

Annual Report for the period 1 January to 31 December 2021

BII Holdings A/S
Ole Maaløes Vej 3, 2200 Copenhagen N,
Denmark

Annual Report 2021

CVR-nr. 41 05 98 50

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

17 March 2022



Mads Robert Bording Jensen

Chair

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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 2021.

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 2021 and of the result of the Company's operations and cash flows for the financial year 1 January – 31 December 2021.

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, 17 March 2022

Executive management


Board of Directors



Jens Nielsen



Sten Scheiby
Chair



Martin Bonde



Hans Schambye



Marianne Philip
Deputy Chair



Regina Hodits



Thomas Schäfer



Bo Ahrén



Birgitte Nauntofte



Robert Urban

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 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 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 2021, which comprise income statement, balance sheet, cash flow statement, 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 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.

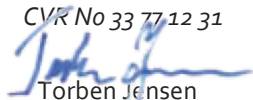
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 17 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Torben Jensen

State Authorised Public Accountant

mne18651



Elife Savas

State Authorised Public Accountant

mne34453

Management's Review

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
Board of Directors	Sten Scheibye (Chair) Marianne Philip (Deputy Chair) Bo Ahrén Martin Bonde Regina Hodits Birgitte Nauntofte Hans Schambye Thomas Schäfer Robert Urban
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

BII Holdings A/S was transferred from Novo Nordisk Fonden to BioInnovation Institute Fonden on 1 January 2021, in continuation of the establishment of BioInnovation Institute Fonden in December 2020. From January 2021, BII Holdings A/S has been a fully owned subsidiary to BioInnovation Institute Fonden.

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 a rental agreement with PensionDanmark on renting the building (approx. 12,000 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 2021.

Financial results

The Company's financial result for the financial year, which covers the period 1 January – 31 December 2021 is a loss of TDKK 10,504. The Company's equity is at 31 December 2021 amounts to TDKK 45,109.

The result for 2021 is satisfactory and according to expectations.

The Company had one director employed during the financial year.

The Company has not been directly affected by COVID-19 during 2021.

Future expansion

BII Holdings A/S will support the BioInnovation Institute in operating the incubator and hosting about 30 biotech start-up companies. BII is expected to grow rapidly and within the next 2-3 years, and the incubator at BII is projected to host more than 50 companies at different stages of their development. BII Holdings A/S will ensure to provide the infrastructure to the expected growth of BII. Moreover, BII Holdings A/S has in collaboration with the owner of the domicile building, PensionDanmark, planned further investments in the building in order to bring the building up to the needs of the BioInnovation Institute and to facilitate outreach activities in an open and vibrant environment for the benefit of the entire life science eco-system.

For 2022, the Company expects a financial result in line with 2021.

Financial risks

It is expected that the valuation of the shares from the portfolio of start-ups may vary according to the scientific development, the progress of the companies, and the commercial interest from potential investors. This is expected in the business model of BII and a part of the nature 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.

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 2021.

Financial highlights

TDKK	2021	2020
Operating profit before depreciation	-5,288	-38
Result before financial income and expenses	-10,322	-38
Financial expenses, net	-183	0
Result before tax	-10,504	-38
Loss for the year	-10,504	-38
Cash flow from operating activities	47,928	0
Cash flow from investing activities	-11,241	0
Equity	45,109	21,240
Total assets	108,153	21,238
Investment in tangible assets	11,241	0
Financial highlights %		
Return on assets	-9.7%	-0.2%
Equity ratio	41.7%	99.8%

Financial Statements for the period 1 January – 31 December

Income statement

TDKK	Note	2021	2020*
Income from rent		21,867	0
Income from investment portfolio		1,137	0
Other external expenses	4	-28,292	-38
Operating profit before depreciation		-5,288	-38
Depreciation on tangible assets	6, 7	-5,034	0
Result before financial income and expenses		-10,322	-38
Financial income		1	0
Financial expenses		-183	0
Result before tax		-10,504	-38
Tax for the year	5	0	0
Loss for the year		-10,504	-38
Proposed distribution of the result:			
Retained earnings		-10,504	-38
		-10,504	-38

* 27 December 2019 – 31 December 2020

Balance sheet at 31 December

TDKK	Note	2021	2020
Assets			
Leasehold improvement	6	21,640	0
Equipment	6	12,917	0
Assets under construction	6	2,306	0
Total tangible assets		36,863	0
Convertible loans	7	750	3,167
Other financial investments	7	25,381	18,111
Total financial assets		26,131	21,278
Total non-current assets		62,994	21,278
Receivables from rent		5,085	0
Receivables from group companies		255	0
Other receivables		3,132	0
Total receivables		8,472	0
Cash and bank balances		36,687	0
Total current assets		45,159	0
Total assets		108,153	21,278

Balance sheet at 31 December

TDKK	Note	2021	2020
Equity and liabilities			
Share capital		401	400
Share premium		55,250	20,878
Retained earnings		-10,542	-38
Total equity		45,109	21,240
Trade payables		865	38
Payables to group companies		59,508	0
Other payables		2,671	0
Total current liabilities		63,044	38
Total liabilities		63,044	38
Total equity and liabilities		108,153	21,278
Accounting policies	1		
Capital resources	2		
Events after the balance sheet date	3		
Related party transactions	8		
Contingent liabilities	9		
Deferred tax asset	10		

Statement of changes in equity

TDKK	Share capital	Share premium	Retained earnings	Total
2020				
Equity 27 December 2019	0	0	0	0
Asset contribution 27 December 2019	400	3,077	0	3,477
Asset contribution 19 November 2020	0	17,801	0	17,801
Result for the year	0	0	-38	-38
Equity at the end of the year	400	20,878	-38	21,240
2021				
Equity 1 January 2021	400	20,878	-38	21,240
Asset contribution 1 January 2021	1	30,656	0	30,657
Asset attribution 15 June 2021	0	3,716	0	3,716
Result for the year	0	0	-10,504	-10,504
Equity at the end of the year	401	55,250	-10,542	45,109

Cash flow statement

TDKK	Note	2021	2020
Result before financial items		-10,322	-38
Adjustments of non-cash items:			
Depreciations, amortisations, and impairment losses		5,034	0
Value adjustments		-1.136	0
Other non-cash items		0	0
Interests and similar received		1	0
Interests and similar paid		-183	0
Income taxes paid		0	0
Cash flow before changes to working capital		-6,606	-38
Changes in receivables		-8,472	0
Changes in trade and other payables		63,006	38
Cash flow from operating activities		47,928	0
Purchase of intangible assets		0	0
Purchase of tangible assets		-11,241	0
Purchase of financial assets		0	0
Cash flow from investment activities		-11,241	0
Net cash generated from activities		36,687	0
Cash and bank balances at 1 January		0	0
Cash and bank balances at 31 December		36,687	0

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 accounting policies are unchanged compared to last year.

The Annual Report is presented in TDKK.

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 Group'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. The item is net of refunds from public authorities.

Financial income and expenses

Financial income and expenses comprise interest, realized and unrealized gains and losses on transactions denominated in foreign currencies, amortization of financial liabilities as well as surcharges and refunds under the on-account tax scheme.

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 cost. Other financial investments are written down when there is evidence of impairment.

Impairment of non-current assets

The carrying amount of intangible and 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. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortized cost.

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognized on an individual basis. Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Short-term liabilities

Short-term liabilities are recognized at amortized cost unless specified otherwise.

Deferred income

Deferred income recognized as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and bank balances as well as the group's cash and bank balances at the beginning and end of the year.

Cash flow from operating activities

Cash flow from operating activities are calculated as the Operating profit / loss for the year adjusted for changes in working capital and noncash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flow from investing activities

Cash flow from investing activities comprise cash flows from acquisitions and disposals of intangible assets, leasehold improvements and equipment as well as financial asset investments.

Cash flow from financing activities

Cash flow from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to share capital.

Cash and bank balances

Cash and bank balances comprise solely cash at banks.

Financial ratios

Return on assets

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Equity ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Notes 2-10 – Other notes

Note 2 Capital resources

It's management's expectation that the majority of payables to the shareholder will be converted into equity during Q1 2022, and/or similar measures will be taken by the shareholder in order to strengthen the capital resources of the Company. Management therefore believes that the current cash and bank balances are sufficient, and the Company will meet all its financial obligations in 2022.

Note 3 Events after the balance sheet date

No events have occurred after the end of the financial year with significant impact on the Company's financial position at 31 December 2021.

Note 4 Employees

The Company had one director employed during the period 1 January – 31 December 2021. The director did not receive any remuneration in the financial year.

TDKK	2021	2020
Note 5 Tax on profit for the year		
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 6 Tangible assets

2021	Leasehold improvements	Equipment	Assets under construction	Total
Cost at the beginning of the year	0	0	0	0
Addition during the year	20,164	11,790	9,943	41,897
Disposals during the year	0	0	0	0
Transfers and reclassifications	4,088	3,549	-7,637	0
Cost at the end of the year	24,252	15,340	2,306	41,897
Depreciation at the beginning of the year	0	0	0	0
Depreciation for the year	-2,612	-2,422	0	-5,034
Transfers and reclassifications	0	0	0	0
Depreciation at the end of the year	-2,612	-2,422	0	-5,034
Carrying amount at the end of the year	21,640	12,917	2,306	36,863

Note 7 Financial assets

2021	Convertible loans	Other financial investments	Total
Cost at the beginning of the year	3,167	18,111	21,278
Additions during the year	0	7,270	7,270
Disposal during the year	-2,417	0	-2,417
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	0	0	0
Value at the end of the year	0	0	0
Carrying amount of the end of the year	750	25,381	26,131

Note 8 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.

Ownership

BII Holdings A/S is a fully owned subsidiary of BioInnovation Institute Fonden.

Note 9 Contingent liabilities

Rental obligations amount to TDKK 249,810. The rental agreement is non-cancellable until 30 June 2037.

Note 10 Deferred tax asset

The Company has a deferred tax asset of TDKK 2,317. The deferred tax asset has not been recognized in the balance sheet due to uncertainty for time of use.