

BioArctic Denmark ApS

C/O Azets Insight A/S
Lyskær 3, C, 2,
2730 Herlev

CVR No. 43775154

Annual Report 13.01.2023 - 31.12.2023

1. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 27 June 2024

Gunilla Christina Osswald
Chairman

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Management's Statement

Today, Management has considered and adopted the Annual Report of BioArctic Denmark ApS for the financial year 13 January 2023 - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 13 January 2023 - 31 December 2023.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

The Annual General Meeting of the Company decides that the Financial Statements for next year are not to be audited. The conditions for not conducting an audit of the Financial Statements have been met.

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

Herlev, 27 June 2024

Executive Board

Anna-Kaija Grönblad
Manager

Supervisory Board

Gunilla Christina Osswald
Chairman

Leif Olof Francesco Gallo
Member

Anders Jussi Martin-Löf
Member

Independent Auditors' Report

To the Capital Owner of BioArctic Denmark ApS

Opinion

We have audited the financial statements of BioArctic Denmark ApS for the financial year 13 January - 31 December 2023, which comprise income statement, balance sheet, notes and a summary of significant accounting policies, 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 13 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis of 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 responsibility 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.

Independent Auditors' Report

- 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.

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.

This statement has been prepared solely for internal use by the of the company.

København Ø, 27 June 2024

Grant Thornton, Godkendt Revisionspartnerselskab

CVR-no. 34209936

Martin Bomholtz
State Authorised Public Accountant
mne34117

Lars Kristian Poulsen
State Authorised Public Accountant
mne49901

BioArctic Denmark ApS

Company details

Company	BioArctic Denmark ApS C/O Azets Insight A/S Lyskær 3, C, 2, 2730 Herlev
CVR No.	43775154
Date of formation	13 January 2023
Registered office	Herlev
Financial year	13 January 2023 - 31 December 2023
Supervisory Board	Gunilla Christina Osswald Leif Olof Francesco Gallo Anders Jussi Martin-Löf
Executive Board	Anna-Kaija Grönblad
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø CVR-no.: 34209936

Management's Review

The Company's principal activities

The company's principal activities consist in providing sales support for power semiconductor modules, which are used in drive technology, electrical systems and regenerative power generation.

Development in activities and the financial situation

The Company's Income Statement of the financial year 13 January 2023 - 31 December 2023 shows a result of DKK 183.915 and the Balance Sheet at 31 December 2023 a balance sheet total of DKK 1.278.624 and an equity of DKK 423.647. Management considers this year's results to be satisfactory.

Post financial year events

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Accounting Policies

Reporting Class

The annual report of BioArctic Denmark ApS for 13.01.2023 - 31.12.2023 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the adoption of individual rules from class C.

As the financial year 13.01.2023 - 31.12.2023 is the Company's first financial year, the Financial Statements with associated notes have been prepared without comparative figures from the previous year.

Reporting currency

The annual report is presented in Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial income and expenses.

General information

Basis of recognition and measurement

The financial statement have been prepared under the historical cost principle.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised 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 recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income statement

Gross profit/loss

The Company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Accounting Policies

Gross profit is a combination of the items of revenue, other operating income, costs for raw materials and consumables and other external expenses.

Revenue

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- * The service has been provided before the end of the financial year
- * A binding sales agreement exists
- * The sales price has been determined
- * Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Other external expenses

Other external expenses include expenses for sales, advertising, administration, premises, bad debts.

Staff costs

Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc. Staff costs also includes costs related to share-based incentive program.

Other staff expenses are recognised in other external expenses.

Financial expenses

Financial expenses are recognised in the income statement based at the amounts that concern the financial year. Financial expenses include interest expenses, realised and unrealised, accounts payable and transactions in foreign currencies and allowances under the advance-payment of tax scheme.

Tax on net profit for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

Balance sheet

Deposits

Deposits are measured at cost.

Receivables

Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

Prepaid expenses, assets

Prepaid expenses recognised in assets comprises prepaid costs regarding subsequent financial years.

Accounting Policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Equity

Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

Share-based payments

The value of employee services received in exchange for granted options is measured at the fair value of the options.

For equity-settled share options, the fair value is measured at the grant date and is recognized in the income statement under personnel expenses over the period in which the final right to the options is earned (the vesting period). The counter-entry to this is recognized directly in equity as an owner transaction.

For share options where the option holder can choose between settlement in shares or a cash-settled difference, the fair value is measured at initial recognition on the grant date and is recognized in the income statement under personnel expenses over the period in which the final right to the options is earned. Subsequently, the fair value of the share options is measured on each balance sheet date and at final settlement, and changes in the value of the share options are recognized in the income statement under personnel expenses proportionally to the elapsed part of the period during which the employee earns the final right to the options. The counter-entry for this is recognized under liabilities.

In connection with the initial recognition of the share options, an estimate is made of the number of options that employees are expected to earn the right to under the service conditions. Subsequent adjustments are made for changes in the estimate of the number of vested options, so the total recognition is based on the actual number of vested options.

The fair value of the granted options is estimated using an option pricing model. This calculation takes into account the terms and conditions associated with the granted share options and is based on the stocks of the mother company.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Other payables

Other payables are measured at amortized cost, which usually corresponds to the nominal value.

Other debt

Other debt are measured at cost.

Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

BioArctic Denmark ApS

Income Statement

	Note	13.01.2023 - 31.12.2023 kr.
Gross profit		3.177.364
Staff costs	1	-2.857.799
Profit from ordinary operating activities		319.565
Other finance income		3.568
Other finance expenses		-30.666
Profit before tax		292.467
Tax		-108.552
Profit		183.915
Proposed distribution of results		
Retained earnings		183.915
Distribution of profit		183.915

BioArctic Denmark ApS

Balance Sheet as of 31 December

	Note	2023 kr.
Assets		
Deposits		5.000
Deposits		5.000
Fixed assets		5.000
Short-term trade receivables		12.532
Short-term receivables from group enterprises		382.167
Current deferred tax		4.330
Other short-term receivables		54.702
Prepaid expenses		15.500
Receivables		469.231
Cash and cash equivalents		804.393
Current assets		1.273.624
Assets		1.278.624

Balance Sheet as of 31 December

	Note	2023 kr.
Liabilities and equity		
Contributed capital		40.000
Retained earnings		383.647
Equity		<u>423.647</u>
Trade payables		249.153
Tax payables		112.882
Other payables		492.942
Short-term liabilities other than provisions		<u>854.977</u>
Liabilities other than provisions within the business		<u>854.977</u>
Liabilities and equity		<u>1.278.624</u>
Contingent liabilities	2	
Collaterals and assets pledged as security	3	
Related parties	4	

Statement of changes in Equity

	Contributed capital	Retained earnings	Total
Equity 13 January 2023	40.000	0	40.000
Shared-based payments	0	199.732	199.732
Profit (loss)	0	183.915	183.915
Equity 31 December 2023	40.000	383.647	423.647

The share capital has been unchanged since the establishment.

Notes

13.01.2023 -
31.12.2023

1. Employee benefits expense

Wages and salaries	2.650.034
Pensions	198.924
Social security	8.841
	<u>2.857.799</u>
Average number of employees	<u>2</u>

Share-based remuneration schemes

The total amount of options in the program Personaloptionsprogrammet 2019/2028 is 1 000 000 options. And in the program PSU 2023/2026 there are a total of 125 000 PSUs. These are the totals for the whole group.

All employees take part in the two share-based remuneration schemes in the company.

2023/2026 share rights program

The long-term incentive program is a three-year incentive program through which, provided the share price increases by at least 30 percent during a three-year period, entitles the participants to receive shares free of charge or a cash payment, provided that the participant remains employed in the Group. The total cost in 2023 as well as the intrinsic value for the cash based share rights program for the period 2023 was 19 680 DKK. The stockname for BioArctic's B share that is measured for the evaluation is BIOA B and the value of the program was calculated through a Monte Carlo simulation.

2019/2028 stock option program

The other share-based remuneration scheme is based on the allocation of stock options which can be exercised for subscription of shares between three and five years after allocation. The warrants grant participants the right to acquire 60 percent of the allotted share rights after three years, a further 20 percent after four years and the remaining 20 percent after five years, provided that the participant remains employed in the Group. The total cost for the stock option program for the period 2023 was 199 732 DKK.

As of the end of the year 2023, a total of 10 000 stock options and 1 000 PSUs have been granted in BioArctic Denmark, and no further grants may occur. No employee stock options or PSUs have been exercised as of the end of the year 2023. The Black & Scholes model was used to calculate the value of the warrants.

2. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

3. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

4. Related parties

The company's related parties is the parent company, BioArctic AB, Warfvinges väg 35, 112 51 Stockholm, Sverige. Every trade are at arms lenght principle.