Ensoma ApS

Nordre Fasanvej 215

2000 Frederiksberg

CVR no. 40 80 43 07

Annual report 2023

Approved at the Company's annual general meeting on 30 June 2024

Chair of the meeting:

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Lars Bunch

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Ensoma ApS for the financial year 1 January - 31 December 2023.

The annual report is 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 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 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, 30 June 2024

Executive Board:

Stefano Stella

Board of Directors:

James Burns	Elinor Shin

Independent auditor's report

To the Shareholder of Ensoma ApS

Opinion

We have audited the financial statements of Ensoma ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet 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 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 conclusion

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.

Basis for conclusion

We draw attention to Note 2 in the financial statements, which describes that the management expects the necessary financing to be made available from the company's capital owners and submits in accordance with this, annual report under the assumption of continued operation. Our conclusion is not modified regarding this matter.

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.

Independent auditor's report

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.

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.

Independent auditor's report

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.

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 V,

RSM Denmark
Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 49 21 45

Peter Arent Benkjer	Marco Mosegaard Brøndsted
State Authorised Public Accountant	State Authorised Public Accountant
Mne35785	mne49081

Management's review

Company details

Name	Ensoma ApS
Address, Postal code, City	Nordre Fasanvej 215, 2000 Frederiksberg
CVR no.	40 80 43 07
Established	23 September 2019
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	James Burns Elinor Shin
Executive Board	Stefano Stella
Auditors	RSM Danmark Statsautoriseret Revisionspartnerselskab Ved Vesterport 6, 5., 1612 København V

Management commentary

Business review

Ensoma ApS is engaged in the discovery and development of therapeutic gene editing products, based on the foundational science and intellectual property around structure and function of the CRISPR-associated protein Cas12a.

Financial review

The income statement for 2023 shows a loss of EUR 3,141 thousand against a loss of EUR 2,914 thousand last year, and the balance sheet at 31 December 2023 shows equity of EUR 1,502 thousand.

In 2023, the Company was acquired by the American company Ensoma Inc. This has resulted in the convertible loans being converted into shares in connection to the acquisition.

Ensoma ApS will furthermore receive sufficient capital to be able to continue ongoing operations up to and including 31 December 2024.

Non-current liabilities other than provisions

Convertible loan, with a nominal value of EUR 1,598 thousand was outstanding at 31 December 2022 and was settled at consummation of the Ensoma Inc. acquisition in February 2023. The convertible loan is no longer outstanding.

Investment from Parent

On February 7, 2023, the Company was fully acquired by Ensoma, Inc. During the year ended December 31, 2023 Ensoma Inc. has made contributions to Ensoma ApS in the amount of EUR 3,893 thousand to further fund operations. This has been recorded within equity. As a result of the acquisition, Parent company, Ensoma, Inc. will continue to provide ongoing funding to the Company.

Financial statements 1 January - 31 December

Income statement

Note	EUR	2023	2022
	Gross profit/loss	-1,954,828	-2,077,706
4	Staff costs	-1,788,426	-1,317,003
	Depreciation and impairment of property, plant and equipment	-122,059	-32,043
	Profit/loss before net financials	-3,865,313	-3,426,752
	Financial income	1,578	492
	Financial expenses	-15,657	-56,495
	Profit/loss before tax	-3,879,391	-3,482,755
5	Tax for the year	738,106	569,152
	Profit/loss for the year	-3,141,286	-2,913,603
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-3,141,286	-2,913,603
		-3,141,286	-2,913,603

Financial statements 1 January - 31 December

Balance sheet

Note	EUR	2023	2022
	ASSETS		
	Fixed assets		
6	**Property, plant and equipment**		
	Fixtures and fittings, other plant and equipment	436,967	102,156
		436,967	102,156
	Total fixed assets	436,967	102,156
	Non-fixed assets		
	Receivables		
7	Corporation tax receivable	815,509	569,152
	Other receivables	60,391	72,374
	Prepayments	21,714	11,631
		897,614	653,157
	Cash	882,323	499,788
	Total non-fixed assets	1,779,937	1,152,945
	TOTAL ASSETS	2,216,904	1,255,101
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	15,931	13,589
	Retained earnings	1,486,037	-548,078
	Total equity	1,501,968	-534,489
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Convertible debt instruments eligible for dividend	–	1,598,041
		–	1,598,041
	Current liabilities other than provisions		
	Trade payables	494,774	162,952
	Other payables	220,162	28,597
		714,936	191,549
	Total liabilities other than provisions	714,936	1,789,590
	TOTAL EQUITY AND LIABILITIES	2,216,904	1,255,101

1 Accounting policies

2 Uncertainty relating to recognition and measurement

3 Uncertainties relating to going concern

Financial statements 1 January – 31 December

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at January 1, 2022	13,589	2,365,525	2,379,114
Transfer through appropriation of loss	—	- 2,913,603	-2,913,603
Equity at December 31, 2022	13,589	- 548,078	- 534,489
Conversion of note to equity (premium fund)	2,342	1,282,434	1,284,776
Capital increase	—	3,892,966	3,892,966
Transfer through appropriation of loss	—	-3,141,286	-3,141,286
Equity at December 31, 2023	15,931	1,486,037	1,501,968

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Ensoma ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year, and the annual report is presented in EUR.

Ensoma ApS Group relations

Name and registered office of Parent preparing consolidated financial statements for the smallest group: Ensoma, Inc., 451 D St Unit #600 in Boston, Massachusetts.

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 reasonably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities 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.

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit/loss

The items donation, other operating income and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Research costs

Ensoma expenses all research costs. In line with industry practice, internal and subcontracted research costs are also expensed as they are incurred, due to significant regulatory uncertainties and other uncertainties inherent in the research of new products. This means that they do not qualify for capitalisation as intangible assets until marketing approval by a regulatory authority is obtained or considered highly probable.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc.

Amortisation/depreciation

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 costs 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 component differing, and the individual component representing a material part of the total cost.

Depreciation is recognised on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful Life	Residual Value
Fixtures and fittings, other plant and equipment	3 - 5 years	0%

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortization period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised differently in the Company’s equity.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables. Receivables are measured at amortised cost.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible inti cash and subject only to minor risk of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge 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 the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. 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 crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or 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 recognised in the income statement.

Corporation tax receivable recognized in the balance sheet relates to the use of the tax credit scheme under Ligninsloven § 8X whereby the Company can be paid the tax value of the fiscal deficits which arise from costs for research and development.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

The Company has chosen IAS 39 as interpretation for recognition and measurement of debt obligations.

Liabilities are measured at net realisable value.

Convertible loans

Convertible loans are broken down into a liability element and an equity element based on the relevant instrument of debt. On initial recognition, the liability is recognised at the fair value of a similar liability without a conversion right. The remaining amount of the convertible loan is recognised as equity. On subsequent recognition, the liability is measured at amortised cost until converted or repaid. The equity element is not re measured after initial recognition.

2 Uncertainty relating to recognition and measurement

As the Company is a research company, there is a natural uncertainty associated with the measurement of the Company's completed research projects. There is further uncertainty associated with the corporate tax receivables as described in note 6.

3 Uncertainties relating to going concern

The Company is dependent on the necessary financing being made available from the company's capital owners. The management expects the necessary financing to be made available from the company's capital owners and submits in accordance with this, annual report under the assumption of continued operation.

Financial statements 1 January - 31 December

Notes to the financial statements

	EUR	2023	2022
4	**Staff costs**		
	Wages/salaries	1,766,977	1,301,160
	Pensions	6,619	5,052
	Other staff costs	14,830	10,791
		1,788,426	1,317,003
	Average number of full-time employees	15	11
5	**Tax for the year**		
	Estimated tax charge for the year	-738,106	-569,152
		-738,106	-569,152

6 **Property, plant and equipment**

EUR	Fixtures and fittings, other plant and equipment
Cost at 1 January 2023	102,156
Additions	500,904
Cost at 31 December 2023	603,060
Impairment losses and depreciation at 1 January 2023	44,034
Depreciation	122,059
Impairment losses and depreciation at 31 December 2023	166,093
Carrying amount at 31 December 2023	436,967

7 **Income tax receivables**

Corporation tax receivable recognized in the balance sheet relates to the use of the tax credit scheme under Ligninsloven § 8X whereby the Company can be paid the tax value of the fiscal deficits which arise from costs for research and development. Based on the review of the criteria for application of the scheme, it is the managements' opinion that the Company is entitled to use the scheme. Whether the criteria for applying the scheme are met is, however, based on an assessment. As a result, there may be a risk that the tax authorities consider that the criteria are not met. If applicable, the receivable will have to be refunded in whole or in part via the income statement in subsequent financial years.