AdaptVac ApS

Ole Maaløes Vej 3, 2200 København N

Company reg. no. 38 73 27 30

Annual report

2022

The annual report was submitted and approved by the general meeting on the 15 May 2023.

Morten Agertoug Nielsen
Chairman of the meeting

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 %.

Contents

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of AdaptVac ApS for the financial year 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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.

København N, 15 May 2023

Executive board

Willem Adriaan De Jongh	Adam Frederik Sander Bertelsen

Board of directors

Morten Agertoug Nielsen	Jacob Hjulmand	Allan Rosetzsky
Ali El-Salanti	Adam Frederik Sander Bertelsen	

Independent auditor's report

To the Shareholders of AdaptVac ApS

Opinion

We have audited the financial statements of AdaptVac ApS for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, 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 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 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.

Glostrup, 15 May 2023

PKF Munkebo Vindelev
State Authorised Public Accountants
Company reg. no. 14 11 92 99

Thomas Funch
State Authorised Public Accountant
mne47782

Company information

The company	AdaptVac ApS Ole Maaløes Vej 3 2200 København N	
	Company reg. no.	38 73 27 30
	Established:	22 June 2017
	Domicile:	City of Copenhagen
	Financial year:	1 January - 31 December 6th financial year
Board of directors	Morten Agertoug Nielsen Jacob Hjulmand Allan Rosetzsky Ali El-Salanti Adam Frederik Sander Bertelsen	
Executive board	Willem Adriaan De Jongh Adam Frederik Sander Bertelsen	
Auditors	PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab Hovedvejen 56 2600 Glostrup	
Bankers	Danske Bank, Holmens Kanal 2, 1092 København K	
Parent company	NextGen Vaccines Holding ApS	

Financial highlights

DKK in thousands.	2022	2021	2020	2019	2018
Income statement:					
Gross profit	-1.582	1.322	20.726	1.417	432
Profit from operating activities	-5.802	-2.022	18.820	-237	432
Net financials	-82	-261	-104	0	-2
Net profit or loss for the year	-4.795	-1.782	15.460	-185	334
Statement of financial position:					
Balance sheet total	14.015	15.194	38.468	1.372	92
Investments in property, plant and equipment	69	0	0	0	0
Equity	7.762	12.557	15.339	-122	64
Employees:					
Average number of full-time employees	6	5	3	3	0

Management´s review

Description of key activities of the company

Like previous years, the activities comprise research and development of biotechnology.

For more information, see the company's website www.adaptvac.com.

Development in activities and financial matters

The gross loss for the year totals DKK -1.581.922 against DKK 1.322.396 last year. loss from ordinary activities after tax totals DKK -4.794.662 against DKK -1.781.825 last year. Management considers the net loss for the year satisfactory.

Events occurring after the end of the financial year

No events have occured subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies

The annual report for AdaptVac ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Changes in the accounting policies

The classification of the item "staff cost" has been changed so that certain types of cost that previously have been recognised under staff cost in the future are recognised under the item "other external costs"

The change in classification has no effect on the profit of the year or the balance sheet, neither for the current financial year, nor the previous financial year.

Comparative figures have been adjusted to the changed accounting policies

Except for the above, the accounting policies remain unchanged from last year, and the annual report is represented 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, write-downs 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 is 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.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

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.

Accounting policies

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Gross loss

Gross loss comprises the revenue, costs for research and development, other operating income, and other external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise costs incurred for sales, premises and administration.

Staff costs

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

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of tangible assets.

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.

Research costs are recognised in the income statement in the year 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 and debt and transactions in foreign currency.

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

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Accounting policies

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

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"

Accounting policies

According to the rules of joint taxation, AdaptVac 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.

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 and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2022	2021
	Gross profit	**-1.581.922**	**1.322.396**
1	Staff costs	-4.217.323	-3.344.463
	Depreciation and impairment of property, land, and equipment	-2.858	0
	Operating profit	**-5.802.103**	**-2.022.067**
	Other financial income from group enterprise	22.680	0
2	Other financial expenses	-104.671	-260.653
	Pre-tax net profit or loss	**-5.884.094**	**-2.282.720**
3	Tax on net profit or loss for the year	1.089.432	500.895
	Net profit or loss for the year	**-4.794.662**	**-1.781.825**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-4.794.662	-1.781.825
	Total allocations and transfers	**-4.794.662**	**-1.781.825**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
4	Other fixtures, fittings, tools and equipment	65.736	0
	Total property, plant, and equipment	65.736	0
	Total non-current assets	**65.736**	**0**
	Current assets		
	Receivables from group enterprises	1.637.593	525.481
	Other receivables	3.189.258	2.725.722
	Prepayments	18.710	0
	Total receivables	4.845.561	3.251.203
	Cash and cash equivalents	9.103.694	11.942.331
	Total current assets	**13.949.255**	**15.193.534**
	Total assets	**14.014.991**	**15.193.534**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	50.000	50.000
	Retained earnings	7.712.092	12.506.754
	Total equity	**7.762.092**	**12.556.754**
	Liabilities other than provisions		
	Trade payables	1.307.634	871.804
	Other payables	4.945.265	1.714.270
	Deferred income	0	50.706
	Total short term liabilities other than provisions	6.252.899	2.636.780
	Total liabilities other than provisions	**6.252.899**	**2.636.780**
	Total equity and liabilities	**14.014.991**	**15.193.534**
5	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2021	50.000	14.288.579	1.000.000	15.338.579
Distributed dividend	0	0	-1.000.000	-1.000.000
Retained earnings for the year	0	-1.781.825	0	-1.781.825
Equity 1 January 2022	50.000	12.506.754	0	12.556.754
Retained earnings for the year	0	-4.794.662	0	-4.794.662
	50.000	**7.712.092**	**0**	**7.762.092**

Notes

All amounts in DKK.

		2022	2021
1.	**Staff costs**		
	Salaries and wages	3.860.289	3.119.882
	Pension costs	312.677	196.980
	Other costs for social security	44.357	27.601
		4.217.323	**3.344.463**
	Average number of employees	6	5
2.	**Other financial expenses**		
	Financial costs, group enterprises	0	110.386
	Other financial costs	104.671	150.267
		104.671	**260.653**
3.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	-1.089.432	-500.895
		-1.089.432	**-500.895**

		31/12 2022	31/12 2021
4.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2022	0	0
	Additions during the year	68.594	0
	Cost 31 December 2022	**68.594**	**0**
	Depreciation and write-down 1 January 2022	0	0
	Amortisation and depreciation for the year	-2.858	0
	Depreciation and write-down 31 December 2022	**-2.858**	**0**
	Carrying amount, 31 December 2022	**65.736**	**0**

Notes

All amounts in DKK.

5. Contingencies

Contingent assets

A deferred tax asset of t.DKK 847 has not been recognized due to uncertainty regarding the timeline for future usage.

Contingent liabilities

Rental liabilities

The company has entered into two tenancy agreements. The company has a rental commitment of t.DKK 313 as of 31 December 2022.

Joint taxation

With NextGen Vaccines Holding ApS, company reg. no 38 70 67 21 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.