

Nuevolution A/S

Rønnegade 8, 5.
2100 Copenhagen Ø

CVR-nr. 26 02 97 08

Annual Report for 2022

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Approved at the annual general meeting of shareholders

on 21 June 2023

Chairman: Tore von Würden Petersen

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Company data

Company	Nuevolution A/S Rønnegade 8, 5. 2100 Copenhagen Ø
Telephone	+45 70 20 09 87
WEB	www.amgen.com
CVR no.:	26 02 97 08
Financial year	1 January - 31 December 2022
Board of Directors	Tore von Würden Petersen, Chairman Mikkel Kaasgaard Rasmussen Carsten Bech
Executive Management	Alex Haahr Gouliaev
Parent Company	Nuevolution AB c/o Amgen Aktiebolag Box 706 169 27 Solna Sweden
Telephone	+45 70 20 09 87
Org. No.	559026-4304
Ownership	100%
Ultimate parent	Amgen Inc. One Amgen Center Drive Thousand Oaks, CA USA
Telephone	+1 805-447-1000
	www.amgen.com
Shareholders meeting	on 21 June 2023
Auditor	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg
Bank	Citibank Europe Plc, Denmark Branch, Filial of Citibank Europe Plc, Irland Vesterbrogade 1 L 1620 Copenhagen V

Management's Review

Financial highlights

TDKK	2022	2021	2020	2019	2018
<u>Income Statement</u>					
Revenue	68.498	162.279	37.024	17.360	8.125
Operating result	-39.799	57.031	-53.121	-78.902	-69.125
Net financial items	845	55	-1.101	-625	-685
Result for the period	-28.120	62.971	-33.490	-76.305	-64.310
<u>Balance Sheet</u>					
Total Assets	145.248	172.630	122.370	35.564	77.708
Shareholders' equity	104.330	132.450	69.479	1.807	64.890
Investment in tangible assets	36.430	14.662	3.499	3.499	321
<u>Financial ratios</u>					
Operating margin	neg.	35,1%	neg.	neg.	neg.
Return on equity	neg.	62,4%	neg.	neg.	neg.
Equity ratio (%)	71,8%	76,7%	56,8%	5,1%	83,5%
Average number of employees (FTE)	63	56	54	49	49

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss(EBIT)} * 100}{\text{Revenue}}$
Return on equity	$\frac{\text{Result for the period} * 100}{\text{Average equity}}$
Equity ratio (%)	$\frac{\text{Equity end of year} * 100}{\text{Total assets}}$

Company and research and development activities

Nuevolution A/S is a Danish biopharmaceutical company focused on developing drug treatments for human disease within oncology and chronic inflammatory diseases.

Nuevolution A/S is the inventor of Chemetics®, a patent protected drug discovery platform, which enables efficient discovery of novel small molecule (tablet based) drug candidates.

The Chemetics® platform provides access to screening of trillions of molecules and efficient optimization of drug properties in the process of identifying the drug candidate.

Our efforts are leveraged by a proven and highly efficient drug discovery engine, and backed by a skilled and dedicated team of employees, world-class academic and corporate expert advisers catalyzing our ambition to deliver new medicines to patients.

Development in activities and financial matters

Revenue for the year amounts to TDKK 68,498 compared to TDKK 162,279. The revenue for 2021 was affected by receipt of a milestone payment of TDKK 114,444. In the annual report for 2021, Management expected a revenue in the range of DKK 35 to 50 million and an operating result in the range of DKK -45 to -60 million. The increase comes from higher activity from contract work.

The result for the financial year 2022 shows a net loss of TDKK 28,120 compared to profit of TDKK 62,971 for the financial year 2021. The result for 2021 was affected by receipt of a milestone payment of TDKK 114,444 and was therefore, significant better than expected.

As a result of the increasing activity level the revenue has exceed the expected range and consequently the net loss is lower than anticipated. Hence, the management consider the result of the year as satisfactory.

For 2023 the company expect to continue the development of its research and development activities. As it has significant uncertainties in connection with achievement of milestone payments, the company do not expect to receive any milestone payments during 2023. Without any milestone payments, the company expects a revenue in the range of DKK 75 to 90 million and an operating loss before tax in the range of DKK -50 to -70 million.

Risks

Financial risks

The Company monitors the risk factors that may affect the operations and financial results on a regular basis.

Currency risks

The Company has no loans in foreign currencies and Company's cash pool deposits, presented as intercompany receivables, is denominated in DKK. As such, the company's exposure to fluctuations in foreign currencies is assessed limited.

The Company does not hedge currency risk on foreign currency assets and liabilities.

Interest rate risk

The Company has no loans and Company's cash pool deposits is a variable interest deposit.

Knowledge resources

Nuevolution is dependent on the ability to attract and retain talents for many functions. In times of high competition for the right talents or adverse impact on Nuevolution's image, it could impact the company's ability to perform at high standard and compete against other companies. As part of Amgen Inc. Group the company perform employer branding, provide training, career development, and offer competitive remuneration package.

Covid-19

Covid-19 is no longer considered as critical disease. Nuevolution A/S do still recognize some absence from Covid-19. However, this do not have any impact on the research and development activities. During the partial lock-down Nuevolution A/S increased the use of remote working. The experience from that have in general encouraged to enhance the use of remote work and benefits from the flexibility from remote work.

War in Ukraine

The war in Ukraine does not have a direct impact on the operation. However, some suppliers have some difficulties in deliver all required materials for the operations. Nuevolution is seeking and have found alternative solutions to secure its continuing research and development activities.

Inflation and energy

Nuevolution is similar to most other companies affected by increasing prices. The increasing prices has low impact on the research and development activities. The increasing prices will of course have an impact on the cost level. Nuevolution is also affected by the increasing and fluctuating energy prices. Nuevolution has taken actions to minimize the impact from inflations and energy supply.

Going concern

As described in note 15 the company has secured sufficient funds available to secure its operation for minimum the next 12 months from the balance sheet date, hence we have presented the financial statements under the going concern assumption.

Subsequent events

No subsequent event with significant effect on the annual report for 2022 has occurred after the balance sheet date.

Directors' and Management's Statement on the Annual Report

The Board of Directors and Executive Board have today discussed and approved the annual report of Nuevolution A/S for the financial year 1 January to 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of its operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 21 June 2023

EXECUTIVE MANAGEMENT

Alex Haahr Gouliaev
CEO

BOARD OF DIRECTORS

Tore von Würden Petersen
Chairman of the Board

Mikkel Kaasgaard Rasmussen

Carsten Bech

Independent auditors' report

To the shareholder of Nuevolution A/S

Opinion

We have audited the financial statements of Nuevolution A/S for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent auditors' report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditors' report

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 21 June 2023

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Hans B. Vistisen
State Authorised
Public Accountant
mne23254

Mads Obel Knøsgaard
State Authorised
Public Accountant
mne49041

Income statement for the period 1 January - 31 December

DKK '000	Note	2022	2021
Revenue	2	68.498	162.279
Research and development expenses	3, 5, 9	-104.502	-100.769
Sales, general and administrative expenses	4, 5, 9	-3.795	-4.559
Operating expenses		-108.297	-105.328
Other operating income	6	0	80
Operating result		-39.799	57.031
Financial income	7	1.736	756
Financial expenses		-891	-701
Result before tax		-38.954	57.086
Corporate income tax	8	10.834	5.885
Result for the period		-28.120	62.971
Proposal for distribution of the result for the period	12		

Balance Sheet

DKK '000	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Other fixtures, fittings, tool and equipment	9	23.978	18.214
Right-of-use-assets	9	17.833	13.573
Leasehold improvement	9	1.827	1.743
Assets under construction	9	17.706	3.093
Leasehold deposits	9	2.134	1.878
Total non-current assets		63.478	38.501
Current assets			
Income tax receivable	8	8.079	5.599
Deferred tax assets	8	15.973	14.840
Other current receivables and prepayments	10	3.043	1.611
Receivables, Group Companies	11	54.675	112.079
Total current assets		81.770	134.129
TOTAL ASSETS		145.248	172.630
EQUITY AND LIABILITIES			
Share capital		16.500	16.500
Share premium		285.395	285.395
Retained earnings	12	-197.565	-169.445
Total shareholders' equity		104.330	132.450
Lease liabilities	14	12.874	8.865
Total non-current liabilities		12.874	8.865
Current liabilities			
Lease liabilities	14	6.439	5.196
Trade payables		7.659	3.352
Other current liabilities		13.946	20.088
Payable to collaboration partners		0	2.679
Total current liabilities		28.044	31.315
Total liabilities		40.918	40.180
TOTAL EQUITY AND LIABILITIES		145.248	172.630

Statement of changes in equity

DKK '000	Share capital	Share premium	Retained Earnings	Total equity
Equity at 1 January 2022	16.500	285.395	-169.445	132.450
Result for the period	0	0	-28.120	-28.120
Equity at 31 December 2022	16.500	285.395	-197.565	104.330
Equity at 1 January 2021	16.500	285.395	-232.416	69.479
Result for the period	0	0	62.971	62.971
Equity at 31 December 2021	16.500	285.395	-169.445	132.450

The share capital consists of 16.500.000 shares of nominal DKK 1 per share.

The share capital is fully paid up.

All shares are owned by Nuevolution AB, Solna, Sweden.

There are no limitations concerning distribution of share premium account.

Note 1: Accounting policies

The Annual Report for the Company has been prepared in accordance with the Danish Financial Statement Act and Danish disclosure requirements for annual reports for accounting class C medium-sized entities.

The Annual Report is presented in DKK. All values are rounded to the nearest thousand DKK.

The ultimate parent of the company is Amgen Inc. The consolidated financial statement of Amgen Inc. can be acquired at <https://investors.amgen.com/financials/annual-reports>.

Cash flow

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the Company, as its cash flows are reflected in the consolidated cash flow statement of the ultimate parent company, Amgen, Inc.

FOREIGN CURRENCY TRANSLATION

On initial recognition, foreign currency transactions are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses. Receivables, liabilities and other monetary items denominated in foreign currency that have not been settled at the balance sheet date are translated at closing rates. Foreign exchange differences between the rate of exchange at the date of the transaction and the rate of exchange at the date of payment or the balance sheet date, respectively, are recognised in the income statement under financial items.

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue comprises the fair value of the consideration received or receivable for sales of exclusive license rights and income derived from contract research and other services. Revenue is measured net of discounts, value added tax, duties, etc. collected on behalf of a third party.

In determining the appropriate amount of revenue to be recognized as it fulfils its obligations under each of its agreements, the company performs the following five steps:

- (i) identification of the promised services in the contract;
- (ii) determination of whether the promised services are performance obligations including whether they are distinct in the context of the contract;
- (iii) measurement of the transaction price, including the constraint on variable consideration;
- (iv) allocation of the transaction price to the performance obligations; and
- (v) recognition of revenue when (or as) the company satisfies each performance obligation.

As part of the accounting for these arrangements, the company must develop assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified in the contract. The company uses key assumptions to determine the stand-alone selling price, which may include forecasted revenue, development timelines, and probabilities of technical and regulatory success.

Licenses of Intellectual Property

If the license to the company's intellectual property is determined to be distinct from the other performance obligations identified in an out-licensing arrangement, the company recognizes revenue from non-refundable, up-front fees allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are bundled with other promises, the company utilizes judgement to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, up-front fees. The company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Milestone Payments

At the inception of each arrangement that includes development milestone payments, the company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the company or the licensee, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the company re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue in the period of adjustment.

Contract work

Revenue from contract research and licenses that do not transfer the right of ownership to an intangible asset are recognized over time in line with the execution and transfer of the services. The percentage of completion is made up based on the stage of completion on each individual work in progress.

Significant License and Collaboration Agreements

Amgen

In October 2016, Nuevolution entered into a research collaboration with Amgen, a multi target research collaboration in which Amgen has an exclusive option to obtain all rights to successfully developed programs.

During early discovery stage, Nuevolution covers all own cost. When Amgen decides to make a contractual opt-in, they will take over all cost including Nuevolution's cost. At contractual licensing, Amgen obtains ownership of the program and pays an upfront licensing fee of minimum USD 10 million depending on development stage at licensing. Further development and sales milestones equal up to USD 410 million per program plus tiered royalties on generated sales in case milestones are successfully reached.

Following the opt-in Nuevolution is reimbursed for all cost incurred on a non-refundable basis, why revenue is recognized in full as cost are incurred and invoiced.

For the year ended 31 December 2022, Nuevolution has not recognized any milestone payment from Amgen Inc. Potential milestone payments are outside the company's control hence no further revenue has been recognized.

Research and development expenses

Research and development expenses are incurred in the Company for in-house research and development activities as well as numerous research and development collaborations and alliances with third parties.

Research and development expenses mainly comprise the costs for active ingredient discovery, clinical studies, research and development activities in the areas of application technology and engineering, field trials, patents, regulatory approvals and approval extensions. In addition, research and development expenses also include wages and salaries, and other employee related cost, cost of premises, lawyer, depreciation etc. related to the research and development staff.

For accounting purposes, research expenses are defined as costs incurred for current or planned investigations undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development expenses are defined as costs incurred for the application of research findings or specialist knowledge to plans or designs for the production, provision or development of new or substantially improved products, services or processes, respectively, prior to the commencement of commercial production or use.

Development expenses that are directly attributable to the development of identifiable assets controlled by the company are reported as intangible assets when the following criteria are met:

- 1) It is technically possible to complete the intangible asset so that it can be used or sold
- 2) The company's intention is to complete the asset and to use or sell it
- 3) There are prerequisites to use or sell the asset
- 4) It can be shown how the asset can generate probable future economic benefits
- 5) Appropriate technical, financial and other resources to complete the development and to use or sell the asset are available
- 6) Expenses that are attributable to assets during its development can be reliably calculated.

Reimbursed expenses related to project under collaboration agreements are invoiced to the partners and are set-off against research and development expenses.

All research and development expenses are recognized in the income statement in the period in which they incur.

Sales, General and administrative expenses

Sales, general and administrative expenses include wages and salaries, and other personnel related expenses, office costs, cost of premises, audit, lawyer, depreciation etc. related to management, sales, human resources, information technology, and the finance departments.

Staff expenses

Staff costs

Staff expenses comprise of wages and salaries for staff engaged in research, development, sales, marketing, administration and management. The item also comprises all staff-related costs.

Short-term remuneration

Remuneration of employees in form of salaries, bonuses, paid vacation, paid sickness absence, etc. and pension are recognized when the relevant services are received.

Retirement benefit

Post-employment pension and other remuneration are classified as defined-contribution or defined-benefit pension plans. The company has only defined-contribution pension plans. For defined-contribution plans, the company pays fixed contribution to a separate, independent legal entity and does not have any obligation to pay additional contribution. The company's earnings are charged with expenses in line with the benefits being earned, which normally coincides with the time when the premium is paid.

Other Operating income

Other operating income comprises research funding from government grant. Research funding is recognized in the period when the research activities have been performed and when there is reasonable assurance that the grants will be received. Grants for research and development costs, which are recognized directly in the income statement are recognized under other operating income as the grants are considered to be cost refunds and not as such revenue.

Financial Income

Financial income includes interest income, realized and unrealized gains on transactions in foreign currencies. Financial income are recognized in the income statement at the amounts that relate to the reporting period.

Financial Expenses

Financial expenses include interest expenses, interest expenses relating to finance lease payments, bank fees or alike and realized and unrealized losses on transactions in foreign currencies. Financial interest expenses are recognized in the income statement according to the effective interest method and other financial expenses are recognized in the income statement at the amounts that relate to the reporting period.

Income taxes

Tax for the year, which includes current tax on the year's taxable income, adjustment of taxes from prior year and the year's deferred tax adjustments, is recognized in the income statement.

In assessing current tax for the year, the applicable tax rates and legislation on the statement of financial position date are used.

Nuevolution A/S takes part of a joint taxation group with Amgen Filial af Amgen Aktiebolag, Sweden, with Amgen Filial af Amgen Aktiebolag, Sweden as the administration company.

The company recognizes tax credits relating to research and development costs in accordance with the Danish corporate tax act at the corporate income tax rate (22% for both 2021 and 2022) based on total research and development cost of up to DKK 25.0 million.

Income tax receivable

Current tax assets for the current and prior periods shall be measured at the amount expected to be recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Tax assets that is expected to be recovered within 12 months is reported as current income tax receivable and tax assets that is expected to be recovered after 12 month is reported as non-current income tax receivable.

Deferred taxes

Deferred tax is measured according to the statement of balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. The deferred tax is stated based on the planned utilization of the individual asset and the settlement of the individual liability, respectively.

Deferred tax assets, including the tax value of tax losses carry-forward, are recognized in the balance sheet at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities.

Deferred tax assets, including the tax value of losses carried forward is recognized at the value as it is expected to be utilized, either by future earing or form the joint taxation with its Danish affiliated company.

Balance sheet

Tangible fixed assets

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price, costs directly allocated to the acquisition, and costs for preparation until the date when the asset is available for use.

Depreciation is calculated on a straight-line basis based on the following expected useful life:

	<u>Year</u>
Leasehold improvements	3-10
Other fixtures and fittings, tools and equipment	3-8

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized. In case of changes in the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

Leases

The Company accounts for leases in accordance with IFRS 16 Leases. The Company determines if an arrangement is a lease at contract inception. A lease exists when a contract conveys to the customer the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The lease liabilities are initially measured at the present value of the unpaid lease payments at the lease commencement date. Estimates and judgments include how the Company determined the discount rate it uses to discount the unpaid lease payments to present value, lease term and lease payments.

IFRS 16 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. For leases that do not provide an implicit rate, the Company uses the incremental borrowing rate based on the information available at

commencement date in determining the present value of lease payments. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms.

The lease term includes the non-cancellable period of the lease plus any additional periods covered by a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments (including in-substance fixed payments), less any lease incentives paid or payable to the lessee, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price of the Company option to purchase the underlying asset if the Company is reasonably certain to exercise.

The ROU asset is initially measured at cost, which comprises the initial measurement of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred, less any lease incentives received.

The Company monitors for events or changes in circumstances that require a reassessment of a lease. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in the income statement.

The Company has elected not to recognize ROU assets and lease liabilities for all short-term leases that have a lease term of 12 months or less. The Company recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

Impairment of fixed assets

Fixed assets are reviewed at the statement of financial position date to determine whether there are any indications of impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Trade receivables

Receivables

Receivables from collaboration partners and other receivables are designated as receivables and are initially measured at fair value or transaction price and subsequently measured in the balance sheet at amortized cost, which generally corresponds to nominal value less expected provision for credit loss.

Impairment

The Company has chosen IFRS 9 as interpretation for impairment write-down of financial receivables.

The Company records an allowance for expected credit losses for all loans and other debt financial assets not held at fair value through profit and loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

For receivables with collaboration partners and other receivables, the Company has applied the standard's simplified approach and has calculated expected credit losses based on lifetime expected credit losses. No provision for expected credit losses have been recognized given that the Company has not recognized any of credit losses over the past financial years and do not expect to incur such. As the contract assets relate to the partnerships, the credit risk is based on an individual assessment.

Other current receivables and pre-payments

Other current receivables and prepayments are measured at fair value, and subsequently at amortized cost using the effective interest method less impairment.

Prepayments recognized under assets comprise expenses incurred relating to subsequent financial periods. Prepayments are measured at cost.

Cash

Cash comprise bank balances.

Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognized under 'Receivables, Group Companies' or 'Payables, Group Companies', as applicable. The arrangement is a physical cash pooling, in which the group physically sweeps excess cash out of the individual bank accounts to the cash pool master account on a daily basis.

Trade payables and other current liabilities

Trade creditors are measured at fair value, and subsequently at amortized cost using the effective interest method. Carrying amount for Trade creditor is presumed to correspond to the fair value since it is by nature short-term.

Other liabilities are measured at amortized cost, which usually corresponds to the nominal value.

Present value adjustment is not performed since the duration is short.

Lease liabilities

Lease obligations regarding right-to-use assets are recognized in the statement of financial position as liabilities and measured, at the inception of the lease, at the lower present value of future lease payments, calculated by reference to the interest rate implicit in each lease.

On subsequent recognition, lease liabilities are measured at amortized cost.

Related parties

Apart from the direct parent company, Nuevolution AB and the ultimate parent company Amgen Inc. there are no other related parties with controlling influence on the Company.

Nuevolution A/S's related parties comprise the parent companies, the Company's and the parent company's board of Directors and Management as well as relatives to these persons. Related parties also comprise companies in which the individuals mentioned above have material interests.

The company is included in the group annual report of Amgen Inc, USA. The group annual report can be obtained at www.amgen.com.

Apart from salaries and bonus, there were no transactions with Management or Board of Directors.

Contingent assets and liabilities

Contingent assets and liabilities are assets and liabilities that arose from past events but whose existence will only be confirmed by the occurrence or non-occurrence of future events that are beyond Nuevolution's control.

Contingent assets and liabilities are not to be recognized in the financial statements but are disclosed in the notes.

Taxes

Current tax payables and receivables are recognized in the balance sheet as the estimated income tax change for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax. Deferred tax assets are recognized at the expected value of their utilization; either as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognized in the income statement.

Significant events after the balance sheet date

If Nuevolution obtains information after the balance sheet date, but prior to the date of the Board of Director's approval of the financial statements, about conditions that existed at the balance sheet date, Nuevolution assesses if the information affects the amounts that it recognizes in the financial statements.

Nuevolution will adjust the amounts recognized in its financial statements to reflect any adjusting events after the balance sheet date and update the disclosures that relate to those conditions in the light of the new information.

For non-adjusting events after the balance sheet date, Nuevolution will not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Note

2 Revenue

DKK '000	2022	2021
Milestone payments (at a point in time)	1.866	114.444
Contract work (transferred over time)	66.632	47.835
Total	68.498	162.279

The milestone payment in 2022 was received from a contract with an external partner, while the milestone payment in 2021 was received from the ultimate parent company. Both in 2022 and 2021 the revenue from contract work are achieved from the ultimate parent company.

The entire revenue is from outside Denmark and EU.

3 Research and development expenses

DKK '000	2022	2021
Employee benefit expenses	67.570	66.716
External expenses	40.329	35.828
Depreciation	11.431	8.481
Total	119.330	111.025
Reimbursed expenses from collaboration partners (the ultimate parent company)	-14.828	-10.256
Net research and development expenses	104.502	100.769

4 Sales, general and administration expenses

DKK '000	2022	2021
Employee benefit expenses	1.365	3.525
External expenses	2.153	588
Depreciation	277	446
Total	3.795	4.559

5 Staff expenses

DKK '000	2022	2021
Wages & salaries	47.417	45.263
Bonus	12.448	17.097
Pension (Defined contribution)	5.925	5.377
Other social security costs	458	401
Other personnel costs	2.687	2.103
Total	68.935	70.241

Staff costs are recognized as follows:

Research and development expenses	67.570	66.716
Sales, general and administration expenses	1.365	3.525
Total staff cost	68.935	70.241

The Board of Directors have not received any remuneration and the Executive Management do only consist of one member. Therefore, remuneration to the Executive Management team not have be disclosed.

	2022	2021
<u>Number of employees:</u>		
Average number of FTE	63	56
Number of FTE end of year	68	59

Members of the management have contracts of employment containing standard terms for management members of Danish companies, including the periods of termination notice that both parties are required to give and competition clauses. If a contract of employment of a member of the company's management is terminated by the company without misconduct on the part of such member, the member of the company's management is entitled to compensation, which, depending on the circumstances, may amount to a maximum of 8-12 months' remuneration.

6 Other operating income

DKK '000	2022	2021
Government grant	0	80
Total	0	80

Note

7 Financial income

DKK '000	2022	2021
Interest income from group entities	114	0
Other financial income	1.622	756
Total	1.736	756

8 Corporate income tax

DKK '000	2022	2021
Utilization of Danish Tax Credit	5.500	3.441
Contribution from joint taxation	2.579	2.158
Adjustment from previous year	1.622	137
Changes in deferred tax asset	1.133	149
	10.834	5.885

Deferred tax assets

Deferred tax assets at 1 January	14.840	14.691
Adjustment of deferred taxes for the year	1.133	149
Deferred tax assets at 31 December	15.973	14.840

The company has in previous years generated tax losses. The capitalization of deferred tax assets is based on expected future utilization of net loss carry-forward, generated within the joint taxation, against expected taxable income in Amgen Filial af Amgen Aktiebolag, Sweden. As it is still uncertain whether deferred tax assets can be utilized beside expected utilization of tax losses carried forward from the joint taxation, no further assets has been recognized in the annual report. Deferred tax assets not recognized for 2022 were TDKK 136,048 (2021: TDKK 125,654). The reported deferred tax asset comprises solely of tax loss carried forward which is expected to be utilized during the joint taxation.

Furthermore, Nuevolution has recognized Danish Tax Credit relating to research and development cost in accordance with the Danish corporate tax act at the corporate income tax rate of 22% based on total research and development costs of up to DKK 25 million.

According to current tax legislation, tax loss carry-forward can be carried forward indefinitely.

9 Tangible fixed assets

DKK '000	Other fixtures, fittings, tool and equipment	Right-of-use- assets	Leasehold improvement	Assets under construction	Leasehold deposits
Cost at 1 January 2022	42.507	28.577	11.320	3.093	1.878
Transfer	5.747	-3.895	0	-1.852	0
Additions	8.624	10.602	739	16.465	256
Disposals	-12.837	-217	0	0	0
Cost at 31 December 2022	44.041	35.067	12.059	17.706	2.134
Depreciation and impairment at 1 January 2022	24.293	15.004	9.577	0	0
Transfer	3.895	-3.895	0	0	0
Depreciation and impairment for the year	4.711	6.342	655	0	0
Disposals	-12.836	-217	0	0	0
Depreciation and impairment at 31 December 2022	20.063	17.234	10.232	0	0
Carrying amount at 31 December 2022	23.978	17.833	1.827	17.706	2.134
<u>Depreciation and impairment expenses are recognized as follows:</u>					
Research and development expenses	4.648	6.148	635	0	0
Sales, general and administration expenses	63	194	20	0	0
Total depreciation and impairment expenses	4.711	6.342	655	0	0

Note

10 Other current receivables and prepayments

Other current receivables and prepayments comprises receivable VAT, minor receivable from suppliers and prepayments on service contract on instruments.

11 Receivables, Group Companies

Nuevolution A/S participates in a cash pool arrangement with the Group. Amgen Global Finance BV is the cash pool master and Nuevolution A/S is a sub-account holder together with the Group's other affiliated companies.

Nuevolution A/S' accounts in the cash pool arrangement, which are included under receivables, group companies, amount to DKK 30,799 thousand as of 31 December 2022 (2021: DKK 110,129 thousand).

The arrangement is a physical cash pooling, in which the group physically sweeps excess cash out of the individual bank accounts to the cash pool master account on a daily basis.

12 Distribution of profit/loss

DKK '000	2022	2021
Proposed distribution of profit/loss:		
Transferred to equity reserves	-28.120	62.971
	-28.120	62.971

13 Related parties

Nuevolution A/S' related parties comprise the following:

Apart from the direct parent company, Nuevolution AB and the ultimate parent company Amgen Inc. there are no other related parties with controlling influence on the Company.

Nuevolution A/S's related parties comprise the parent companies, the Company's board of Directors and Management as well as relatives to these persons. Related parties also comprise companies in which the individuals mentioned above have material interests.

Control

Amgen Inc., One Amgen Center Drive, Thousand Oaks, California, USA

The consolidated financial statements fo Amgen Inc may be obtained from the Company on the website www.amgen.com

Related party transactions

Nuevolution A/S' has carried out the following related party transactions:

DKK '000	2022	2021
Sale of services to group entities	66.632	162.279
Reimbursement of defrayed costs from group entities	14.828	10.256
Interest income from group entities	114	0
	31 December 2022	31 December 2021
Receivables from group entities	54.675	112.079

14 Lease liabilities

The Company has entered leases for various items of tangible assets. Futures minimum lease payments under leases together with the present value of the net minimum lease payments are as follows:

DKK '000	31 December 2022	31 December 2021
Non-current lease liabilities	12.874	8.865
Current portion of long-term lease liabilities	6.439	5.196
Total	19.313	14.061

Lease obligations

DKK '000	31 December 2022		31 December 2021	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
0-1 year	6.874	6.439	5.476	5.196
1-2 years	6.469	6.206	5.391	5.236
2-5 years	6.764	6.668	3.716	3.629
Total minimum lease payments	20.107	19.313	14.583	14.061
Less amounts representing finance charges	794	0	522	0
Total	19.313	19.313	14.061	14.061

The company has entered into rent contracts, which all can be terminated at maximum of 6 months notice. Annual rent payment of TDKK 6,330 (2021: TDKK 5,866), where TDKK 6,237 (2021: TDKK 5,572) is included in research and development expenses and TDKK 93 (2021: TDKK 294) is included in sales, general and administrative expenses.

Note

15 Contingent assets and liabilities

License and Collaboration Agreements

We are entitled to potential milestone payments and royalties on successful commercialization of product developed under license and collaboration agreements with our collaboration partners. Since the size and timing of such payments are uncertain until the milestones are reached, the agreements may qualify as contingent assets and, accordingly, no such assets have been recognized.

Disputes

The Company may, from time to time and within the framework of its operations, become involved in disputes and other legal proceedings. Currently no disputes or other legal proceedings exists.

Joint taxation

Since July 16, 2019 the company is jointly taxed with other Danish subsidiaries and Branches of Amgen Inc. The Company has unlimited joint and several liability for payment of Danish corporation taxes within the joint taxation.

16 Significant events after the balance sheet date

No subsequent event with significant effect on the annual report for 2022 has occurred after the balance sheet date.

17 Funding and Going Concern

In October 2016, Nuevolution entered into a research collaboration with Amgen, a multi target research collaboration in which Amgen has an exclusive option to obtain all rights to successfully developed programs.

During early discovery stage, Nuevolution covers all own cost. When Amgen decides to make a contractual opt-in, they will take over all cost including Nuevolution's cost related to the respective opt-in programs. Following the opt-in Nuevolution is reimbursed for all cost incurred on a non-refundable basis. During 2022 Nuevolution A/S did not receive any milestone payments (during 2021 Nuevolution received a mile stone payment of DKK 114,4 million) from the collaboration agreement with Amgen. Future potential milestone payments including potential license of programs are outside the company's control why no revenue has been recognized.

As of December 31, 2022 Nuevolution A/S' affiliated company Amgen Global Finance BV has submitted a statement of support to the company to ensure sufficient liquidity resources for operations and activities in 2023 in accordance with budget, at least until 31 December 2023. Based on this, the company's management has presented the annual accounts under the assumption of going concern.

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Tore von Würden Petersen

Chairman

On behalf of: Nuevolution A/S

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IP: 198.176.xxx.xxx

2023-06-22 12:15:13 UTC



Tore von Würden Petersen

Board of Directors

On behalf of: Nuevolution A/S

Serial number: 2e6f7ac0-df89-4243-a270-1a4edc93e4bf

IP: 198.176.xxx.xxx

2023-06-22 12:15:13 UTC



Mikkel Kaasgaard Rasmussen

Board of Directors

On behalf of: Nuevolution A/S

Serial number: 3c469276-829e-4668-ae7e-f41e977dfad3

IP: 198.176.xxx.xxx

2023-06-22 12:16:03 UTC



Alex Haahr Gouliaev

Executive Board

On behalf of: Nuevolution A/S

Serial number: b1ab72db-1b7d-4291-9f55-bd4ed9c1cc4c

IP: 198.176.xxx.xxx

2023-06-25 13:36:32 UTC



Carsten Bech

Board of Directors

On behalf of: Nuevolution A/S

Serial number: a4ab708d-b33c-46aa-837c-3a0e13c4b5ba

IP: 198.176.xxx.xxx

2023-06-26 05:15:24 UTC



Mads Knoesgaard

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:87625567

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Hans B. Vistisen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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