

Kiox Pharmaceuticals ApS

Stolbjergvej 26C, 3070 Snekkersten

CVR no. 42 88 68 66

Annual report 2021/22

(As of the establishment of the Company 7 December 2021 - 31 December 2022)

Approved at the Company's annual general meeting on 23 June 2023

Chair of the meeting:

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Mikkel Walmar

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Statement by the Board of Directors and the Executive Board

Today, the Executive Board has discussed and approved the annual report of Kiox Pharmaceuticals ApS for the financial year as of the establishment of the Company 7 December 2021 - 31 December 2022.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board has considered the criteria for omission of audit to be met.

In my 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 as of the establishment of the Company 7 December 2021 - 31 December 2022.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 23 June 2023
Executive Board:

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Mikkel Walmar

Independent auditor's report on the compilation of financial statements

To the general management of Kiox Pharmaceuticals ApS

We have compiled the financial statements of Kiox Pharmaceuticals ApS for the financial year as of the establishment of the Company 7 December 2021 - 31 December 2022 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed this compilation engagement in accordance with ISRS 4410 *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements in the Danish Auditors Act and International Ethics Standards Board for Professional Accountants' International Code of Ethics for Professional Accountants (IESBA Code), including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 23 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Anders Roe Eriksen
State Authorised Public Accountant
mne46667

Management's review

Company details

Name	Kiox Pharmaceuticals ApS
Address, Postal code, City	Stolbjergvej 26C, 3070 Snekkersten
CVR no.	42 88 68 66
Established	7 December 2021
Registered office	Snekkersten
Financial year	7 December 2021 - 31 December 2022
Executive Board	Mikkel Walmar
Accountant	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management commentary

Business review

The Company is a biotech Company incorporated in December 2021 focusing on development of inhaled treatments for interstitial lung diseases.

At 31 December 2022, the Company was incorporated however no activity was incurred.

Financial review

The income statement for 2021/22 shows a loss of DKK 2,887, and the balance sheet at 31 December 2022 shows equity of DKK 37,113.

Events after the balance sheet date

Subsequent to the financial year-end, the Company has received additional financing, DKK 700 thousand, which enables the Company to initiate R&D activities.

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 7 December 2021 - 31 December 2022

Income statement

Note	DKK	2021/22 13 months
	Other external expenses	<u>-2,632</u>
	Gross profit	-2,632
3	Financial expenses	<u>-255</u>
	Profit/loss for the year	<u>-2,887</u>
	Recommended appropriation of profit/loss	
	Retained earnings/accumulated loss	<u>-2,887</u>
		<u>-2,887</u>

Financial statements for the period 7 December 2021 - 31 December 2022

Balance sheet

Note	DKK	<u>2021/22</u>
	ASSETS	
	Non-fixed assets	
	Receivables	
	Receivables from group enterprises	20,000
		<u>20,000</u>
	Cash	17,113
	Total non-fixed assets	<u>37,113</u>
	TOTAL ASSETS	<u><u>37,113</u></u>

Financial statements for the period 7 December 2021 - 31 December 2022

Balance sheet

Note	DKK	<u>2021/22</u>
	EQUITY AND LIABILITIES	
	Equity	
4	Share capital	40,000
	Retained earnings	<u>-2,887</u>
	Total equity	<u>37,113</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>37,113</u></u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral

Financial statements for the period 7 December 2021 - 31 December 2022

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Cash payments concerning formation of enterprise	40,000	0	40,000
Transfer through appropriation of loss	0	-2,887	-2,887
Equity at 31 December 2022	40,000	-2,887	37,113

Financial statements for the period 7 December 2021 - 31 December 2022

Notes to the financial statements

1 Accounting policies

The annual report of Kiox Pharmaceuticals ApS for 2021/22 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 annual report of Kiox Pharmaceuticals ApS for 2021/22 is the first financial period.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

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

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including administration expenses to the bank.

Financial expenses

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

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.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements for the period 7 December 2021 - 31 December 2022

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Receivables

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

An impairment loss is recognised 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 recognised on an individual basis.

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 realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash

Cash comprise bank accounts in DKK which minimal risk of changes to credit risk.

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 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.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

2 Events after the balance sheet date

Subsequent to the financial year-end, the Company has received additional financing, DKK 700 thousand, which enables the Company to initiate R&D activities.

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 7 December 2021 - 31 December 2022

Notes to the financial statements

	2021/22 13 months
DKK	
3 Financial expenses	
Interest expenses, bank	255
	<u>255</u>

4 Share capital

The Company's share capital has remained DKK 40,000 since the establishment.

5 Deferred tax

At 31 December 2022, the Company holds a deferred tax related to tax loss carry-forwards. As it is uncertain if these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

6 Contractual obligations and contingencies, etc.

The Company is jointly taxed with its parent company, 26c Holding ApS, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes for income year X onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 7 December 2021.

7 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

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"By my signature I confirm all dates and content in this document."

Mikkel Walmar

Executive Board

On behalf of: Kiox Pharmaceuticals ApS

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Mikkel Walmar

Chair of the meeting

On behalf of: Kiox Pharmaceuticals ApS

Serial number: 0f96a5ed-a5a4-4317-9aee-fb2438a49120

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2023-06-23 07:24:54 UTC



Anders Roe Eriksen

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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