BII Holdings A/S

Ole Maaløes Vej 3, 2200 Copenhagen N, Denmark

Annual Report 2023

CVR-nr. 41 05 98 50

The Annual Report was presented and adopted at the Annual General Meeting of the Company on

20 March 2024

Louise Svendsen
Chair

Contents

Management's Statement

The Executive Management and Board of Directors have today considered and adopted the Annual Report of BII Holdings A/S for the financial year 1 January – 31 December 2023.

The Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the result of the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

In our opinion, Management's Review includes a true and fair view of the matters included in the Management's Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 March 2024

Executive Management

Jens Bredal Nielsen

Board of Directors

Marianne Philip *Chair*	Robert Glen Urban *Deputy-Chair*	Martin Bonde
Regina Hodits	Hans Schambye	Mads Krogsgaard Thomsen

Independent Auditor's Report

To the Shareholders of BII Holdings A/S

Opinion

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.

We have audited the Financial Statements of BII Holdings A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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.

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, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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. As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 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.

Hellerup, 20 March 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Tue Stensgård Sørensen
State Authorised Public Accountant
mne32200

Elife Savas
State Authorised Public Accountant
mne34453

General information about the Company

Company	BII Holdings A/S Ole Maaløes Vej 3 2200 Copenhagen N Denmark	
	Date of foundation:	27 December 2019
	CVR-nr.:	41 05 98 50
	Financial year:	1 January – 31 December
	Municipality of domicile:	Copenhagen
Executive Management	Jens Bredal Nielsen	
Board of Directors	Marianne Philip (Chair) Robert Glen Urban (Deputy-Chair) Martin Bonde Regina Hodits Hans Schambye Mads Krogsgaard Thomsen	
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup	

Management's Review

The objects of the Company

The objective of BII Holdings A/S is to manage assets within research, innovation and entrepreneurship for the benefit of the public and to be a holding company of companies in Denmark and abroad for BioInnovation Institute Fonden.

The main activities of the Company

The main activity of BII Holdings A/S is to hold shares issued upon conversion of convertible loans from the companies operating at the BioInnovation Institute. Furthermore, the company is subject to other commercial activities, e.g. lease of the BII domicile to accommodate the activities within the BioInnovation Institute and sublease office-and laboratory space to the companies and project teams in the programs in BII. In 2021, BII Holdings A/S entered into a rental agreement with PensionDanmark on renting the building (approx. 13,000 square meters) at Ole Maaløes Vej 3, 2200 Copenhagen N. Moreover, BII Holdings A/S has bought services from BioInnovation Institute Fonden, as well as from third-party entities in 2023.

Financial results

The Company's financial result for the financial year 2023 is a loss of 7,690 TDKK versus a loss of 1,904 TDKK in 2022. The Company's equity at 31 December 2023 amounts to 187,726 TDKK versus 163,205 TDKK in 2022.

The financial result for the year 2022 has been restated due to changes in accounting policies.

In 2023 an asset contribution of 32,212 TDKK was made to increase the equity and capital resources of the Company.

The result for 2023 is according to expectations due to the acceleration of the BII domicile renovation. Due to the continued renovation of the BII domicile, the second and fourth floor will be mostly vacant, leading to a larger expected loss in the interval of 2024 of 20,000 TDKK to 35,000 TDKK.

Future expansion

In 2024, BII Holdings A/S and the owner of the building, PensionDanmark, will continue the project of renovating the entire COBIS building to new standards. This includes, among other things, a new large open lobby, event space, laboratory spaces, office spaces, and meeting facilities, that meet the needs of start-up companies and BII's community. Renovation of the building will be finalized in 2024, when it will be able to provide workspace for up to 500 people.

Financial risks

It is expected that the fair value of the investments in portfolio companies may fluctuate based on the scientific development, the progress of the companies, and the commercial interest from potential investors. The risk associated with the fluctuation in fair value is an expected element of the BII Business model and a natural part of investing in very early life science startups. The financial risk in the other activities in the company, i.e. rental and sublease of office- and laboratory space are limited.

The values presented in the table below reflect the fair value at which the other financial assets are recognized at 31 December 2023, categorized by the respective year in which the fair value was determined through the corresponding equity round or change in capital structure, shown in segments.

Segment	**Up to 2021**	**2022**	**2023**	**Total**
Health Tech	0	10,457	0	10,457
Therapeutics	2,495	29,481	3,715	35,691
Planetary Health	0	14,277	0	14,277
Total	**2,495**	**54,215**	**3,715**	**60,425**

As of 31 December 2023, the company's portfolio comprises 10 companies with a fair value of TDKK 60,425. TDKK 2,495 of the fair value is based on fair value triggering events coming from the year 2021, TDKK 54,215 from the year 2022 and TDKK 3,715 from the year 2023.

Change in accounting policies

The company has changed its accounting policies regarding the recognition of shares from measuring to cost price to fair value. The rationale behind this adjustment is to present a true and fair view of the financial position, aligning it more accurately with the current market value rather than historical cost. This decision enhances transparency for the Company's stakeholders, providing a clearer understanding of the value creation. The accumulated effects of the changes to accounting policies are presented in the notes.

Events after the balance sheet data

No events have occurred after the end of the financial year with a significant impact on the Company's financial position on 31 December 2023.

Financial statements for 1 January – 31 December

Income statement

TDKK	Note	2023	2022
Income from rent		34,349	30,560
Income/loss from investment portfolio	6	-3,133	5,966
Other external expenses		-32,502	-32,144
Other operating income		32	32
Operating profit/loss before depreciation		**-1,254**	**4,414**
Depreciation on tangible assets	5	-8,218	-6,027
Result before financial income and expenses		**-9,472**	**-1,613**
Financial income	3	1,796	186
Financial expenses		-14	-477
Result before tax		**-7,690**	**-1,904**
Tax for the year	4	0	0
Loss for the year		**-7,690**	**-1,904**

Proposed distribution of the result:		
Retained earnings	-7,690	-1,904
	-7,690	**-1,904**

Balance sheet

TDKK	Note	2023	2022
ASSETS			
Leasehold improvement	5	16,589	18,724
Equipment	5	15,157	9,807
Assets under construction	5	15,708	13,740
Total tangible assets		**47,454**	**42,271**
Convertible loans	6	750	750
Other financial investments	6	60,425	31,347
Total financial assets		**61,175**	**32,097**
Total non-current assets		**108,629**	**74,368**
Receivables from rent		3,057	4,979
Receivables from group companies		1,285	582
Other receivables		292	616
Prepayments		5,000	0
Total receivables		**9,634**	**6,177**
Cash and bank balances		**73,430**	**83,842**
Total current assets		**83,064**	**90,019**
TOTAL ASSETS		**191,693**	**164,387**

Balance sheet

TDKK	Note	2023	2022
EQUITY AND LIABILITIES			
Share capital		401	401
Retained earnings		187,325	162,804
Total equity		**187,726**	**163,205**
Trade payables		3,967	1,182
Total current liabilities		**3,967**	**1,182**
Total liabilities		**3,967**	**1,182**
TOTAL EQUITY AND LIABILITIES		**191,693**	**164,387**
Accounting policies	1		
Staff costs	2		
Related party transactions	7		
Contingent liabilities	8		
Deferred tax asset	9		

Statement of changes in equity

TDKK				2022
	Share Capital	Share premium	Retained earnings	**Total**
Equity 1 January	401	55,250	-10,542	45,109
Cash contribution 17 March	0	50,000	0	50,000
Debt conversion 17 March	0	70,000	0	70,000
Transfer	0	-175,250	175,250	0
Result for the year	0	0	-13,656	-13,656
Change in accounting policy	0	0	11,752	11,752
Equity at the end of the year	**401**	**0**	**162,804**	**163,205**

TDKK				2023
	Share Capital	Share premium	Retained earnings	**Total**
Equity 1 January	401	0	162,804	163,205
Asset contribution 21 March	0	32,211	0	32,211
Transfer	0	-32,211	32,211	0
Result for the year	0	0	-7,690	-7,690
Equity at the end of the year	**401**	**0**	**187,325**	**187,726**

The Company's share capital amounts to 401,300 DKK divided into shares of DKK 1 or multiples hereof.
There have been the following movements on the share capital since incorporation:

Asset contribution 27 December 2019:	400,000
Asset contribution 19 November 2020:	100
Asset contribution 1 January 2021:	900
Asset contribution 15 June 2021:	100
Cash contribution 17 March 2022:	50
Debt conversion 17 March 2022:	50
Asset contribution 21 March 2023:	100
Total share capital:	**401,300**

Notes

Note 1 – Accounting policies

The Annual Report of the BII Holdings A/S has been prepared in accordance with the requirement of the Danish Financial Statements Act reporting class B – and additional selected information for reporting class C in conformity with section 86 of the Danish Financial Statements Act.

The Annual Report is presented in TDKK.

Change in accounting policies

The accounting policies have been changed in the following areas.

Measurement of other financial investments, which comprise securities other than convertible loans, has been changed from cost price to fair value.

The rationale behind the change of accounting policies is to present a true and fair view of the financial investment's fair value, aligning it more accurately with the current market value rather than historical cost. This decision enhances transparency for the company's stakeholders, providing a clearer understanding of the value creation.
The Policy changes are recognized directly in the equity at the beginning of the year, see statement of changes in equity.

The accumulated effect of the change in the accounting policies is shown in the table below:

Restatement	As reported 31.12.2022	Restatement	Restated 31.12.2022
Other financial Investments	19,595	11,752	31,347
Income from Investment portfolio	-5,786	11,752	5,966
Equity	151,453	11,752	163,205

The changes represent an increase in the result for the year 2022 before taxation of TDKK 11,752. The balance sheet total is increased by TDKK 11,752 whereas the equity at 31 December 2022 is increased by TDKK 11,752. There is no impact on taxation in the year 2022.

Except for the above areas, the accounting policies are consistent with the policies applied last year.
For the accounting policies of other financial investments, refer to page 15.

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income from investment portfolio
Income from investment portfolio comprise interest from convertible loans and realized and unrealized value adjustments of convertible loans and other financial investments.

Rent income
Rent from income is recognized in the income statement when delivery of the service and transfer of risk to the tenant have taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognized in Rent income.

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

Other operating income
Other operating income comprises items secondary to the activities of the Company, including gains on disposal of intangible and tangible assets.

Financial income and expenses
Financial income and expenses comprise interest, realized and unrealized gains and losses.

Income taxes and current tax receivable/payable
Corporation taxes in the income statement include tax payable for the year.

Tax payable/receivable includes tax payable computed on the basis of the expected taxable income for the year and any adjustment for tax payable for previous years.

BII Holdings A/S has the option to use the tax transparency rules and distribute its taxable income to the BioInnovation Institute Fonden.

Tangible assets
Tangible assets are measured at cost less accumulated depreciations and impairment losses: Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.
The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Leasehold improvement: 10 years
Equipment: 5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses. If any, the depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

Gains and losses from disposals of assets are measured as the difference between sales price less sales costs and the carrying amount at the time of disposal. Gains and losses are recognized in the income statement as other operating income or other operating expenses.

Financial assets

Convertible loans
Convertible loans are measured at amortized cost.

Other financial investments
Other financial investments comprise securities other than convertible loans and are measured at fair value. Other financial investments are written down when there is evidence for impairment. Fair value is the price that would be received by selling the asset in an orderly transaction between market participants at the measurement date.

The general principle applied in the selection of valuation approach maximizes the use of observable inputs and minimizes the use of unobservable inputs. Usually there is no active market for the kinds of financial investments held by the Company. By nature, uncertainties exist regarding fair value assessments of financial investments.

The primary valuation method is based on recent investment or financing rounds. If a portfolio company has carried out any recent equity investment round, and the equity investment round is likely to represent a fair value, the fair value estimate is based on the subscription price obtained in the equity investment round. Differences in share classes, such as preference shares versus common shares, may necessitate a closer examination of specific valuation methods for each class to ensure accuracy. Additionally, adjustments are made based on objective criteria when available.

The subscription price can either be applied to all parties of the transaction and all share classes, or specific subscription prices can be negotiated between the different parties of the transaction.

Significant fair value assumptions
If no recent investment round has occurred, the fair value will be based on the application of a modelling approach.

If the company does not run an established business with an identifiable stream of continuing earnings or cash flows that are maintainable, the fair value shall be based on a pre-defined value trigger approach, by which the fair value changes.

The pre-defined value triggers include the following:

- Funding availability and product development. If the portfolio company has a greater than 6-12 months cash runway and investors are willing to finance, actively engage in discussions under CDA or can present signed term sheets, the value is maintained.

- Limited funding availability and negative product development. If the portfolio company has less than 6-12 months runway with limited fundraising possibilities and/or there are negative product developments, the value is not maintained. If one of criteria is not met, value is impaired by 50%. If both criteria are not met, value is impaired by 100%.

Impairment of non-current assets
The carrying amount of tangible assets is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount). The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life. Previously recognized impairment losses are reversed when the reason for recognition no longer exists.

Receivables
Receivables are measured at amortized cost, which usually corresponds to nominal value. The value is reduced by impairment to meet expected losses.

Prepayments
Prepayments consists of prepaid costs related to subsequent financial year.

Liabilities
Liabilities are recognized at amortized cost unless specified otherwise.

Note 2 Staff costs

The Company had one director employed during the period 1 January – 31 December 2023. The Executive Management receives remuneration through BioInnovation Institute Fonden.

Note 3 Financial Income

	2023	2022
Interest income, bank	1,796	186
Interest income, Convertible Loans	878	659
Impairment interest, Convertible Loans	-878	-659
Financial Income	**1,796**	**186**

Note 4 Tax on profit for the year

	2023	2022
Current tax on profit for the year	0	0
Deferred tax on profit for the year	0	0
Tax on profit for the year	**0**	**0**

Note 5 Tangible assets

2023	Leasehold improvements	Equipment	Assets under construction	Total
Cost at the beginning of the year	24,252	15,340	13,740	**53,332**
Addition during the year	0	0	13,401	**13,401**
Disposals during the year	0	0	0	**0**
Transfers and reclassifications	965	10,468	-11,433	**0**
Cost at the end of the year	**25,217**	**25,808**	**15,708**	66,733
Depreciation at the beginning of the year	-5,528	-5,533	0	**-11,061**
Depreciation for the year	-3,100	-5,118	0	**-8,218**
Transfers and reclassifications	0	0	0	**0**
Depreciation at the end of the year	**-8,628**	**-10,651**	**0**	-19,279
Carrying amount at the end of the year	**16,589**	**15,157**	**15,708**	47,454

2022	Leasehold improvements	Equipment	Assets under construction	Total
Cost at the beginning of the year	24,252	15,340	2,306	**41,898**
Addition during the year	0	0	11,434	**11,434**
Disposals during the year	0	0	0	**0**
Transfers and reclassifications	0	0	0	**0**
Cost at the end of the year	**24,252**	**15,340**	**13,740**	53,332
Depreciation at the beginning of the year	-2,612	-2,422	0	**-5,034**
Depreciation for the year	-2,916	-3,111	0	**-6,027**
Transfers and reclassifications	0	0	0	**0**
Depreciation at the end of the year	**-5,528**	**-5,533**	**0**	**-11,061**
Carrying amount at the end of the year	**18,724**	**9,807**	**13,740**	**42,271**

Note 6 Financial assets

2023	Convertible loans	Other financial investments	Total
Cost at the beginning of the year	750	25,381	**26,131**
Additions during the year	0	32,211	**32,211**
Disposal during the year	0	0	**0**
Cost at the end of the year	**750**	**57,592**	**58,342**
Value adjustments at the beginning of the year	0	5,966	**5,966**
Value adjustments during the year	0	-3,133	**-3,133**
Value at the end of the year	0	2,833	**2,833**
Carrying amount of the end of the year	**750**	**60,425**	**61,175**

2022	Convertible loans	Other financial investments	Total
Cost at the beginning of the year	750	25,381	**26,131**
Change in accounting policies	0	0	**0**
Cost at the end of the year	**750**	**25,381**	**26,131**
Value adjustments at the beginning of the year	0	0	**0**
Value during the year		-5,786	**-5,786**
Change in accounting policy	0	11,752	**11,752**
Value at the end of the year	**0**	**5,966**	**5,966**
Carrying amount of the end of the year	**750**	**31,347**	**32,097**

As of 31 December 2023, the company's portfolio comprises 10 companies with a fair value of TDKK 60,425.

The primary valuation method is based on recent investment or financing rounds. If a portfolio company has carried out any recent equity investment round, and the equity investment round is likely to represent a fair value, the fair value estimate is based on the subscription price obtained in the equity investment round. Differences in share classes, such as preference shares versus common shares, may necessitate a closer examination of specific valuation methods for each class to ensure accuracy. Additionally, adjustments are made based on objective criteria when available.

Note 7 Related party transactions

Related parties are considered the management and the Board of Directors of the Company, BioInnovation Institute Fonden as well as related parties to this, including members of management.

No remuneration was awarded to the members of the Board of Directors in the financial year. Members of the Board of Directors receive remuneration through BioInnovation Institute Fonden. The same applies for the Executive Management.

Ownership

BII Holdings A/S is a fully owned subsidiary of BioInnovation Institute Fonden. and is a part of the consolidated financial statements for BioInnovation Institute Fonden, Ole Maaløes vej 3, 2200 København N. The consolidated financial statements can be obtained on bii.dk.

Note 8 Contingent liabilities

Rental obligations amount to 355,367 TDKK. The rental agreement is non-cancellable until 30 June 2037.

Note 9 Deferred tax asset

The Company has a deferred tax asset of 4,199 TDKK. The deferred tax asset has not been recognized in the balance sheet due to uncertainty for time of use.