

HyperBio Therapeutics ApS

c/o Ursus Law Firm, Stærmosevej 12, 7120 Vejle Øst

Company reg. no. 41 24 49 09

Annual report

2022

The annual report was submitted and approved by the general meeting on the 9 June 2023.

Søren Sylvester Skjærbæk
Chairman of the meeting

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Notes:

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

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of HyperBio Therapeutics 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.

At the general meeting held on 9 June 2023, a decision will be made not to have the financial statements audited as from 2023 onwards. The Board of Directors and the Managing Director consider the conditions for audit exemption to be met.

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.

Vejle Øst, 9 June 2023

Managing Director

Søren Sylvester Skjærbæk

Board of directors

Morten Døssing

Independent auditor's report

To the Shareholder of HyperBio Therapeutics ApS

Opinion

We have audited the financial statements of HyperBio Therapeutics 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, 9 June 2023

PKF Munkebo Vindlev

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

Thomas Funch
State Authorised Public Accountant
mne47782

Company information

The company	HyperBio Therapeutics ApS
	c/o Ursus Law Firm
	Stærmosevej 12
	7120 Vejle Øst
	Company reg. no. 41 24 49 09
	Established: 13 February 2020
	Financial year: 1 January - 31 December
	3rd financial year
Board of directors	Morten Døssing
Managing Director	Søren Sylvester Skjærbæk
Auditors	PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab
	Hovedvejen 56
	2600 Glostrup
Parent company	Novo Holdings A/S

Management's review

Description of key activities of the company

The company aims at leveraging the hyperactivation biology to cure human diseases with a high unmet need, including but not limited to, oncology

Development in activities and financial matters

The gross loss for the year totals DKK -8.629.000 against DKK -12.882.000 last year. Income or loss from ordinary activities after tax totals DKK -7.656.000 against DKK -10.613.000 last year. The company is in a start-up phase and the net loss for the year is as expected by the Management.

The company has lost the equity and is thereby included in the regulation of the Danish Company Act. art. 119. It is the management's expectation, that the equity will be reestablished by a combination of capital increase and future earnings.

Events occurring after the end of the financial year

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

Accounting policies

The annual report for HyperBio Therapeutics 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.

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

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, 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.

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.

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 research and development costs and other external costs.

Research and development costs comprise of external costs for research and development activities.

Accounting policies

Other external expenses comprise expenses incurred for administration.

Staff costs

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

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, realised and unrealised capital gains and losses relating to securities, 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

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.

Cash and cash equivalents

Cash and cash equivalents 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.

Accounting policies

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

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

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

Liabilities other than provisions

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

Convertible and profit sharing debt instruments

Convertible bonds are issued at a fixed conversion price and is regarded as composite instruments comprising a financial liability measured at amortised cost and an equity instrument in the form of the integral conversion right. Fair value of the financial liability is determined on the date of issue by applying a market rate for a similar non-convertible debt instrument. The difference between the proceeds from issuing the convertible debt instrument and the fair value of the financial liability, corresponding to the integral option to convert the liability to shareholders' equity, is recognised directly in the shareholders' equity. The value of the financial liability is recognised as long-term debts and subsequently measured at amortised cost. When extending convertible bonds, a calculation is made at amortised cost relative to the extension. Any difference is recognised in the income statement.

Income statement 1 January - 31 December

All amounts in DKK.

Note	2022	2021
Gross loss	-8.628.935	-12.881.904
1 Staff costs	-55.000	-60.000
Operating profit	-8.683.935	-12.941.904
Other financial income	16.540	7.040
2 Other financial expenses	-1.338.456	-486.047
Pre-tax net profit or loss	-10.005.851	-13.420.911
3 Tax on net profit or loss for the year	2.349.485	2.808.038
Net profit or loss for the year	-7.656.366	-10.612.873
Proposed distribution of net profit:		
Allocated from retained earnings	-7.656.366	-10.612.873
Total allocations and transfers	-7.656.366	-10.612.873

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Current assets		
Receivables from group enterprises	2.313.434	3.089.546
Other receivables	135.689	66.996
Total receivables	<u>2.449.123</u>	<u>3.156.542</u>
Cash and cash equivalents	<u>13.222.618</u>	<u>19.670.956</u>
Total current assets	<u>15.671.741</u>	<u>22.827.498</u>
Total assets	<u>15.671.741</u>	<u>22.827.498</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Equity			
	Contributed capital	40.000	40.000
	Retained earnings	-2.327.469	5.328.897
	Total equity	-2.287.469	5.368.897
Liabilities other than provisions			
	Convertible and profit sharing debt instruments	0	15.355.068
4	Total long term liabilities other than provisions	0	15.355.068
4	Current portion of long term liabilities	16.583.474	0
	Bank loans	566	991
	Trade payables	1.375.170	2.100.072
	Other payables	0	2.470
	Total short term liabilities other than provisions	17.959.210	2.103.533
	Total liabilities other than provisions	17.959.210	17.458.601
	Total equity and liabilities	15.671.741	22.827.498

5 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2021	40.000	10.941.770	10.981.770
Retained earnings for the year	0	-10.612.873	-10.612.873
Tax free group subsidy	0	5.000.000	5.000.000
Equity 1 January 2022	40.000	5.328.897	5.368.897
Retained earnings for the year	0	-7.656.366	-7.656.366
	40.000	-2.327.469	-2.287.469

Notes

All amounts in DKK.

	2022	2021		
1. Staff costs				
Salaries and wages	55.000	60.000		
	55.000	60.000		
2. Other financial expenses				
Financial costs, group enterprises	1.228.405	355.068		
Other financial costs	110.051	130.979		
	1.338.456	486.047		
3. Tax on net profit or loss for the year				
Tax on net profit or loss for the year	-2.313.434	-3.089.546		
Adjustment of tax for previous years	-36.051	281.508		
	-2.349.485	-2.808.038		
4. Long term liabilities other than provisions				
	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Convertible and profit sharing debt instruments	16.583.474	16.583.474	0	0
	16.583.474	16.583.474	0	0

Notes

All amounts in DKK.

5. Contingencies

Joint taxation

With Novo Holding A/S, company reg. no 24 25 76 30 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.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

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