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MonTa Biosciences ApS

Diplomvej 377, 1 sal, 2800 Kgs Lyngby

Company reg. no. 36 69 70 16

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 13 May 2024.

Lone Schøtt Kunøe
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Management's review	6
Financial statements 1 January - 31 December 2023	
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11
Accounting policies	13

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of MonTa Biosciences ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

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

We recommend that the annual report be approved at the Annual General Meeting.

Kgs Lyngby, 13 May 2024

Managing Director

Simon Skjøde Jensen

Board of directors

Lone Schøtt Kunøe

Esper Boel

Peter Birk Rasmussen

Sven Madsen

Independent auditor's report

To the Shareholders of MonTa Biosciences ApS

Opinion

We have audited the financial statements of MonTa Biosciences ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Independent auditor's report

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

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

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

Statement on Management's Review

Management is responsible for Management's Review.

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

Independent auditor's report

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

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

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 13 May 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Claus Carlsen

State Authorised Public Accountant
mne23451

Company information

The company

MonTa Biosciences ApS
Diplomvej 377, 1 sal
2800 Kgs Lyngby

Company reg. no. 36 69 70 16
Financial year: 1 January - 31 December

Board of directors

Lone Schøtt Kunøe
Esper Boel
Peter Birk Rasmussen
Sven Madsen

Managing Director

Simon Skjøde Jensen

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Management's review

The principal activities of the company

The object of the company is to develop novel oncology drugs using its proprietary drug delivery platform: immune stimulating compounds and formulations being mainly micelles carrying TLR7 agonists for potential treatment of cancer. In the first project the company uses lipid micelles for delivery of a TLR7 agonist for potential treatment of cancer.

Uncertainties about recognition or measurement

The recognition of development projects is based on an assessment that the company's future expectations can be realised. The development projects have therefore not yet managed to generate positive cash flows in 2022, which increases the uncertainty regarding recognition and measurement of the intangible fixed assets. However, it is the management's assessment that the development projects will generate significant future income that can justify the accounting treatment and measurement of the development costs.

Development in activities and financial matters

The gross profit for the year totals DKK 2.025.000 against DKK 1.757.000 last year. Income or loss from ordinary activities after tax totals DKK -3.279.000 against DKK -1.439.000 last year. Management considers the result for the year to be expected, which is a consequence of the company's activities within research and development.

The Company has entered into a convertible loan agreement, with one of the company's shareholders, which will ensure the company with the necessary liquidity to continue the research and development activities.

The Company's financial statements as of and for the year ended 31 December 2022 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business for the foreseeable future.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	2.024.634	1.756.938
2 Staff costs	-3.773.738	-3.081.657
Operating profit	-1.749.104	-1.324.719
Other financial income	10.244	0
Other financial cost	-2.841.464	-1.913.958
Pre-tax net profit or loss	-4.580.324	-3.238.677
Tax on ordinary results	1.301.698	1.799.540
Net profit or loss for the year	-3.278.626	-1.439.137
Proposed distribution of net profit:		
Allocated from retained earnings	-3.278.626	-1.439.137
Total allocations and transfers	-3.278.626	-1.439.137

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
3 Development projects under construction and prepayments for intangible assets	58.088.500	41.297.227
Total intangible assets	<u>58.088.500</u>	<u>41.297.227</u>
4 Deposits	28.664	25.986
Total investments	<u>28.664</u>	<u>25.986</u>
Total non-current assets	<u>58.117.164</u>	<u>41.323.213</u>
Current assets		
Receivable corporate tax	0	3.624.540
Tax receivables from group enterprises	1.876.698	0
Other receivables	221.014	196.418
Total receivables	<u>2.097.712</u>	<u>3.820.958</u>
Cash and cash equivalents	<u>13.172.008</u>	<u>4.009.930</u>
Total current assets	<u>15.269.720</u>	<u>7.830.888</u>
Total assets	<u>73.386.884</u>	<u>49.154.101</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity		
Contributed capital	2.629.981	2.629.981
Reserve for development costs	45.309.030	32.211.837
Retained earnings	-49.546.135	-33.170.316
Total equity	-1.607.124	1.671.502
Provisions		
Provisions for deferred tax	3.842.000	3.267.000
Total provisions	3.842.000	3.267.000
Liabilities other than provisions		
Convertible and profit-sharing debt instruments	70.663.151	43.827.260
Total long term liabilities other than provisions	70.663.151	43.827.260
Trade payables	60.000	52.000
Other payables	428.857	336.339
Total short term liabilities other than provisions	488.857	388.339
Total liabilities other than provisions	71.152.008	44.215.599
Total equity and liabilities	73.386.884	49.154.101

1 Financing**5 Contingencies**

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	2.629.981	32.211.837	-33.170.316	1.671.502
Profit or loss for the year brought forward	0	0	-3.278.626	-3.278.626
Transferred from results brought forward	0	13.097.193	-13.097.193	0
	2.629.981	45.309.030	-49.546.135	-1.607.124

Notes

All amounts in DKK.

1. Financing

The Company has entered into a convertible loan agreement, with one of the company's shareholders, which will ensure the company with the necessary liquidity to continue the research and development activities. The Company will received the fifth tranche in the new year.

The Company's financial statements as of and for the year ended 31 December 2023 have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business for the foreseeable future.

	<u>2023</u>	<u>2022</u>
2. Staff costs		
Salaries and wages	3.436.022	2.735.034
Pension costs	312.000	312.000
Other costs for social security	12.212	10.224
Other staff costs	<u>13.504</u>	<u>24.399</u>
	<u>3.773.738</u>	<u>3.081.657</u>
Average number of employees	<u>4</u>	<u>3</u>
3. Development projects under construction and prepayments for intangible assets		
Cost 1 January 2023	41.297.227	24.822.046
Additions during the year	<u>16.791.273</u>	<u>16.475.181</u>
Cost 31 December 2023	<u>58.088.500</u>	<u>41.297.227</u>
Carrying amount, 31 December 2023	<u>58.088.500</u>	<u>41.297.227</u>

Monta develops a cancer immunotherapy treatment and is currently in phase 1 clinical studies on cancer patients. The study is ongoing at hospitals in Denmark, Belgium and Spain.

The recognition of development projects is based on an assessment that the company's future expectations can be realised. The development projects have therefore not yet managed to generate positive cash flows in 2023, which increases the uncertainty regarding recognition and measurement of the intangible fixed assets. However, it is the management's assessment that the development projects will generate significant future income that can justify the accounting treatment and measurement of the development costs.

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
4. Deposits		
Cost 1 January 2023	25.328	25.328
Additions during the year	<u>3.336</u>	<u>658</u>
Cost 31 December 2023	<u>28.664</u>	<u>25.986</u>
Carrying amount, 31 December 2023	<u>28.664</u>	<u>25.986</u>

5. Contingencies

Contingent liabilities

The company has entered rent agreement with an yearly payment of T.DKK 198. The lease expires until december 2024.

Joint taxation

With Consolidated Biosciences ApS, company reg. no 40180230 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for MonTa Biosciences ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises approprations, research and development costs and external costs.

Approprations recognised in the income statement on receipt.

Other external costs comprise costs for sales and administration.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Research and development costs

Research and development costs comprise costs, salaries, and wages and depreciation directly or indirectly attributable to the company's research and development activities.

Accounting policies

Research costs are recognised in the income statement in the year incurred. Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. Furthermore, there must be a proven correlation between the costs incurred and future earnings. However, lack of official approvals, customer approvals, and other uncertainties will often imply that the requirements for recognition as assets are not met and that development costs are charged to the income statement as incurred.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Accounting policies

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, MonTa Biosciences ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Accounting policies

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.













Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

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<p>Lone Schøtt Kunøe Bestyrelsesformand Serienummer: a737b18a-e50f-41bb-8555-d1a158d71b82 IP: 176.22.xxx.xxx 2024-05-13 17:37:28 UTC</p> <p>Mit  </p>	<p>Claus Carlsen Grant Thornton, Godkendt Revisionspartnerselskab CVR: 34209936 Statsautoriseret revisor Serienummer: 91db311c-842d-4523-842a-280756503aa2 IP: 23.97.xxx.xxx 2024-05-13 17:40:51 UTC</p> <p>Mit  </p>

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Lone Schøtt Kunø

Dirigent

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