

Embarck Holdings ApS

Ole Maaløes Vej 3, 3., 2200 København N

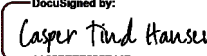
CVR no. 44 15 22 23

Annual report 2023

(As of the establishment of the Company 29 June - 30 September 2023)

Approved at the Company's annual general meeting on 1 December 2023

Chairman of the meeting:

DocuSigned by:

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Casper Tind Hansen

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Embark Holdings ApS for the financial year as of the establishment of the Company 29 June - 30 September 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2023 and of the results of the Company's operations and cash flows for the financial year as of the establishment of the Company 29 June - 30 September 2023.

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, 1 December 2023
Executive Board:

DocuSigned by:

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Casper Tind Hansen
Chief Executive Officer

Independent auditor's report

To the shareholders of Embark Holdings ApS

Opinion

We have audited the financial statements of Embark Holdings ApS for the financial year as of the establishment of the Company 29 June - 30 September 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with 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 30 September 2023 and of the results of the Company's operations as well as the cash flows for the financial year as of the establishment of the company 29 June - 30 September 2023 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 as to 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 the financial statements.

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

Independent auditor's 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 1 December 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Rasmus Bloch Jespersen
State Authorised Public Accountant
mne35503

Management's review

Company details

Name	Embark Holdings ApS
Address, Postal code, City	Ole Maaløes Vej 3, 3., 2200 København N
CVR no.	44 15 22 23
Established	29 June 2023
Registered office	København
Financial year	29 June - 30 September 2023
Executive Board	Casper Tind Hansen, Chief Executive Officer
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Financial highlights

DKK	2023 3 months
Key figures	
Gross profit	17,912,294
Operating profit/loss	-13,326,869
Net financials	45,667,858
Profit for the year	54,030,616
Non-current assets	2,606,102
Current assets	111,219,825
Total assets	113,825,927
Share capital	320,000
Equity	94,055,616
Cash flows from operating activities	-4,416,525
Total cash flows	107,441,955
Financial ratios	
Current ratio	562.6%
Equity ratio	82.6%
Return on equity	57.4%
Average number of full-time employees	2

For terms and definitions, please see the accounting policies.

Management's review

Business review

Embark Holdings ApS' main activities is operating and managing contractual rights and obligations concerning intellectual property rights as well as operating as a shareholder of Embark Laboratories ApS.

Financial review

The income statement for 2023 shows a profit of DKK 54,030,616, and the balance sheet at 30 September 2023 shows equity of DKK 94,055,616. The profit for the year is primarily driven by the gain from sale of Embark Biotech ApS and income recognized from research and development, option and purchase agreement concerning Embark Laboratory ApS. Refer to note 2 - Special items for further details on these transactions.

Embark Holdings ApS was established on 29 June 2023 by means of an 'share-for-share' exchange (in Danish: aktieombytning) transaction, whereby the former owners of Embark Biotech ApS, contributed 'in-kind' 97% of the share capital in Embark Biotech ApS into Embark Holdings ApS in exchange for ownership in Embark Holdings ApS.

On 6 July 2023, Embark Holdings ApS' 97% capital ownership of Embark Laboratory ApS was established in de-merger of Embark Biotech ApS, where certain assets and liabilities formerly owned by Embark Biotech ApS was contributed 'in-kind' to Embark Laboratory ApS.

Treasury shares

Immediately following the formation of the Company on 29 June 2023, the Company was assigned by its shareholders, and at 30 September 2023, the Company holds (i) 34.218 A-shares of nominal DKK 1 each, assigned at DKK 0 per share and (ii) 7.482 B-Shares of nominal DKK 1 each, assigned at DKK 0 per share.

The treasury shares are assigned to the Company with the purpose of being used in an equity distribution program in the form of free share allotment using the Company's own shares, whereby certain employees of the Company or its affiliates, the majority of whom are also beneficial physical owners of the Company capital, gradually acquire personal ownership of the Company.

Knowledge resources

The Companys knowledge resources are centered around a an experienced life science and scientific management team.

Research and development activities

Embark Holding ApS, through its 97% owned subsidiary, Embark Laboratories ApS, which is the IP holder of certain patents and know-how, and in collaboration with partners, carries out research and development activities aimed at discovering and developing new drugs to treat obesity and related complications.

Events after the balance sheet date

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

Outlook

The Company's result before and after tax for the financcil year 2023/24 is expected to range from 0-3 mDKK. This expectations is based on the assumption that research and development projects progress as planned.

Financial statements for the period 29 June - 30 September 2023

Income statement

Note	DKK	2023 3 months
3	Other operating income	21,689,627
	External expenses	-3,777,333
	Gross profit	17,912,294
4	Staff costs	-9,549,536
	Profit before net financials	8,362,758
	Income from investments in group enterprises	45,688,756
	Financial income	191,030
	Other financial expenses	-211,928
	Profit before tax	54,030,616
	Tax for the year	0
	Profit for the year	54,030,616

Financial statements for the period 29 June - 30 September 2023**Balance sheet**

Note	DKK	<u>2023</u>
	ASSETS	
	Non-current assets	
5	Financial assets	
	Investments in group enterprises	2,606,102
		<u>2,606,102</u>
	Total non-current assets	<u>2,606,102</u>
	Current assets	
6	Receivables	
	Receivables from group enterprises	2,512,593
	Other receivables	1,265,277
		<u>3,777,870</u>
	Cash	<u>107,441,955</u>
	Total current assets	<u>111,219,825</u>
	TOTAL ASSETS	<u><u>113,825,927</u></u>

Financial statements for the period 29 June - 30 September 2023

Balance sheet

Note	DKK	<u>2023</u>
	EQUITY AND LIABILITIES	
	Equity	
7	Share capital	320,000
	Share premium account	0
	Retained earnings	31,860,893
	Dividend proposed	<u>61,874,723</u>
	Total equity	<u>94,055,616</u>
	Liabilities	
	Current liabilities	
	Trade payables	3,562,764
	Other payables	12,592,609
9	Deferred income	<u>3,614,938</u>
	Total current liabilities	<u>19,770,311</u>
	Total liabilities	<u>19,770,311</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>113,825,927</u></u>

- 1 Accounting policies
- 2 Special items
- 8 Treasury shares
- 10 Contractual obligations and contingencies, etc.
- 11 Security and collateral
- 12 Related parties
- 13 Appropriation of profit

Financial statements for the period 29 June - 30 September 2023

Statement of changes in equity

Note	DKK	Share capital	Share premium account	Retained earnings	Dividend proposed	Total
		320,000	39,780,000	0	0	40,100,000
		0	-75,000	0	0	-75,000
13	Transfer, see "Appropriation of profit"	0	0	54,030,616	0	54,030,616
	Transferred from share premium account	0	-39,705,000	39,705,000	0	0
	Transfer from retained earnings to dividend proposed	0	0	-61,874,723	61,874,723	0
	Equity at 30 September 2023	320,000	0	31,860,893	61,874,723	94,055,616

Financial statements for the period 29 June - 30 September 2023

Cash flow statement

Note	DKK	2023 3 months
	Profit for the year	54,030,616
14	Adjustments	-67,357,485
	Cash generated from operations (operating activities)	-13,326,869
15	Changes in working capital	8,906,426
	Cash generated from operations (operating activities)	-4,420,443
	Other cash flows from operating activities	3,918
	Cash flows from operating activities	-4,416,525
	Proceeds from sale of investments in subsidiaries	90,178,980
	Proceeds from option and share sales agreement	21,679,500
	Cash flows to investing activities	111,858,480
	Net cash flow	107,441,955
	Cash and cash equivalents at 29 June	0
	Cash and cash equivalents at 30 September	107,441,955

Financial statements for the period 29 June - 30 September 2023

Notes to the financial statements

1 Accounting policies

The annual report of Embark Holdings ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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 recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

External expenses

Other external expenses include the year's expenses relating to the Company'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 statements for the period 29 June - 30 September 2023

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in group entities

The item includes dividends from investments in group entities and associates. Dividend distributions that either exceed the profit for the year or where the carrying amount of the investments exceeds the consolidated carrying amounts of the group entity's net assets will indicate impairment for which reason an impairment test will have to be conducted.

Financial income and expenses

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

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Investments in group entities

Investments in group entities and associates are measured at cost. Dividends received that exceed the accumulated earnings in the group entity or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities and associates 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).

Financial statements for the period 29 June - 30 September 2023

Notes to the financial statements

1 Accounting policies (continued)

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 recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash in banks, short-term deposits, and highly liquid investments with an original maturity of three months or less at the date of purchase.

Equity

The company is established via 'Share-for-share' exchange (in Danish: aktieombytning) transaction. When accounting for the share-for-share exchange, the opening balance consists solely of one asset - the investment in subsidiaries and one liability - the equity, divided into share capital and premium. The company applies the cost method for recognition and measuring investments in subsidiaries. The cost price of the contributed controlling equity is determined with reference to the subscribed share capital plus share premium, which equals the net asset value of the subsidiary.

Treasury shares

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements for the period 29 June - 30 September 2023

Notes to the financial statements

1 Accounting policies (continued)

Grants without consideration within a group

Grants to group entities without consideration are recognised as a capital injection under "Investments in group entities". Grants received from group entities are recognised as dividend received from the group entity.

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.

Other payables

Other payables are measured at net realisable value.

Deferred income

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

Special items

Special items comprise significant income and expenses of a special nature relative to the Company's activities. Special items may comprise expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company's primary operating activities and that are deemed not to be recurring.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Financial statements for the period 29 June - 30 September 2023**Notes to the financial statements****1 Accounting policies (continued)**

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

2 Special items

Special items for the year are specified below, including the line items in which they are recognised in the income statement.

DKK	2023 3 months
Income	
Gain from sale of Embark Biotech ApS	45,688,756
Income from option and purchase agreement concerning research and development in Embark Laboratory ApS	21,689,627
	67,378,383
Special items are recognised in the below items of the financial statements	
Income from investments in group enterprises	45,688,756
Other operating income	21,689,627
Net profit on special items	67,378,383

Gain from sale of Embark Biotech ApS

On September 30, 2023, Embark Holdings ApS sold its shares in Embark Biotech ApS, including its main program against metabolism (EMB1), to Novo Nordisk A/S. Under the share purchase and sales agreement, Novo Nordisk A/S acquired all rights to develop and commercialize EMB1, while former shareholders of Embark Biotech ApS, including Embark Holdings ApS received a cash payment of EUR 15 million, adjusted for net debt, and is entitled to receive development, regulatory, and commercial milestone payments of up to EUR 532 million. Embark Holdings ApS realized a net gain of DKK 45.688.756 from the sale of Embark Biotech ApS in 2023, which is recognized in the income statement under the caption 'Income from investments in group enterprises'.

Income from option and purchase agreement concerning research and development in Embark Laboratory ApS

On September 30, 2023, Embark Holdings ApS entered a research and development, option, and purchase agreement with Novo Nordisk A/S. Under this agreement, Embark Holdings ApS, through its subsidiary Embark Laboratories ApS, conducts a 3-year research and development collaboration aimed at discovering and developing new drugs to treat obesity and related complications. The agreement also provides Novo Nordisk A/S an option to acquire and further develop specific programs based on Embark Biotech's early discovery for multiple indications, including obesity and type 2 diabetes.

Under the terms of the agreement, Embark Holdings ApS received an upfront payment and is further entitled to receive additional funding in periodic instalments to fund the 3-year research and development project in Embark Laboratories ApS. In the event of Novo Nordisk A/S execution of the purchase option, Embark Holdings ApS may be entitled to receive future development, regulatory, and commercial milestone payments and layered royalty payments. The upfront fee is recognized in the income statement under the caption 'other operating income' in the financial statements. Payments received to fund the research and development project in Embark Laboratories ApS are deferred on the balance sheet as deferred income.

Financial statements for the period 29 June - 30 September 2023**Notes to the financial statements****3 Other operating income**

Other operating income includes income from received under option and purchase agreement concerning research and development projects in Embark Laboratory ApS. Refer to note 2, above for further details.

	2023
	3 months
DKK	
4 Staff costs and incentive programmes	
Wages/salaries	9,498,279
Pensions	50,500
Other social security costs	757
	<u>9,549,536</u>
	<u>2023</u>
Average number of full-time employees	<u>2</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

Incentive programmes

The Company has established an incentive bonus program for the executive management team, consisting of a mixture of cash and share-based bonuses (equity-settled awards). No share-based bonus were awarded at 30 September 2023. The Company does not recognize in its financial statements equity-settled awards in accordance with the Danish Financial Statements Act.

5 Financial assets

	Investments in group enterprises
DKK	
Cost at 29 June 2023	40,100,000
Contributions	5,487,407
Disposals on sale	-42,981,305
Cost at 30 September 2023	<u>2,606,102</u>
Carrying amount at 30 September 2023	<u>2,606,102</u>

Group entities

Name	Legal form	Domicile	Interest	Equity DKK	Profit/loss DKK
Embark Laboratori es ApS	ApS	Copenhagen	97.00%	1,950,459	-4,821,741

6 Receivables

Out of the Company's total receivables, DKK 0 falls due for payment after more than one year after the balance sheet date.

Financial statements for the period 29 June - 30 September 2023**Notes to the financial statements**

DKK	2023
7 Share capital	
Analysis of the share capital:	
300,000 A shares of DKK 1.00 nominal value each	300,000
20,000 B shares of DKK 1.00 nominal value each	20,000
	320,000

Extraordinary dividends & liquidity preferences

Each share class carries dividends & liquidity preferences rights as follows:

- ▶ A-shares: Amounts that the Company may receive as a consequence of a liquidity event involving assignment of or dividend payments on the Company's shares in Embark Biotech ApS, and/or interests originating from this legal person, shall accrue to the Company's Class A shares.
- ▶ B-shares: Amounts that the Company may receive because of a liquidity event involving assignment of or dividend payments on the Company shares in companies other than Embark Biotech ApS, shall, less costs, including bonus payments, relating to such liquidity event, shall accrue to the Company's B share class.

A liquidating event include a transaction comprising assignment of shares, dividend payments by, dissolution or liquidation of the interests in which Company holds an ownership share, including a liquidity event, which involves distribution of funds generated by the Company itself.

The Company's share capital has remained DKK 320,000 since the establishment.

8 Treasury shares

Immediately following the formation of the Company on 29 June 2023, the Company was assigned by its shareholders, and at 30 September 2023, the Company holds (i) 34.218 A-shares of nominal DKK 1 each, assigned at DKK 0 per share and (ii) 7.482 B-Shares of nominal DKK 1 each, assigned at DKK 0 per share.

The treasury shares are assigned to the Company with the purpose of being used in an equity distribution program in the form of free share allotment using the Company's own shares, whereby certain employees of the Company or its affiliates, the majority of whom are also beneficial physical owners of the Company capital, gradually acquire personal ownership of the Company.

9 Deferred income

Payments received to fund the research and development project in Embark Laboratories ApS in future periods are deferred on the balance sheet as deferred income.

10 Contractual obligations and contingencies, etc.

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income year 2023 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 30 September 2023.

According to the share sales agreement as disclosed in note 2, the company has a contingent liability concerning certain warranties under the agreement.

11 Security and collateral

Financial statements for the period 29 June - 30 September 2023**Notes to the financial statements**

Embark Holdings ApS has pledged its share ownership of Embark Laboratories ApS, with a carrying amount at 30 September 2023 of DKK 2,606,102, by way of a first priority pledge (in Danish: førsteprioritetspanteret) as security for the payment and satisfaction of present and future obligations and liabilities under and option and purchase agreement, entered with a third party on 29 September 2023, regarding the potential sale of Embark Holdings ApS' share ownership of Embark Laboratories ApS.

12 Related parties**Related party transactions**

Embark Holdings ApS was engaged in the below related party transactions:

DKK	2023
Receivables from Embark Laboratories ApS, presented as receivables from group enterprises	2,512,593
Payables to management, presented as other payables	1,871,819
Contribution in kind received upon establishment of the company (refer to statement of equity)*	40,100,000
Contribution to subsidiary concerning waiving of income tax to be settled in joint taxation (refer to note 5 - investments in subsidiaries)	5,487,407

*Embark Holdings ApS was established on 29 June 2023 by means of an 'share-for-share' exchange (in Danish: aktieombytning) transaction, whereby the former owners of Embark Biotech ApS, contributed 'in-kind' 97% of the share capital in Embark Biotech ApS into Embark Holdings ApS in exchange for ownership in Embark Holdings ApS. The valuation of the contributed controlling equity was determined to DKK 40,100 thousand by valuing the net assets and calculating the equity value of the ownership of Embark Biotech ApS at the transaction date.

Information on the remuneration to management

Information on the remuneration to Management appears from note 4, "Staff costs".

DKK	2023 3 months
13 Appropriation of profit	
Recommended appropriation of profit	
Retained earnings	54,030,616
	54,030,616
14 Adjustments	
Income from investments in group entities	-45,688,756
Other operating income	-21,880,657
Financial expenses	211,928
	-67,357,485
15 Changes in working capital	
Change in receivables	-3,777,870
Change in trade and other payables	16,155,373
Other changes in working capital	-3,471,077
	8,906,426