

SOM INNOVATION BIOTECH, S.A.

ABRIDGED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2019 TOGETHER WITH THE AUDIT REPORT ON ABRIDGED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

(FREE TRANSLATION OF THE ORIGINAL ISSUED IN SPANISH. IN THE EVENT OF ANY DISCREPANCY THE SPANISH VERSION PREVAILS.)

SOM INNOVATION BIOTECH, S.A.

Abridged Annual Accounts for the financial
year 2019 together with the Audit
Report on Abridged Annual Accounts
issued by an Independent Auditor

AUDIT REPORT ON ABRIDGED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

ABRIDGED ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2019:

Abridged Balance Sheets as of December 31, 2019 and 2018
Abridged Profit and Loss Accounts for the financial years 2019 and 2018
Abridged Statement of Changes in Shareholder's Equity for the financial years 2019 and 2018
Notes to the accounts for the financial year 2019

SOM INNOVATION BIOTECH, S.A.

**AUDIT REPORT ON ABRIDGED ANNUAL
ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR**



**Audit report on the abridged annual
accounts issued by an independent auditor**

To the Partners of **SOM INNOVATION BIOTECH, S.A.**

Report on the abridged annual accounts

We have audited the accompanying abridged annual accounts of **SOM INNOVATION BIOTECH, S.A.**, which comprise the abridged balance sheet as of December 31, 2019, the abbreviated profit and loss account, the statement of changes in abbreviated net equity and the abbreviated report for the year ended on that date.

In our opinion the accompanying abridged annual accounts express, in all material respects, the true and fair view of the net equity and the financial position of the company of December 31, 2019 and its results for the year ended on that date, in accordance with the applicable financial reporting regulatory framework (which is identified in Note 2 of the Notes to the accounts for the financial year) and, in particular, with the accounting principles and criteria contained therein.

Basis for opinion

We have carried out our audit in accordance with the regulations governing the current account auditing activity in Spain. Our responsibilities in accordance with these standards are described below in *the auditor's responsibility for the audit of the abridged annual accounts* of our audit report.

We are independent of the Company in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the abridged annual accounts in Spain as required by the regulations governing the activity of auditing accounts. In this regard, we have not provided services other than those of auditing accounts or situations or circumstances that, in accordance with the aforementioned regulations that have affected the necessary independence so that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis paragraph

We draw attention to Note 2.d. of the accompanying abridged annual accounts, which indicates that the Company is in the process of researching and developing new methods for the discovery of molecules with activity against rare diseases, such as Amyloidosis or Huntington's disease, mainly. This implied, among other aspects, that this financial year has not generated significant revenues in concept of net turnover. The Company will need significant financial resources to ensure that it can carry out all the necessary research to put the products on the market, so that the viability of the Company is due to the fact that its research and development projects will be concluded with scientific and economic success.

The Directors have drawn up the abridged annual accounts under the going concern principle, considering that there are high probabilities of reaching the business plan according figures.

This question does not change our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those, according to our professional judgment, that have been considered as the most significant material misstatement risks in our audit of the abbreviated annual accounts of the current period. These risks have been addressed in the context of our audit of the abridged annual accounts as a whole, and in the formation of our opinion on them, and we do not express a separate opinion on these risks.

Most relevant audit aspects	Audit response
<p>Risk in valuation and recoverability of intangible assets and continuity in operations:</p> <p>As described in note 5 of the accompanying abridged memorandum, of December 31, 2019, the Company has activated development expenses at net book value for an amount of 2.420.987,43 euros, mainly relating to personnel expenses, incurred in the development of certain projects, both in this year and previous years. As in previous years, there is a risk of not having enough information that allows us to verify its correct activation and certainty about the future economic-commercial viability of each of the projects, constituting one of the fundamental requirements to capitalize development expenses in accordance with accounting principles and criteria that are applicable.</p>	<p>We have carried out, among others, the following audit procedures:</p> <ul style="list-style-type: none">- Understanding of the policies and procedures applied to the Company, as well as the evaluation of the controls applied to the Company for the imputation of R & D expenses.- The verification of the movements in the R & D accounts through a sample of project activities for the year, giving rise to evidences such as the hours and the cost of the same incurred by the workers in the different projects.- Inquiry with the management about the viability of the projects.- Request for written statements from the Directorate and the governing body on R & D.- We have verified the correct amortization of the different projects activated based on the useful life of the best projects.- We have evaluated the adequacy of information breakdowns provided in attached annual accounts report, required by the regulatory framework of financial information and application.

The responsibility of the Directors in respect of the abridged annual accounts

The Board of Directors are responsible for the preparation of the accompanying annual accounts, in such a way that they express the true and fair view of the net equity, the financial situation and the results of the company in accordance with the regulatory framework of financial information applicable to the entity in Spain, and of the internal control deemed necessary to enable the preparation of the abridged annual accounts free of material misstatements, whether due to fraud or error.

In the preparation of the abridged annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, revealing, as appropriate, going concern issues and using the accounting principle of going concern company unless the Directors intend to liquidate the Company or cease operations, or there is no other realistic alternative.

The auditor's responsibility for the audit of the abridged annual accounts

Our objectives are to obtain reasonable assurance that the abridged annual accounts are free from material misstatement, due to fraud or error, and issue an audit report that contains our opinion.

Reasonable security is a high degree of security but does not guarantee that an audit conducted in accordance with the governing regulations of the Spanish audit activity whenever a material mismatch is detected when that one really exists. The inaccuracies may be due to fraud or error and are considered material if, individually or in an aggregate form, can reasonably be expected to influence the economic user's decisions based on the abridged annual report.

As a part of an audit in accordance with the governing audit activity regulations of annual accounts in Spain, we apply our professional judgment and maintain an attitude of professional scepticism during the audit. As well:

- We identify and assess the risks of material misstatement in the abridged annual accounts, due to fraud or error, design and apply audit procedures in order to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since the fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of relevant audit internal control in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate if the accounting policies applied are adequate, and the reasonableness of the accounting estimates and the corresponding information disclosed by the Directors.

- We conclude on whether the use of the accounting going concern principle by the Administrators is adequate and, based on the audit evidence obtained, we conclude on whether or not there is a material uncertainty related to facts or conditions that may generate significant doubts about the ability of the Company to continue as going concern company. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the abridged annual accounts, or, if such disclosures are not appropriate, that we express an amended opinion. Our conclusions are based on the audit evidence obtained to date from our audit report. However, future events or conditions may cause the Company to cease to be a going concern company.
- We evaluate the overall presentation, structure and content of the abridged annual accounts, including the information disclosed, and whether the abridged annual accounts represent the underlying transactions and events in a way that manages to express the true company image.

We communicate to the Company's Directors regarding, among other matters, the scope and timing of the planned audit procedures and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the significant risks that have been reported to the Company's Directors, we will determine those that have been most significant in the audit of the abridged annual accounts of the current period and that are, consequently, the risks considered most significant.

We describe these risks in our audit report unless legal or regulatory provisions ban the public disclosure of the matter.

BDO Auditores, S.L.P. (ROAC n° S1273)

César López-Cepero (ROAC 20.494)
Audit Partner

July 2, 2020

The draft of this report has not yet undergone our Firm's usual internal review procedures and, therefore, we reserve the right to make the necessary modifications, insertions or deletions that might result from the mentioned review process.

SOM INNOVATION BIOTECH, S.A.

ABRIDGED ANNUAL ACCOUNTS FOR FINANCIAL YEAR 2019



SOM INNOVATION BIOTECH, S.A.**ABRIDGED BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018**

(Stated in Euros)

ASSETS	Notes to the Abridged Annual Accounts	31/12/2019	31/12/2018
NON-CURRENT ASSETS			
Intangible assets	Note 5	2.420.987,43	1.775.922,20
Tangible fixed assets	Note 6	22.073,17	28.401,47
Long-term financial investments	Note 8.2	134.610,24	94.015,99
Deferred Tax Assets	Note 13	53.423,94	53.423,94
CURRENT ASSETS			
Inventories	Nota 8.2	-	5.000,00
Trade and other receivables		184.205,49	137.215,43
Current Tax Assets	Note 13	184.205,49	-
Other receivables from Public Authorities	Note 13	-	137.215,43
Short-term financial investments	Nota 8.2	1.087,00	1.087,00
Cash and cash equivalents	Note 8.1	2.032.916,13	4.001.071,39
TOTAL ASSETS		4.849.303,40	6.096.137,42

SOM INNOVATION BIOTECH, S.A.**ABRIDGED BALANCE SHEETS AS OF DECEMBER 31, 2019 AND 2018**

(Stated in Euros)

EQUITY AND LIABILITIES	Notes to the Annual Accounts	31/12/2019	31/12/2018
EQUITY		3.876.245,79	5.076.293,02
Equity		3.734.848,53	4.907.866,99
Capital	Note 12.1	522.137,77	522.137,77
Share capital		522.137,77	522.137,77
Issue Premium	Note 12.2	8.208.123,35	8.208.123,35
Reserves	Note 12.3	(47.402,26)	(47.402,26)
Negative results from previous exercises		(3.774.991,87)	(2.718.348,25)
Financial year's earnings (losses)	Note 3	(1.173.018,46)	(1.056.643,62)
Grants, donations and legacies received	Note 16	141.397,26	168.426,03
NON-CURRENT LIABILITIES		784.103,26	713.610,57
Long-term debts		736.324,84	654.247,92
Debts with credit institutions	Note 7.2 and 9.1	20.042,16	20.897,23
Other long-term debt	Note 9.1	716.282,68	633.350,69
Deferred tax liabilities	Note 13	47.778,42	59.362,65
CURRENT LIABILITIES		188.954,35	306.233,83
Short-term debts		115.801,53	173.365,83
Debts with credit institutions	Nota 7.2 and 9.1	5.276,25	11.049,88
Other short-term debt	Note 9.1	110.525,28	162.315,95
Trade and other payables		73.152,82	132.868,00
Suppliers	Nota 9.1	1.425,49	2.500,66
Other creditors	Note 9.1	46.232,91	71.644,95
Other debts with Public Authorities	Note 13	25.494,42	58.722,39
TOTAL EQUITY AND LIABILITIES		4.849.303,40	6.096.137,42

SOM INNOVATION BIOTECH, S.A.**ABRIDGED PROFIT AND LOSS ACCOUNTS**
FOR THE FINANCIAL YEARS 2019 AND 2018

(Stated in Euros)

PROFIT AND LOSS ACCOUNT	Notes to the Annual Accounts	2019	2018
Net amount of turnover		-	10.765,22
Net sales		-	10.765,22
Works performed by the company for its assets	Note 5	1.324.066,88	957.037,18
Supplies		(82.012,01)	(92.919,67)
Other operating income	Note 16	52.574,50	16.902,50
Personnel expenses	Note 14.a	(433.769,83)	(341.589,87)
Other operating expenses	Note 14.b	(1.348.393,13)	(889.803,18)
Amortization of fixed assets	Notes 5 and 6	(685.913,11)	(524.965,94)
Allocation of grants for non-financial assets and other		8.921,02	14.522,73
Impairment and results for fixed-asset disposals	Note 5	-	(3.945,60)
Other earnings		(16,96)	-
OPERATING EARNINGS		(1.162.542,64)	(853.996,63)
Financial income		12.268,73	863,47
Financial expenses		(20.533,21)	(203.424,75)
Change in fair value in financial instruments		-	(89,42)
Exchange differences		(211,34)	3,71
FINANCIAL EARNING		(8.475,82)	(202.646,99)
PRE-TAX EARNING		(1.173.018,46)	(1.056.643,62)
Profit tax	Note 13	-	-
PROFIT (LOSS) FOR THE YEAR		(1.173.018,46)	(1.056.643,62)

SOM INNOVATION BIOTECH, S.A.**ABRIDGED STATEMENT OF RECOGNIZED INCOME
AND EXPENSES FOR THE FINANCIAL YEARS 2019 AND 2018**

(Stated in Euros)

	Notes to the Annual Accounts	2019	2018
INCOME FROM THE PROFIT AND LOSS ACCOUNT			
		(1.173.018,46)	(1.056.643,62)
Income and expenses charged directly to equity:			
Grants, donations and legacies received	Note 16	-	94.251,60
Tax effect	Note 13	-	(23.562,90)
TOTAL INCOME AND EXPENSES ALLOCATED TO EQUITY			
		-	70.688,70
Transfers to the profit and loss account:			
Grants, donations and legacies received	Note 16	(8.921,02)	(17.743,67)
Grants received		(8.921,02)	(14.522,73)
Interest free loans		-	(3.220,94)
Tax effect	Note 13	11.584,23	4.435,92
TOTAL TRANSFERS TO THE PROFIT AND LOSS ACCOUNT			
		2.663,21	(13.307,75)
TOTAL RECOGNIZED INCOME AND EXPENSES			
		(1.170.355,25)	(999.262,67)

SOM INNOVATION BIOTECH, S.A.
ABRIDGED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS 2019 AND 2018
(Stated in Euros)

	Notes to Abridged Account	Share Capital	Share premium	Reserves	Negative results from previous exercises	Financial Year's Earnings	Grants, donations and legacies received	Total
BALANCE END OF YEAR 2017		362.087,30	1.063.914,82	(47.402,26)	(1.549.709,01)	(1.168.639,24)	111.045,08	(1.228.703,31)
I. Total recognized income and expenses		-	-	-	-	(1.056.643,62)	57.380,95	(999.262,67)
II. Transactions with shareholders or owners		160.050,47	7.144.208,53	-	-	-	-	7.304.259,00
Capital increases	Note .121	160.050,47	7.144.208,53	-	-	-	-	7.304.259,00
III. Other changes in equity	Note 3	-	-	-	(1.168.639,24)	1.168.639,24	-	-
BALANCE END OF YEAR 2018		522.137,77	8.208.123,35	(47.402,26)	(2.718.348,25)	(1.056.643,62)	168.426,03	5.076.293,02
I. Total recognized income and expenses		-	-	-	-	(1.173.018,46)	(27.028,77)	(1.200.047,23)
II. Transactions with shareholders or owners		-	-	-	-	-	-	-
Capital increases		-	-	-	-	-	-	-
III. Other changes in equity	Note 3	-	-	-	(1.056.643,62)	1.056.643,62	-	-
BALANCE END OF YEAR 2019		522.137,77	8.208.123,35	(47.402,26)	(3.774.991,87)	(1.173.018,46)	141.397,26	3.876.245,79

SOM INNOVATION BIOTECH, S.A.

NOTES TO THE ABRIDGED ACCOUNTS FOR THE FINANCIAL YEAR 2019

NOTE 1. INCORPORATION, ACTIVITIES AND LEGAL SYSTEM OF THE COMPANY

a) Incorporation, Registered Office and Legal System

SOM INNOVATION BIOTECH, S.A. (hereinafter "the Company"), was constituted on December 30, 2009 and its current registered office is located at Baldiri Reixac street nº4, Torre I floor 7, in Barcelona.

On August 2, 2019, the company changed its legal form, going from a limited company to an Anonymous society.

b) Activities

Its activity consists in the research and development of pharmaceutical products for the treatment of human diseases, as well as any other activity relating to the aforementioned corporate purpose.

The Company's financial year starts on January 1 and ends on December 31 of each year. In the rest of the Notes to this Abridged Annual Report, each time reference is made to the financial year ending on December 31, 2019, this will simply state as "financial year 2019".

c) Legal System

The Company is governed by its articles of association and by the actual Capital Law.

NOTE 2. BASIS OF PRESENTATION OF ABRIDGED ANNUAL ACCOUNTS

a) True and Fair View

The Abridged Annual Accounts for the financial year 2019 have been taken from the Company accounting records and drawn up in accordance with the applicable commercial law currently in force and with the standards established in the General Accounting Plan approved by Spanish Royal Decree 1514/2007, of 16th November, applying the modifications introduced by Royal Decree 1159/2010, of 17th September, and Royal Decree 602/2016, of 2nd December to show a true and fair view of the Company assets and liabilities, financial position and earnings, as well as the accuracy of the cash statement.

b) Accounting Principles Applied

The enclosed Abridged Annual Accounts have been drawn up by applying the accounting principles established in the Spanish Commercial Code and in the General Accounting Plan.

c) Presentation Currency

In accordance with the applicable laws and regulations on accounting, the Abridged Annual Accounts are expressed in Euros.

d) Critical Aspects of Uncertainties Valuation and Estimation

The Company has incurred significant operating losses in recent years. These losses were foreseen within an investment and growth plan over several years. The Company has the financial and strategic support of top-level financial investors who guarantee the quality and viability of the business plan. Said business plan has been agreed each year with investors and the 2019 results have met the agreed objectives.

For this reason, the Company's Management has prepared a business plan for the coming years that entails important changes in various aspects. Management expects that this business plan will generate benefits in the coming years and, consequently, estimates that the value of the assets recorded in the balance sheet will be recovered in the normal course of its future operation.

As a result, the Abridged Annual Accounts for fiscal year 2019 have been prepared in accordance with the principle of a going concern, which implies the continuity of operations, based on the business plan prepared by the Company's Management. This business plan contemplates the generation of sufficient resources for the realisation of its assets in the normal course of its future operations and the payment of its liabilities for the amounts and according to the classification shown in the Abridged Annual Accounts.

e) Comparison of the Information

In accordance with commercial law, for comparison purposes, Board of Directors presents, in addition to the figures for the financial year 2019, for each of the items in the Abridged Balance Sheet, Abridged Profit and Loss Accounts and the Abridged Statement of Changes in Equity, the figures for the previous financial year. The items for both financial years are comparable and homogeneous.

The application of Royal Decree 602/2016, of 2 December, has not included changes in the valuation or presentation of the items included in the various statements of the annual accounts.

f) Grouping of Items

For a better understanding of the Abridged Balance Sheet, the Abridged Profit and Loss Account and the Abridged Statement of Changes in Shareholders' Equity, the items of these statements are presented together and the required disclosures are shown in the Annual Report's corresponding notes.

g) Correction of Errors

The Abridged Annual Accounts on the financial year 2019 do not include any adjustment related to as consequence of errors detected in previous financial years.

h) Responsibility for the Information given and the Estimates made

Company's Directors are responsible for the information provided in these abridged annual accounts. These abridged annual accounts have used estimates valuing some of the assets, liabilities, income, expenses and undertakings recorded there. These estimates basically refer to the valuation of losses due to the impairment of specific assets and the useful life of tangible and intangible assets.

Notwithstanding that these estimates were made according to the best information available at the time of the preparation of these abridged annual accounts, it is possible that future events may occur that require their amendment for the next financial years; which would be carried out prospectively, taking account of the effects of the estimate change on the corresponding profit and loss accounts.

i) Cash-Flows Statement and Management Report

In accordance with the applicable commercial law, the Company presents abridged Balance Sheet, Statement of Changes in Equity and Annual Report Abridged. As a result, the Cash-Flow Statement is not presented and the Management Report is not included.

NOTE 3. DISTRIBUTION OF EARNINGS

The proposed distribution of 2019 and 2018, drawn up by Directors are shown below in Euros:

	2019	2018
Distribution base:		
Profit (loss) obtained in the financial year	(1.173.018,46)	(1.056.643,62)
Distribution to:		
Accumulated losses	(1.173.018,46)	(1.056.643,62)

NOTE 4. RECOGNITION AND VALUATION STANDARDS

The principal standards used by the Company in the drafting of its Abridged Annual Accounts for the 2019 financial year, in accordance with those established by the General Accounting Plan, were as follows:

a) Intangible Fixed Assets

Assets included in intangible fixed assets are valued by their cost, whether purchase price or production cost, reduced by the corresponding accumulated amortization (calculated on the basis of its useful life) and losses from any impairment which, where appropriate, has occurred.

The amortizable amount of an intangible asset is distributed on a systematic basis over its useful life. The amortization charge for each period is recognized in the Profit and Loss Account.

Expenses of research costs

Research expenses are recognized as expenses for the financial year in which they are incurred.

Capitalized research costs are specifically individualized for projects and their costs are clearly established so they can be spread over time. Similarly, the Company Management has substantial grounds for expecting the technical success and the financial and commercial profitability of these projects.

Costs of research costs that appear as assets are amortized on a straight-line basis over their useful life, at an annual rate of 20%, and always within a period of 5 years.

As soon as there are reasonable doubts over the technical success or financial and commercial profitability of a project, the values recorded in the asset that apply to it are directly allocated to the financial year's losses.

Computer Applications

Licenses for computer applications purchased from third parties are capitalized on the basis of the costs incurred for purchasing.

Expenses incurred for designing computer programs are specifically individualized for projects and their costs are clearly established so they can be spread over time. Similarly, the Company Management has substantial grounds for expecting the technical success and the financial and commercial profitability of these projects.

Computer applications are amortized on a straight-line basis throughout their useful lives, at an annual rate of 33%.

As soon as there are reasonable doubts over the technical success or financial and commercial profitability of an IT development, the values recognized in the asset that correspond to it are directly allocated to the financial year's losses.

Maintenance expenses for computer applications incurred during the financial year are recognized in the Profit and Loss Account Abridged.

b) Tangible Fixed Assets

Tangible fixed assets are valued by their acquisition price, net of the corresponding accumulated amortization and, where appropriate, of the accumulated value of the recognized allowances for impairment.

Repair and maintenance expenses incurred during the financial year are debited in the Abridged Profit and Loss Account. Costs for renovating, extending or improving intangible fixed assets, representing an increase in capacity, productivity or lengthening of useful life, are capitalized as a higher value of the corresponding assets, once the book values of the replaced items have been de-recognized.

Tangible fixed assets, net of their residual value, where appropriate, are amortized by a straight-line-basis distribution of the various items that constitute these fixed assets over the years of estimated useful life making up the period in which the Company hopes to use them, according to the following table:

	Annual Percentage	Estimated Years of Useful Life
Machinery	25%	4
IT equipment	25%	4
Motor Vehicles	16%	6,25

The book value of a tangible fixed-asset item is de-recognized in the accounts through its alienation or disposal by other means; or where no future economic benefits or profits are expected to be obtained for its use, alienation or disposal by other means.

c) Leases and Other Transactions of a Similar Nature

Operating-lease expenses incurred during the financial year are debited in the Abridged Profit and Loss Account.

d) Financial Instruments

The Company determines the classification of its financial assets on their initial recognition and, where it is permitted and appropriated, this classification is re-assessed on each closing balance sheet.

Financial instruments, for the purposes of their valuation, are classified in any of the following categories:

Loans and Receivables Items and Payables and Debts and Payables Items

Loans and Receivable Items

The following are classified under this category:

- a) Trade credits: financial assets arising from the sale of assets and the provision of services for commercial transactions, and
- b) Non trade credits: financial assets which, being neither equity instruments nor derivatives, have no commercial origins, whose payments are for a fixed or determinable amount, and which are not traded in an active market. They do not include those financial assets for which the Company cannot recover substantially all the initial investments, owing to circumstances unrelated to credit impairment. The latter are classified as available for sale.

Debts and payable items

The following are classified under this category:

- a) Trade debts: financial debts arising from the purchase of assets and services through commercial transactions, and
- b) Non trade debts: Financial liabilities which, not being derivate instruments, have no commercial origins.

Initially, financial assets and liabilities included in this category are valued by their fair value, which is the price of the transaction and which is equivalent to the fair value of the consideration paid plus the transaction costs which are directly attributable to it.

Notwithstanding mentioned in the previous paragraph, receivables and trade payables maturing in less than one year, and does not have a contractual interest rate, as well as, advances and loans to personnel, dividends receivable and capitals call on equity instruments that are expected to receive in the short term, and capital calls on shares, which amount expected to be paid in the short term, are valued at their nominal value when the effect of not discounting cash flows is not significant.

In subsequent valuations, both assets and liabilities are valued by their amortized cost. Accrued interest are accounted in the Profit and Loss Account by applying the effective interest rate method. Notwithstanding the above, loans and debts with a maturity no greater than one year, which are initially valued by their nominal value, remain valued by this amount unless, in the case of loans, they have been impaired.

At year end, the required value adjustments are made if there is objective evidence that the value of a credit has deteriorated, i.e. if there is evidence of a reduction or delay in estimated future cash flows corresponding to that asset.

Loss on impairment of loans and receivables correspond to the difference between its carrying amount and the present value of future cash flows estimated to be generated, discounted at the effective interest calculated at the time of initial recognition.

The impairment loss of receivables at December 31, 2019 was estimated based on the analysis of each individual receivable balances at that date.

Interest and Dividends received from Financial Assets

Interest and dividends on financial assets accrued after the acquisition date are recognized as income in the Abridged Profit and Loss Account.

Interest is recognized using the effective interest rate method. For these purposes, in the initial valuation of financial assets, the amount of explicit interest accrued and not yet due at that time is recorded independently, due to its maturity.

Guarantees Given

The deposits paid for operative renting are valued according to their reasonable value.

e) Transactions in Foreign Currencies

Transactions in foreign currencies are recognized by their exchange value in Euros, by using the spot exchange-rate for the dates on which they occur.

On the close of each financial year, monetary items are valued by applying the average spot exchange-rate on that date. Exchange differences, both positive and negative, which result from this process, as well as those generated on selling off equity items, are recognized in the Abridged Profit and Loss Account for the financial year in which they arise.

f) Corporate Tax

Profit tax is recognized in the Abridged Profit and Loss Account or directly in the Equity depending on where the gains or losses giving rise to it are found. Profit tax for each financial year includes both current and deferred taxes, where appropriate.

The current tax amount is the sum to be paid by the Company as a result of the assessment notices for the tax.

Differences between the book value of assets and liabilities, and their tax base, generate the deferred tax asset or liability tax balances which are calculated using the expected tax rates at the time of their reversal, and under the method in which it can be reasonably expected to recover or pay the asset or liability.

Variations arising during the financial year in deferred tax asset or liability taxes are recognized either in the Abridged Profit and Loss Account or directly in the equity, as appropriate.

Deferred tax assets are only recognized insofar as it is probable that the company will have future tax gains that allow these assets to be applied.

In each closing balance sheet the book value of the recognized deferred tax assets is analyzed and the necessary adjustments are made insofar as there are doubts over their future tax recoverability. Likewise, in each closing non-recognized deferred taxes are assessed in the balance sheet and these are subject to recognition to the extent that their recovery with future tax benefits is probable.

g) Income and Expenses

Income and expenses are allocated according to the accrual basis, i.e. where the real flow of goods and services occurs which these represent, irrespective of when the monetary or financial flow deriving from them occurs.

h) Provisions and Contingencies

Debentures existing at the close of the financial year, resulting from past events which may occasion loss in equity for the Company, and whose value and time of cancellation are indeterminate, are recognized on the balance sheet as provisions and are valued by the current value of the best possible estimate for the amount necessary to cancel the obligation or transfer it to a third party.

i) Grants, Donations and Legacies

Non-refundable capital grants, as well as donations and legacies, are valued by the fair value of the amount granted or of the goods received. They are initially allocated directly as income in the equity and recognized in the Abridged Profit and Loss Account in proportion to the depreciation undergone over the period by the assets financed through these grants, unless these are non-depreciable assets, in which case they will be allocated to the earnings of the financial year in which their alienation or de-recognition takes place.

Where they are grants intended for cancelling debts, these are allocated as income for the financial year in which the cancellation occurs, unless they are received for a specific financing, in which case the allocation is made according to the item that is financed.

j) Related-Party Transactions

In general, items forming the subject matter of a related party transaction are initially recognized by their fair value. The subsequent valuation is made in accordance with the provisions laid down in the corresponding regulations.

NOTE 5. INTANGIBLE FIXED ASSETS

Details of and changes in intangible fixed assets throughout the financial year 2019 are as follows, in Euros:

	31/12/2018	Additions	De-recognitions	31/12/2019
Cost:				
Investigation	3.787.915,70	1.324.066,88	-	5.111.982,58
Computer applications	100.000,00	-	-	100.000,00
	3.887.915,70	1.324.066,88	-	5.211.982,58
Accumulated amortization:				
Investigation	(2.011.993,50)	(679.001,65)	-	(2.690.995,15)
Computer applications	(100.000,00)	-	-	(100.000,00)
	(2.111.993,50)	(679.001,65)	-	(2.790.995,15)
Intangible Fixed Assets, Net	1.775.922,20	645.065,23	-	2.420.987,43

Details of and changes in intangible fixed assets throughout the financial year 2018 are as follows, in Euros:

	31/12/2017	Additions	De-recognitions	31/12/2018
Cost:				
Investigation	2.853.691,45	957.037,18	(22.812,93)	3.787.915,70
Computer applications	100.000,00	-	-	100.000,00
	2.953.691,45	957.037,18	(22.812,93)	3.887.915,70
Accumulated amortization:				
Investigation	(1.512.300,63)	(518.560,20)	18.867,33	(2.011.993,50)
Computer applications	(100.000,00)	-	-	(100.000,00)
	(1.612.300,63)	(518.560,20)	18.867,33	(2.111.993,50)
Intangible Fixed Assets, Net	1.341.390,82	438.476,98	(3.945,60)	1.775.922,20

The losses that occurred during financial year 2018 are due to projects that, when no benefits were foreseen, were canceled, causing a loss of 3,945.60 euros.

Fully-Amortized and in-Use Items

As of December 31, 2019 and as of December 31, 2018, there are fully amortized items in the amount of 100.000 euros corresponding to computer applications.

NOTE 6. TANGIBLE FIXED ASSETS

Details of and changes of tangible fixed assets throughout the financial year 2019 are as follows, in Euros:

	31/12/2018	Additions	31/12/2019
Cost:			
Technical installations and machinery	412,07	-	412,07
Information Processing Equipment	9.879,01	583,16	10.462,17
Motor Vehicles	34.133,82	-	34.133,82
	44.424,90	583,16	45.008,06
Accumulated Amortization:			
Technical installations and machinery	(412,07)	-	(412,07)
Information Processing Equipment	(5.691,05)	(1.450,05)	(7.141,10)
Motor Vehicles	(9.920,31)	(5.461,41)	(15.381,72)
	(16.023,43)	(6.911,46)	(22.934,89)
Tangible Fixed Assets, Net	28.401,47	(6.328,30)	22.073,17

Details of annual changes of tangible fixed assets throughout the financial year 2018 are as follows, in Euros:

	31/12/2017	Additions	31/12/2018
Cost:			
Technical installations and machinery	412,07	-	412,07
Information Processing Equipment	7.306,77	2.572,24	9.879,01
Motor Vehicles	34.133,82	-	34.133,82
	41.852,66	2.572,24	44.424,90
Accumulated Amortization:			
Technical installations and machinery	(412,07)	-	(412,07)
Information Processing Equipment	(4.746,72)	(944,33)	(5.691,05)
Motor Vehicles	(4.458,90)	(5.461,41)	(9.920,31)
	(9.617,69)	(6.405,74)	(16.023,43)
Tangible Fixed Assets, Net	32.234,97	(3.833,50)	28.401,47

Fully-Amortized and in-Use Items

As of December 31, 2019, there are fully amortized items in the amount of 5.860,73 euros (4.949,73 euros in the previous year).

NOTE 7. LEASES AND OTHER OPERATIONS OF SIMILAR NATURE**7.1) Operating Leases (the Company as Lessee)**

The operating lease charge against the results of the financial year 2019 was 31.509,26 Euros (33.916,47 in the previous year).

7.2) Finance Leases (the Company as Lessee)

As of December 31, 2019, the Company has the following assets financed by financial lease contracts:

	Fair Value	Value Purchase Option	Pending Capital
Motor Vehicles	22.934,06	19.825,66	20.897,23
Tangible Assets	22.934,06	19.825,66	20.897,23

As of December 31, 2018, the Company has the following assets financed by financial lease contracts:

	Fair Value	Value Purchase Option	Pending Capital
Motor Vehicles	22.934,06	19.825,66	21.699,06
Tangible Assets	22.934,06	19.825,66	21.699,06

NOTE 8. FINANCIAL ASSETS

The following is the breakdown of the long-term financial assets:

	Credits and Others	
	31/12/2019	31/12/2018
Loans and receivable items(*) (Note 8.2)	134.610,24	94.015,99

(*) Corresponds to pledged deposit to CDTI loans

The following is the breakdown of the short-term financial assets:

	Credits and Others	
	31/12/2019	31/12/2018
Assets at fair value through the profit and loss:	2.032.916,13	4.001.071,39
Cash or other liquid assets (Note 8.1.a)	2.032.916,13	4.001.071,39
Loans and receivable items (Note 8.2)	1.087,00	6.087,00
Total	2.034.003,13	4.007.158,39

8.1) Assets at Fair Value through the Profit and Loss**8.1.a) Cash and other equivalent liquid assets**

The following is the breakdown of these assets as of December 31, 2019 and 2018:

	31/12/2019	31/12/2018
Current accounts	2.032.916,13	4.001.071,39

Due to their high-liquidity, the fair value of these assets coincides with their accounted value.

8.2) Loans and Receivables

The composition of this heading as of December 31, 2019 and 2018 is as follows:

	Balance as of 31/12/2019		Balance as of 31/12/2018	
	Long-Term	Short-Term	Long-Term	Short-Term
Loans for commercial transactions				
Advances to suppliers	-	-	-	5.000,00
Debtors	-	-	-	-
Total loans for commercial transactions	-	-	-	5.000,00
Loans for non-commercial transactions				
Bonds and deposits	134.610,24	1.087,00	94.015,99	1.087,00
Total loans for non-commercial operations	134.610,24	1.087,00	94.015,99	1.087,00
Total	134.610,24	1.087,00	94.015,99	6.087,00

NOTE 9. FINANCIAL LIABILITIES

Detail of long-term financial liabilities, is as follows:

	Derivatives and Others	
	31/12/2019	31/12/2018
Debits and payable items (Note 9.1)	736.324,84	654.247,92

The following is the breakdown of the short-term financial liabilities:

	Derivatives and Others	
	31/12/2019	31/12/2018
Debits and payable items (Note 9.1)	163.459,93	247.511,44

9.1) Debits and Payable Items

The breakdown of these as of December 31, 2019 and 2018 is as follows, in Euros:

	Balance as of 31/12/2019		Balance as of 31/12/2018	
	Long-Term	Short-Term	Long-Term	Short-Term
For commercial transactions:				
Suppliers	-	1.425,49	-	2.500,66
Creditors	-	46.232,91	-	71.644,95
Creditos, related parties (Note 18.1)	-	-	-	-
Total balances for commercial transactions	-	47.658,40	-	74.145,61
For non-commercial transactions:				
Debts with credit institutions.	-	4.421,18	-	10.248,05
Finance leases	20.042,16	855,07	20.897,23	801,83
Other payables	716.282,68	110.525,28	633.350,69	102.866,85
Debt interest with related parties	-	-	-	59.449,10
Total balances for non-commercial transactions	736.324,84	115.801,53	654.247,92	173.365,83
Total debits and payable items	736.324,84	163.459,93	654.247,92	247.511,44

9.1.1) The other debts

The detail of the other debts for the year is as follows:

- Loan Ministry of Health: The outstanding loan amount as of December 31, 2019 is 163.333,33 euros (180.000 in the previous year) and the interest rate is 3,67%. The maturity date is in the year 2030.
- Acció 10 Loan: The amount of the loan granted is for a total of 196.409,60 euros and the applied interest rate is 0%. The disbursement of the loan has been made in equal parts, ie 50% at the time of the resolution (year 2012) and the remaining 50% in 2015, at which time the established objectives, both technical and Economic benefits. The balance to be amortized at the end of 2019 is 117.845,76 euros (137.486,72 in the previous year). The maturity date is in the year 2027.
- Enisa Loan: As of December 31, 2018, the loan was repaid in full.
- Innocash Loan: The outstanding amount of the loan granted is 430.836,89 euros. The interest rate applied is 4,76%. The amount to be amortized as of December 31, 2019, is 252.864,50 euros (296.943,98 euros in the previous year).
- Ministry of Economy and Competitiveness Loan: The total amount of the loan granted is 210.088 euros, 107.909 euros granted for the 2014 annual payment, 97.831 euros for the 2015 annual payment and 4.348 euros for the 2016 annual payment. The interest rate is 0,506%, with a grace period of 3 years and a maturity of 10 years. The amount to be amortized at year-end is 165.205,28 euros (197.878,51 in the previous year).

- **Convertible Loans:** On October 30, 2018 the Ordinary and Universal General Shareholders' Meeting approves to increase the capital together with an assumption bonus for a total amount of 7.304.259,00 euros. These expansions are made through monetary contributions in 4.804.259,00 euros and through the capitalization of these convertible loans for an amount of 2.500.000,00 euros.
- **Loan from the Ministry of Science, Innovation and Universities:** On December 4, 2018, the loan granted by the MICIN for the development of the medication associated with HUNTINGTON disease is reported, for a total amount of 442,368.28, distributed in three annuities. The loan in the first annuity of the year 2018, amounts to an amount of 154,357.78 euros, in the second annuity, the year 2019 is 162,377 euros, and finally for the third annuity, the year 2020 is 125,633.50 euros. Said loan accrues an interest rate of 0, with a grace period of 3 years and a repayment period of 7 years, from the end of the grace period.

9.2) Other Information Relating to Financial Liabilities

a) Maturities of Other Long-term Debts:

The detail of the maturities of the financial liabilities instruments at the close of the 2019 fiscal year, in euros:

	2020	2021	2022	Vencimiento Años		Resto	Total
				2023	2024		
Financial debts	115.801,53	130.720,41	132.883,14	101.321,42	133.037,69	128.477,96	742.242,15
Debts with entities of credit	5.276,25	20.042,16	-	-	-	-	25.318,41
Interest on debts with related parties	-	-	-	-	-	-	-
Other debts	110.525,28	110.678,25	132.883,14	101.321,42	133.037,69	128.477,96	716.923,74
Creditors and other accounts payable:	47.658,40	-	-	-	-	-	47.658,40
Suppliers	1.425,49	-	-	-	-	-	1.425,49
Sundry accounts payable	46.232,91	-	-	-	-	-	46.232,91
Total	163.459,93	130.720,41	132.883,14	101.321,42	133.037,69	128.477,96	789.900,55

The detail of the maturities of the financial liabilities instruments at the close of the 2018 fiscal year, in euros:

	2019	2020	2021	Vencimiento Años		Resto	Total
				2022	2023		
Financial debts	173.365,83	97.746,26	115.184,35	111.957,00	106.566,80	222.793,51	827.613,75
Debts with entities of credit	11.049,88	850,85	20.046,38	-	-	-	31.947,11
Interest on debts with related parties	59.449,10	-	-	-	-	-	59.449,10
Other debts	102.866,85	96.895,41	95.137,97	111.957,00	106.566,80	222.793,51	736.217,54
Creditors and other accounts payable:	74.145,61	-	-	-	-	-	74.145,61
Suppliers	2.500,66	-	-	-	-	-	2.500,66
Sundry accounts payable	71.644,95	-	-	-	-	-	71.644,95
Total	247.511,44	97.746,26	115.184,35	111.957,00	106.566,80	222.793,51	901.759,36

NOTE 10. INFORMATION ON THE DEFERMENT OF PAYMENTS MADE TO SUPPLIERS. THIRD ADDITIONAL PROVISION. "DUTY TO INFORM" OF LAW 15/2010, OF JULY 5

As indicated in the third additional provision "Duty to inform" of Law 15/2010, of July 5, (to amend Law 31/2015), which amends Law 3/2004, of December 29, establishing measures to combat late payment in commercial transactions, and with respect to the Resolution January 29, 2016, of the Institute of Accounting and Audit of Accounts, on the information to be included in the annual accounts in relation to the average period of payment to suppliers in commercial operations you will find the following information:

Payments made and outstanding payment At the Balance Sheet Date		
	Financial Year 2019 Days	Financial Year 2018 Days
Average payment period to suppliers ratio	11,99	24,12

NOTE 11. INFORMATION ON THE NATURE AND LEVEL OF THE RISK FROM FINANCIAL INSTRUMENTS

Company activities are exposed to different types of financial risk, most especially credit, liquidity and market risks (exchange-rate, interest rate and other price risks).

11.1) Credit Risk

The Company main financial assets are cash balances, trade debtors and other receivables, as well as investments, which represent The Company maximum exposure to credit risk with regard to the financial assets.

11.2) Liquidity risk

Since the Company is in the research and development stage, it is not generating revenues in terms of turnover, so it needs significant financial resources to ensure that it can carry out all the research necessary to bring the products into the market. The Company goes to new rounds of financing and loans.

11.3) Foreign Exchange Rate Risk

The Company is not exposed to a significant exchange rate risk, therefore does not perform transactions with financial hedging instruments.

11.4) Interest Rate Risk

Variations in interest rates modify the fair value of those assets and liabilities which accrue a fixed interest rate, as well as the future flows of the assets and liabilities referenced at a variable interest rate.

NOTE 12. EQUITY**12.1) Share Capital**

As of December 31, 2019 the share capital is represented by 52.213.777 nominal shares of 0,01 euros each, fully subscribed and paid up. These holdings enjoy equal political and economic rights.

As of December 31, 2018 the share capital is represented by 52.213.777 nominal shares of 0,01 euros each, fully subscribed and paid up. These holdings enjoy equal political and economic rights.

The share capital has the following composition as of December 31, 2019 and 2018:

Partner	Nº Shares	% Holding	Nº Shares	% Holding
Antoni Salgado Soler	1.618.461	3,10%	1.565.128	3,00%
Josep Mª Sol Mauri	859.169	1,65%	859.169	1,65%
Lancorps C&I SL (M. Dalmasas)	3.633.697	6,96%	3.633.697	6,96%
Pedro Javier González Alonso	882.988	1,69%	882.988	1,69%
Laurent Bruget	1.111.550	2,13%	1.111.550	2,13%
Sanolda Invest, S.L	8.098.479	15,51%	8.098.479	15,51%
UMA Consulting, S.L.	6.693.228	12,82%	6.613.228	12,67%
Muggio Holding, S.L.	2.697.239	5,17%	2.697.239	5,17%
Blanca Mª Mercade Merola	546.736	1,05%	546.736	1,05%
Catalana d'Inversions 98, S.L.	236.341	0,45%	236.341	0,45%
Anangu Grup, S.L	7.564.383	14,49%	7.564.383	14,49%
Joaquim Trias Puig-Sureda	100.648	0,19%	100.648	0,19%
Núria Gavaldà Batalla	200	0,00%	200	0,00%
Núria Reig Bolaño	200	0,00%	200	0,00%
Santiago Esteva Gras	37.672	0,07%	37.672	0,07%
Óscar Huertas Gambín	200	0,00%	200	0,00%
Jesús Carlos Lurigados Delgado	200	0,00%	200	0,00%
Raj Airey	814.859	1,56%	814.859	1,56%
Thomas Kautzch	582.783	1,12%	582.783	1,12%
George S. Cardona	166.667	0,32%	166.667	0,32%
Stanislaw M. Knaflewski	862.087	1,65%	862.087	1,65%
Santi 1990, SLU	3.196.283	6,12%	2.662.949	5,10%
David C.P. Huot-Marchand	194.444	0,37%	194.444	0,37%
Jan H.J. Sundt	500.000	0,96%	500.000	0,96%
Xavier Ducros	100.000	0,19%	100.000	0,19%
Moody Fayed	-	-	1.333.333	2,55%
Pascal J.E. Lambers	333.333	0,64%	333.333	0,64%
James A. Brinck	100.000	0,19%	100.000	0,19%
Angloxel SLU (A. Pintaluba)	2.839.191	5,44%	2.172.524	4,16%
Soc. Civ. Gorgeous I. (Ian Sosso)	362.087	0,69%	362.087	0,69%
Mark Bloom	241.392	0,46%	241.392	0,46%
Gary P. Beadell	241.392	0,46%	241.392	0,46%
Rupert C. Skrine	120.696	0,23%	120.696	0,23%
Mark Taylor	120.696	0,23%	120.696	0,23%
David M. Cotterchio	120.696	0,23%	120.696	0,23%
Crescent 4 Ltd (Lee Robinson)	241.392	0,46%	241.392	0,46%
Matthew L. Mittino	120.696	0,24%	120.696	0,24%
Mark A. Lyttleton	144.835	0,28%	144.835	0,29%
Randir S. Jaggi	241.392	0,46%	241.392	0,46%
Vikas Agarwal	60.348	0,12%	60.348	0,12%
RSJ Gradus Podfond (Michal Votruva)	844.870	1,62%	844.870	1,62%
Bonaventura H. L. (Harmeet Bindra)	120.696	0,23%	120.696	0,23%
David A. Taylor	241.392	0,46%	241.392	0,46%
Whiteport Cap. SL (Cristian Iniesta)	241.392	0,46%	241.392	0,46%
Adya C. AGL (Silvia Panigone)	168.974	0,32%	168.974	0,32%
Rong Hao Koppelkamm	120.696	0,23%	120.696	0,23%
Adenara SL (Elena Rafel)	241.392	0,46%	241.392	0,46%
Alexander M. Grobien	96.557	0,19%	96.557	0,18%
Cleops (M. Gaiotto)	4.351.148	8,33%	4.351.148	8,33%
	52.213.777	100%	52.213.777	100%

On October 30, 2018, the Ordinary and Universal General Shareholders' Meeting approves an increase in capital through the creation of 16.005.047 shares of 0,01 euros of nominal value together with an assumption bonus of 7.144.208,53 euros, which are subscribed by monetary contributions in 4.804.259,00 euros and through the capitalization of the convertible loans for an amount of 2.500.000,00 euros. This increase is made through five deeds of capital increase that occurred during the year 2018. At the date of preparation of these abbreviated annual accounts, all of them have been registered in the Mercantile Registry.

On December 27, 2016, a capital reduction amounting to 50.499,11 euros represented by 5.049.911 shares was generated, generating a reserve for amortized capital, for an amount of 50.499,11 euros.

On June 25, 2015, the General Meeting of Shareholders agreed to a capital increase through compensation of credits amounting to 55.146,36 euros and an issue premium of 294.853,47 euros. At the same General Shareholders' Meeting, a second capital increase was agreed by means of a monetary contribution amounting to 335,50 euros and an issue premium of 1.794,04 euros.

12.2) Issue premium

This reserve arose as a result of the successive capital increases of the years 2010 to 2015. Additionally, this year 2019 there has been no increase in its amount, being at December 31, 2019 of 7.144.208,53 euros. It has the same restrictions and can be used for the same purposes as the voluntary reserves, including their conversion into share capital.

12.3) Reserves

Legal Reserve

The Legal Reserve is restricted with regard to its use, which is determined by a variety of legal provisions. In accordance with the Law Capital Companies, trading companies which obtain profits under this legal form are obliged to provide the reserve with 10% of these, until the constituted reserve fund reaches one fifth of the subscribed share capital. The purposes of the legal reserve are the compensation of losses or the increase of capital by the exceeding part of the 10% of the capital already increased, as well as its distribution to the shareholders in case of liquidation. As of December 31, 2019, the Legal Reserve was not fully endowed.

12.4) Patrimonial Situation

As of December 31, 2019, the Company has balanced its financial position with the capital increases (note 12.1) and the capitalization of convertible loans (note 9.1.1) for a total amount of 7,304,259.00 euros that occurred in 2018.

NOTE 13. TAX SITUATION

The following is the breakdown of the balances with the Tax Authorities as of December 31, 2019 and 2018 in Euros:

	31/12/2019		31/12/2018	
	Receivable	Payable	Receivable	Payable
Non-current:				
Deferred tax assets	53.432,94	-	53.423,94	-
Deferred tax liabilities	-	47.778,42	-	59.362,65
Total Non-current	53.432,94	47.778,42	53.423,94	59.362,65
Current:				
Taxes refund	183.447,57	-	137.215,43	-
Withholdings for Payments on Account	757,92	-	-	-
Value Added Tax	-	-	-	-
Withholding for personal tax	-	16.022,68	-	51.491,54
Social Security, payables	-	9.471,74	-	7.230,85
Repayable grants	-	-	-	-
Total Current	184.205,49	25.494,42	137.215,43	58.722,39

Tax Matters

In accordance with current legislation, tax payments cannot be considered final until they have been inspected by the tax authorities, or until the statute barring period of four years has passed. As of December 31, 2019, the Company has all the taxes to which it is subject from the 2016 financial year to 2019 open to tax inspection. Consequently, in the event of any inspections, additional liabilities could arise to those registered by the Company. However, those of the same consider that such liabilities, if they occur, would not be significant on the annual accounts taken as a whole.

Corporate Income Tax

The conciliation of the net amount of income and expenses with the tax base of the profit tax for 2019 is as follows:

2019			
Profit and Loss Account			
Result of the financial year after tax			(1.173.018,46)
	<i>Increases</i>	<i>Decreases</i>	<i>Net Effect</i>
Permanent differences	16,96	-	16,96
Compensation of negative tax bases of previous years			-
Taxable income (fiscal result)			(1.173.001,50)

The conciliation of the net amount of income and expenses with the tax base of the profit tax for 2018 is as follows:

2018			
Profit and Loss Account			
Result of the financial year after tax			(1.056.643,62)
	<i>Increases</i>	<i>Decreases</i>	<i>Net Effect</i>
Permanent differences	-	-	-
Compensation of negative tax bases of previous years			-
Taxable income (fiscal result)			(1.056.643,62)

The movement of the deferred taxes generated and cancelled relative to the financial year 2019, is detailed below, in Euros:

	31/12/2018	Generated	Applied	31/12/2019
Deferred tax assets:				
Tax Credits	53.423,94	-	-	53.423,94
Deferred tax liabilities:				
Temporary differences	59.362,65	-	(11.584,23)	47.778,42

The movement of the deferred taxes generated and cancelled relative to the previous financial year, is detailed below, in Euros:

	31/12/2017	Generated	Applied	31/12/2018
Deferred tax assets:				
Tax Credits	53.423,94	-	-	53.423,94
Deferred tax liabilities:				
Temporary differences	37.015,00	23.562,90	(1.215,25)	59.362,65

Credits for Tax Losses Carry Forward

The Company has negative tax bases still to be offset in coming years as follows:

Year of Origin	Euros
2012	232.672,25
2013	295.771,18
2014	546.772,50
2015	499.897,95
2017	1.150.102,34
2018	1.056.643,62
2019	1.173.018,46
	4.954.878,30

Other Credits

The Company has not applied tax incentives and deductions to date because none of its projects have been finalized.

NOTE 14. INCOME AND EXPENSES**a) Social Security**

This heading in the Profit and Loss Account is composed as follows, in Euros:

	2019	2018
Salaries and wages	356.014,44	283.271,96
Social Security paid by the Company	76.891,39	56.311,92
Employee benefits expense	864,00	2.005,99
	433.769,83	341.589,87

b) Other Operating Expenses

The breakdown of this heading in the accompanying Profit and Loss is as follows, in euros:

	2019	2018
Leases and fees	31.509,26	33.916,47
Repairs and maintenance	195,60	615,45
Services of independent professionals	1.215.479,40	773.648,66
Insurance premiums	4.049,03	7.502,86
Banking and similar services	1.455,95	4.236,72
Advertising, propaganda and public relations	6.900,26	10.979,73
Supplies	5.644,56	2.684,27
Other services	81.896,87	55.679,43
Other tributes	1.262,20	539,59
Total	1.348.393,13	889.803,18

NOTE 15. INFORMATION ON THE ENVIRONMENT

The Company has no assets, no has it incurred expenses, aimed at minimizing the environmental impact and protecting and improving the environment. There are likewise no provisions for risks and expenses and no contingencies relating to protection and improvement of the environment.

NOTE 16. GOVERNMENT GRANTS, DONATIONS AND LEGACIES

Grants, donations and legacies granted by third parties different to Partners is as follows:

	Amount as of 31/12/2019	Amount as of 31/12/2018
Allocated in the Profit and Loss Account	52.574,50	16.902,50

(A) Including operating grants included in profit or loss for the year

The movement for this heading of the Balance Sheet during the financial 2019 and 2018 is as follows:

	2019	2018
Balance at beginning of year	168.426,03	111.045,08
Received in the year	-	94.251,60
Grants transferred to financial year results	(27.028,77)	(10.892,25)
Tax effect	-	(25.978,40)
Balance at close of year	141.397,26	168.426,03

NOTE 17. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, no relevant events have occurred that affect the Company's Abridged Annual Accounts as of that date, except those derived from:

a) Participative Loan

On February 13, 2020, the Company has agreed to sign a participative loan policy granted by the Empresa Nacional de Innovación, S.A. (Enisa) for an amount of 700,000 euros.

b) COVID-19

Since December 2019, COVID-19, a new strain of Coronavirus, has spread to many countries, including Spain from January 2020. This event significantly affects economic activity worldwide, with the consequent effects on operations.

The extent to which the Coronavirus will impact results will depend on future developments that cannot be reliably predicted; among others, actions to contain the disease or treat it and mitigate its impact on the economies of the affected countries. To deal with this situation, among other measures, the Government of Spain has proceeded to declare a state of alarm, through the publication of Royal Decree 463/2020, of March 14, and the approval of a series of extraordinary urgent measures. to face the economic and social impact of COVID-19.

To date, the Company has not considered it necessary to adopt specific measures such as “temporary workforce restructuring” (ERTE) or “employment regulation file” ERE`s or reductions in working hours, the activity continues as normal and as a containment measure, more exhaustive monitoring and control of expenses and telework measures have been established, and its operations are carried out fully and effectively in this environment.

The impact on the business will depend on the duration of this exceptional situation and on the evolution of events, although for the moment it is estimated that the impact will not be relevant. In any case, future sales should not be affected to the downside. In the event that such situation arises, it would be offset by offsetting other operating expenses or by capital increases, since the company plans to list on the stock market to finance itself on a sustained basis. Additionally, other financing lines have been closed as indicated in the previous point with ENISA for an overall amount of 700 thousand euros.

The global effect of this pandemic on the results of the financial year 2020 will depend on the duration of this exceptional situation and on the subsequent resilience of the markets.

As this is a conjunctural situation, and after analyzing the scenarios based on current estimates and the cash position to date, the administrators do not consider that they compromise the application of the going concern principle and its potential impact. If there is, it will be prospectively recorded in the annual accounts for the financial year 2020.

NOTE 18. TRANSACTIONS WITH RELATED PARTIES

18.1) Balances between Related Parties

Below is the breakdown of the balances held with related parties as of December 31, 2019 and 2018, in Euros:

	31/12/2019	31/12/2018
Debt interest with related parties	-	59.449,10
Credits for commercial transactions:	-	-
Anangu Grup, S.L.	-	-
Total	-	59.449,10

18.2) Balances and Transactions with Directors and Senior Executives

The remuneration of the members of the Board of Directors of the Company during the remuneration period amounts to zero euros.

The following is the breakdown of the amounts received by senior executives during 2019 and 2018 financial years in euros:

	2019	2018
Wages and salaries	155.085,24	113.189,76

Other Information Regarding Board of Directors

In application of Spanish Law Capital Companies, it is reported that the members of the Board of Directors possess no holdings in other companies with the same, similar or supplementary business purpose.

Also, in accordance with the above-mentioned Law Capital Companies, it is also reported that the members of the Board have carried out no activity, on their own behalf or on behalf of others, with the Company, which may be considered to be not in accord with normal trading and not carried out under normal market conditions.

NOTE 19. OTHER INFORMATION

The average number of employees during the financial years 2019 and 2018, divided by categories, is as follows:

	2019	2018
Management	1	1
Project Coordinators	9	8
Total	10	9

The distribution of Company employees at the close of each financial year, divided by gender and category, was as follows:

	31/12/2019			31/12/2018		
	Men	Women	Total	Men	Women	Total
Senior Management	1	-	1	1	-	1
Scientific and intellectual and support technicians and professionals	4	5	9	3	5	8
Total staff at close of financial year	5	5	10	4	5	9

The total of the fees accrued for auditing services of the annual accounts corresponding to the financial year closed on December 31, 2019 were 4.850 Euros (4.760 Euros in the previous year).

PREPARATION OF ANNUAL ACCOUNTS

Pursuant to current trading regulations, the Board of Directors of **SOM INNOVATION BIOTECH, S.A.** draw up the Annual Accounts corresponding to the financial year ending on December 31, 2019, which are composed of the attached pages number 1 to 29.

Barcelona, July 2, 2020
Board of Directors



Mr. Raúl Insa Boronat
President



Mr. Martí Dalmases Arnella
Vice president



ANANGU GRUP S.L.U (Represented
by Mr. Marc Sabé Richer)
Vocal



Mr. Antoni Salgado Soler
Vocal