519
Friskare Liv AB	TG Montgomery AS	49	100.00%	756	160
Agaricus AS	NHL	250	100.00%	-314	-247
Eqology AS	NHL/ImmunoPharma	5 484	70.91%	-2 938	7 724

The table above shows subsidiaries and one level down. There are additional subsidiaries of the indirect subsidiaries.

NOTE 13 EQUITY

	Number of Shares Issued	Treasury Stock	Number of Outstanding Shares
Shares Issued and Outstanding on January 1 st , 2019	72 051 905	-	72 051 905
Share Issues in Private Placement	3 508 000	-	3 508 000
Treasury Stock Acquired by TGM Purchase	0	-3 697 000	-3 697 000
Shares Issued and Outstanding on December 31st, 2020	75 559 905	-3 697 000	71 862 905
Shares Issued in Acquisition of TGM and Eqology	24 167 561	-	24 167 561
Shares Issued in Purchase of Non-Controlling Share Eqology	2 463 270	-	2 463 270
Shares Issued in Private Placement	1 962 500	-	1 962 500
Shares Issued and Outstanding on December 31 st , 2020	104 153 236	-3 697 000	100 456 236

The shares issued in the acquisition of TGM and Eqology were committed but classified as unregistered equity at December 31st, 2019. The shares finally registered in 2021 and were issued.

The private placement of 1 962 500 shares were issued at €0.45 per share.

NOTE 14 INTEREST-BEARING DEBT

<i>Amounts in NOK 1000</i>	2020	2019
Bohan and Co - Sellers Credit TGM and Debt Assumption	68 493	69 098
Nicoline Invest AS - Seller Credit TGM	62 867	69 098
Nicoline Invest AS - Seller Credit Eqology	44 177	44 177
BG Consult AS	3 843	-
Credit Facility	1 807	6 889
Other Long-Term Loans	-	545
Total Interest-Bearing Debt	181 187	189 807

The sellers credit arising from the purchase of TGM in 2019 of MNOK 138.2 (equally divided between Bohan & Co and Nicoline Invest) is principal payment and interest free for a period of 2 years following the business combination. Frode Bohan, the owner of Bohan & Co, is a Board member in ImmunoPharma AS. Nicoline Invest AS is owned by the Board member Kim Øien.

The payable of MNOK 3.8 to BG Consult arising from the purchase of Eqology shares is payable in 3 equal installments in 2021, 2022, and 2023.

Non-monetary transactions:

The movements in the debt to Bohan & Co and Nicoline invest is due to offsetting receivables against the two companies against the sellers credit and also Bohan & Co assuming debt previously outstanding to third parties. There have been no cash payments on the loans in 2020.

NOTE 15 SHAREHOLDERS

Shareholder	Number of Shares	% of Total
1 BOHAN & CO AS	34 044 505	32.7%
2 NICOLINE INVEST AS	14 669 160	14.1%
3 SIS SIS AG	10 056 577	9.7%
4 Genzeb Limited	9 928 125	9.5%
5 EQUITY LABS SP. Z.O.O SKA	6 193 875	5.9%
6 UBS Switzerland AG	5 694 750	5.5%
7 TG MONTGOMERY AS	3 497 000	3.4%
8 UNIVERSAL EXPORTS AS	2 516 915	2.4%
9 Credit Suisse (Switzerland) Ltd	2 214 533	2.1%
10 NICOLINE CONSULT AS	2 000 000	1.9%
11 VESTMARK RESEARCH CONSULTING AS	2 000 000	1.9%
12 3LP NORGE AS	1 502 679	1.4%
13 BGCONSULT AS	1 463 270	1.4%
14 SVENSKA HANDELSBANKEN AB	1 352 648	1.3%
15 MOMENTUM CONSULT & INVEST AS	1 000 000	1.0%
16 CLEARSTREAM BANKING S.A.	834 920	0.8%
17 ENG AS	741 250	0.7%
18 RATUSINSKA	700 000	0.7%
19 ELTOFT	678 572	0.7%
20 Commerzbank Aktiengesellschaft	439 000	0.4%
Total 20 Largest Shareholders	101 527 779	97.5%
Other Shareholders	2 625 457	2.5%
Total Number of Outstanding Shares	104 153 236	100.00%

Bohan & Co is owned by the Board member Frode Bohan (Ratusinska is the wife of Frode Bohan).
Nicoline Invest and Nicoline Consult is owned by the board member Kim Øien.

TG Montgomery has purchased additional 200 thousand ImmunoPharma shares from Bohan & Co in 2019 that is not yet registered in VPS.
TG Montgomery owns 3 697 000 ImmunoPharma shares including the unregistered purchase.

Parent Company Financial Statements

STATEMENT OF PROFIT AND LOSS

<i>Amounts in NOK</i>	Note	2020	2019
Revenue	2	965 888	1 199 780
Total Operating Income		965 888	1 199 780
Cost of Materials	3	-15 473 420	1 937 800
Personnel Expenses	4	1 082 003	981 577
Depreciation of Operating and Intangible Assets	5	567 184	0
Other Operating Expenses	4	11 395 711	8 846 884
Total Operating Expenses		-2 428 521	11 766 262
Operating Profit		-2 428 521	11 766 262
Financial Income and Expenses			
Interest Income from Group Companies		173 030	0
Other Interest Income		1 035	827 065
Other Financial Income		11 372 601	0
Other Interest Expenses		125 740	3 044
Other Financial Expenses		866 911	0
Net Financial Items		10 554 016	824 021
Operating result Before Tax		13 948 425	-9 742 460
Tax on Ordinary Result	11	3 648 266	-9 850 062
Ordinary Result After Tax		10 300 159	107 602
Extraordinary Income and Expenses			
Annual Net Profit		10 300 159	107 602
Brought Forward			
Less Brought Forward		-10 300 159	-107 602
Net Brought Forward		10 300 159	107 602

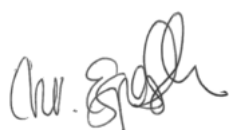
STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK</i>	Note	2020	2019
Fixed Assets			
Intangible Assets			
Deferred Tax Assets	11	930 326	4 146 510
Total Intangible Assets		930 326	4 146 510
Tangible Assets			
Buildings and Land	5	5 979 326	6 312 186
Total Tangible Assets		5 979 326	6 312 186
Financial Fixed Assets			
Investment in Subsidiaries	6	245 397 238	227 727 808
Loan to Group Companies	7	45 182 745	37 678 388
Other Long-Term Receivables	7	2 652 200	2 652 200
Total Financial Fixed Assets		293 232 182	268 058 396
Total Fixed Assets		300 141 834	278 517 092
Current Assets			
Debtors			
Account Receivables	7	814 243	727 464
Other Short-Term Receivables	7	766 194	1 525 084
Total Receivables		1 580 437	2 252 548
Investments			
Cash and Bank Deposits	8	6 175 000	8 095 121
Total Current Assets		7 755 437	10 347 669
Total Assets		307 897 271	288 864 761

EQUITY AND LIABILITIES

Amounts in NOK	Note	2020	2019
Equity			
Paid-Up Equity			
Share Capital	9, 10	10 415 324	7 555 991
Non-Issued Equity	9	0	-108 754 025
Share Premium Reserve	9	173 707 505	48 259 279
Total Paid-Up Equity		184 122 829	164 569 294
Retained Earnings			
Uncovered Loss	9	-21 277 486	-31 577 645
Total Retained Earnings		-21 277 486	-31 577 645
Total Equity		162 845 343	132 991 649
Liabilities			
Provisions for Liabilities			
Other Long-Term Liabilities			
Other Long-Term Liabilities	5	135 345 341	143 711 976
Total of other Long-Term Liabilities		135 345 341	143 711 976
Current Debt			
Trade Creditors		1 010 363	4 156 930
Public Duties Payable		143 766	46 287
Other Current Debt		8 552 458	2 252 548
Total Current Debt		9 706 587	12 161 136
Total Liabilities		145 051 928	155 873 112
Total Equity and Liabilities		307 897 928	288 864 761

Oslo, August 23rd, 2021
Board of Directors, ImmunoPharma AS



Knut Christian Espeseth
Chairman



Frode Marc Bohan
Board Member



Katarzyna Maresz
Board Member



Kjetil Ramsøy
Board Member



Kim Øien
Board Member and CEO

Notes to the Financial Statements

NOTE 1 ACCOUNTING PRINCIPLES

The Financial Statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles for Small Companies.

FOREIGN CURRENCY

Monetary items are translated using the exchange rates at the balance sheet date.

SALES REVENUE

Sales revenues are recognized upon delivery. Revenue from services is recognized upon performance.

TAXES

The income tax expense is comprised of both tax payable for the period, and changes in deferred tax. Deferred tax is determined on the basis of existing temporary differences between accounting net income and tax net income, including year-end loss carry-forwards, calculated at 22%. Temporary differences, both positive and negative, which will or are likely to reverse in the same period, are recorded as a net amount.

BALANCE SHEET CLASSIFICATION

Fixed assets are comprised of assets intended for long term ownership and use. The amortisation period for the real property acquired after 2009 has been unbundled in to one part relating to the structure and another part relating to fixed technical installation. Fixed assets are valued at cost. Fixed assets are recorded in the balance sheet and depreciated over the estimated useful economic life. Fixed assets are written down to recoverable amount when decreases in value are expected to be permanent. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Impairments losses recognised are reversed when the basis for the impairment loss is no longer evident.

Current assets and liabilities are comprised of items receivable/due within one year and items related to the inventory cycle. Current assets are valued at the lower of cost and market.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are reported in the annual accounts at cost, in accordance with accounting treatment for Small Companies, the criteria for which the group satisfies.

INVENTORY

Inventory is valued at the lower of cost and net sales value.

RECEIVABLES

Accounts receivables and other receivables are recorded in the balance sheet at nominal value less a provision for doubtful accounts. Provision for doubtful accounts is determined on the basis of an assessment of individual receivables.

PENSION LIABILITIES

Unfunded pension obligations are estimated and recognized as other provisions. Funded pension liabilities are not recognized in the balance sheet. The premium paid is regarded as the pension cost for the period and classified as wage cost in the profit and loss statement.

GUARANTEES

Provision is made for estimated guarantee expenses. The allocation is recorded within Other Short Term Liabilities in the Balance Sheet.

NOTE 2 REVENUES

Geographical distribution of revenues:

<i>Amount in NOK</i>	2020
Type of Revenue	
Sale of Goods	965 888
Total	62 105
Geographical Distribution of Revenue	
Norway	965 888
Total	965 888

NOTE 3 INVENTORIES

Inventories are measured based on the FIFO principle, and at the lowest value of historic cost and net realizable value. For raw materials and work-in-progress sales value of final goods is reduced by costs to complete and sell.

<i>Amount in NOK</i>	2020	2019
Raw Materials	-	-
Work-in-Progress	-	-
Finished Goods	-	-
Total	-	-

NOTE 4 SALARIES, NUMBER OF EMPLOYEES, OTHER COMPENSATION

<i>Amounts in NOK</i>	2020	2019
Salary Costs	960 380	908 290
Salaries	-	-
Social Security Tax	135 414	128 007
Pension Costs	-	-
Government Grant (Skattefunn)	-21 042	-54 720
Total	1 074 752	981 577
Average Number of Employees	1	1

The Company does not meet the statutory requirements for a contribution pension plan. The Company currently does not have a pension plan for its employee.

There are no termination agreements or bonus plans for the Company's employees, Board members etc. No loans have been given to employees, Board members, etc.

Compensation to management and Board members:

<i>Amounts in NOK</i>	2020	2019
Salaries	-	-
Pension Costs	-	-
Other Compensation	-	-
Total Salaries	-	-
Consulting Fees	600 000	-
Total Compensation	600 000	-

The compensation (consulting fee) paid to Enrico Vitali-Rosati, the CEO for 2020 amounted to NOK 600 thousand.

Audit fees excluding VAT:

<i>Amounts in NOK</i>	2020	2019
Audit Fees	91 500	118 600
Other Services	26 250	7 500
Total	117 750	126 100

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

<i>Amounts in NOK</i>	Factory and Property
Acquisition Cost on January 1 st , 2020	6 312 186
Acquisition During Period	234 324
Disposals During Period	-
Acquisition Cost on December 31 st , 2020	6 546 510
Accumulated Depreciation on December 31 st , 2020	-567 183
Net Carrying Amount on December 31st, 2020	5 979 327
Depreciation for the Period	567 183

NOTE 6 SUBSIDIARIES

	Number of Shares	Acquisition Cost	Percentage Ownership	Net Profit/Loss for the Period	Equity
TG Montgomery AS	2 216 585	221 112 741	98.87%	25 566 570	52 475 555
Nordic Healthy Living AS	2 000	26 836 750	100.00%	-778 968	29 163 130

Transactions between the Group companies are done on an arms-length basis at prevailing market prices.

NOTE 7 LONG-TERM RECEIVABLES

<i>Amounts in NOK</i>	2020	2019
Other Receivables	2 652 200	13 856 427

NOTE 8 RESTRICTED CASH

Restricted cash in the amount of NOK 75 125 was included in the Company's cash and cash equivalents on December 31st, 2020.

NOTE 9 EQUITY

<i>Amounts in NOK</i>	Share Capital	Share Premium	Non-Registered Equity	Other Equity	Total Equity
Equity on January 1 st , 2020	7 555 991	48 259 279	108 754 025	-31 577 645	132 991 649
Share Issues	2 859 333	125 448 226	-108 754 025	-	19 553 534
Result for the Period	-	-	-	10 300 159	10 300 159
Dividends	-	-	-	-	-
	10 415 324	173 707 505	-	-21 277 486	162 845 342

NOTE 10 SHAREHOLDERS

The Company's shares are registered in VPS and the ownership structure is available in public records. The largest shareholders are also disclosed in the Group's consolidated financial statements in note 14.

Shares and options owned by members of the board and CEO:

Name	Position in Company	Shares	% of Shares
Frode Marc Bohan	Board Member	34 044 505	32.7%
Kim Øien ¹⁾	Board Member	16 669 160	16.0%

¹⁾ Kim Øien became CEO of the Company in 2021

Bohan & Co, the owner of the ImmunoPharma shares in the table above, is 100% owned by Frode Bohan. Nicoline Invest and Nicoline Consult, the owner of the shares in the table above, is 100% owned by Kim Øien.

NOTE 11 TAXES

Taxes are recognized in the income statement when incurred, that is, the tax expense is based on the result before tax in the financial statements. Tax expense consists of taxes payable (tax on the years taxable income) and the change in deferred taxes for the year. Taxes on share issue costs recorded directly to equity is similarly recorded directly to equity.

Tax expense for the year:

<i>Amounts in NOK</i>	2020
Taxes Payable	-
Deferred Tax	3 648 266
Income Taxes for the Year	3 648 266

Reconciliation of expected tax to actual tax expense:

<i>Reconciliation of the Year's Tax Expense, Amounts in NOK</i>	2020
Result Before Tax	13 948 425
Nominal Tax Percentage	22%
Expected Tax Expense	3 068 654
Tax Effect of Non-Deductible Expenses	1 013 655
Tax Effect of Non-Taxable Income	-110 648
Prior Year Correction	-323 395
Tax Expense for the Year	3 648 266

Taxable result is determined as follows:

<i>Amounts in NOK</i>	2020
Result Before Tax	13 948 425
Permanent Differences	4 104 578
Prior Year Adjustment	-1 469 976
Share Issuance Costs Directly to Equity	-1 964 007
Change in Temporary Differences	2 280 373
Taxable Income	16 899 393

Statsautorisert revisor Elin Helene Fjellberg

To the Shareholders' Meeting of IMMUNOPHARMA AS

Independent auditor`s report

Bærum, 23 august 2021

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IMMUNOPHARMA AS, showing a profit of NOK 10.300.159 in the financial statements of the parent company and a loss of NOK 25.619.154 in the financial statements of the group, in our opinion:

- The financial statements are prepared in accordance with laws and regulations
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at December 31, 2020, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at December 31, 2020, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Statsautorisert revisor Elin H. Fjellberg
Veritasveien 2
1363 HØVIK
Medlem i Den Norske Revisorforening

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org.nr.: 965 396 713 MVA

Statsautorisert revisor Elin Helene Fjellberg

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual year report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 and the Groups's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the Company or Group will cease operations.

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 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.

Statsautorisert revisor Elin Helene Fjellberg

As part of an audit in accordance with ISAs, we exercise professional judgment 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 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 and the Group'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, Group or both 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Statsautorisert revisor Elin Helene Fjellberg

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we 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 our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Statsautorisert revisor Elin Helene Fjellberg


Elin Helene Fjellberg
State Authorised Public Accountant
(This document is signed electronically)

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The image features two overlapping rounded rectangular shapes. The top shape is teal and the bottom shape is dark blue. The teal shape is positioned to the left and slightly above the dark blue shape, creating a layered effect. The background is white.

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