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STipe Therapeutics ApS

Inge Lehmanns Gade 10, 8000 Aarhus C

CVR no. 39 69 11 75

Annual report 2023

Approved at the Company's annual general meeting on 26 April 2024

Chair of the meeting:

DocuSigned by:
Christina Bruun Geertsen
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Christina Bruun Geertsen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of STipe Therapeutics ApS for the financial year 1 January - 31 December 2023.

The annual report is 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 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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

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

Aarhus, 24 April 2024
Executive Board:

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Claus Elsborg Olesen
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Claus Elsborg Olesen

Board of Directors:

DocuSigned by:
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Christian Schetter
Chairman

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Sten Verland
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Sten Verland

DocuSigned by:
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Morten Døssing

DocuSigned by:
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Martin Roelsgaard Jakobsen

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Regina Hodits

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Independent auditor's report

To the shareholders of STipe Therapeutics ApS

Opinion

We have audited the financial statements of STipe Therapeutics ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity 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 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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Independent auditor's report

- 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.

Aarhus, 24 April 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

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Peter Faurschou
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Peter U. Faurschou
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Christian Jøker
State Authorised Public Accountant
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Management's review

Company details

Name	STipe Therapeutics ApS
Address, Postal code, City	Inge Lehmanns Gade 10, 8000 Aarhus C
CVR no.	39 69 11 75
Established	2 July 2018
Registered office	Aarhus
Financial year	1 January - 31 December
Board of Directors	Christian Schetter, Chairman Sten Verland Morten Døssing Martin Roelsgaard Jakobsen Regina Hodits
Executive Board	Claus Elsborg Olesen
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management commentary

Business review

The company's key activity is to develop novel treatments that focuses on harnessing the innate immune system to battle cancer.

Unusual matters having affected the financial statements

Capital loss

The Company's assets and liabilities have been assessed with continued operations in mind. The management is aware that the company has capital loss and is thus covered by section 119 of the Danish Companies Act. It is Management's assessment that the Company, despite the capital loss, has the necessary capital base to ensure continued operations. Management continuously assesses the capital base and the need for re-establishment of equity.

Management expects to re-establish the share capital through capital injections from new investors or partnerships with other pharma companies.

Going concern

The capital loss indicates an uncertainty that could cast doubt on the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is depending on its ability to find new investors or enter into partnerships on the continued development og the Company's STING Sensitizer Program.

Management monitors its liquidity position on a monthly basis to identify liquidity risks and enable the Board of Directors to prepare for new strategic decisions to ensure the Company's continued operations.

Based on Management's assessment, the financial statements for 2023 are presented on the basis of going concern.

Reference is made to note 2 for more details.

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Management's review

Financial review

The income statement for 2023 shows a loss of EUR 4,456 thousand against a loss of EUR 8,273 thousand last year, and the balance sheet at 31 December 2023 shows a negative equity of EUR 2,497 thousand. The loss for the year is according to expectations.

Events after the balance sheet date

The Company has initiated a number of initiatives to continue the development of the Company's STING Sensitizer Program including possible future partnerships. The STING Sensitizer Program is a First in Class systemically administered Sensitizer technology (peptide) that results in an enhanced innate immune response to various cancer types, but can safely be administered systemically. The STING Sensitizer Program is ready for IND/CTA and outreach to Pharma for MTA partnerships are in progress.

Furthermore, the convertible loans are converted into equity in 2024.

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Financial statements 1 January - 31 December

Income statement

Note	EUR	2023	2022
	Gross profit/loss	-3,456,557	-6,617,045
3	Staff costs	-1,501,012	-2,191,787
	Profit/loss before net financials	-4,957,569	-8,808,832
	Income from investments in group enterprises	-9,371	0
	Financial income	42,138	35,295
	Financial expenses	-267,613	-235,529
	Profit/loss before tax	-5,192,415	-9,009,066
4	Tax for the year	736,285	736,285
	Profit/loss for the year	-4,456,130	-8,272,781
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-4,456,130	-8,272,781
		-4,456,130	-8,272,781

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Financial statements 1 January - 31 December

Balance sheet

Note	EUR	2023	2022
	ASSETS		
	Non-fixed assets		
	Receivables		
	Corporation tax receivable	736,285	736,285
	Other receivables	146,797	146,453
	Prepayments	25,348	0
		908,430	882,738
	Cash	2,309,182	5,319,094
	Total non-fixed assets	3,217,612	6,201,832
	TOTAL ASSETS	3,217,612	6,201,832
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	32,062	32,062
	Reserve for unpaid capital	0	0
	Retained earnings	-2,529,086	1,927,044
	Total equity	-2,497,024	1,959,106
	Liabilities other than provisions		
6	**Non-current liabilities other than provisions**		
	Credit institution	3,155,153	2,906,174
	Convertible loan	1,994,878	0
		5,150,031	2,906,174
	Current liabilities other than provisions		
	Trade payables	490,728	1,041,301
	Other payables	73,877	295,251
		564,605	1,336,552
	Total liabilities other than provisions	5,714,636	4,242,726
	TOTAL EQUITY AND LIABILITIES	3,217,612	6,201,832

1 Accounting policies
2 Going concern uncertainties
7 Contractual obligations and contingencies, etc.

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Financial statements 1 January - 31 December

Statement of changes in equity

EUR	Share capital	Reserve for unpaid capital	Retained earnings	Total
Equity at 1 January 2022	32,062	7,971,183	2,228,642	10,231,887
Capital increase	0	-7,971,183	7,971,183	0
Transfer through appropriation of loss	0	0	-8,272,781	-8,272,781
Equity at 1 January 2023	32,062	0	1,927,044	1,959,106
Transfer through appropriation of loss	0	0	-4,456,130	-4,456,130
Equity at 31 December 2023	32,062	0	-2,529,086	-2,497,024

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of STipe Therapeutics ApS for 2023 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 accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in euros (EUR), as the Company's most significant transactions are settled in EUR.

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

Gross profit/loss

The items revenue, other operationg income and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

Research and development costs

STipe Therapeutic expenses all research costs. In line with industry practice, internal and sub-contracted development costs are also expensed as they are incurred, due to significant regulatory uncertainties and other uncertainties inherent in the development of new products. This means that they do not qualify for capitalisation as intangible assets until marketing approval by a regulatory authority is obtained or considered highly probable.

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 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 and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Balance sheet

Investments in group entities, associates and participating interests

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

Gains and losses on disposal of group entities are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

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 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 cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for non-paid-in share capital

Non paid in share capital is presented according to the gross method whereby the non paid in share capital is recognised in equity and as a receivable under "Receivables from owners and Management". An amount corresponding to the non paid in share capital is re classified from "Retained earnings" to "Reserve for non paid in capital".

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".

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Convertible loans

Convertible loans are broken down into a liability element and an equity element based on the relevant instrument of debt. On initial recognition, the liability is recognised at the fair value of a similar liability without a conversion right. The remaining amount of the convertible loan is recognised as equity. On subsequent recognition, the liability is measured at amortised cost until converted or repaid. The equity element is not re measured after initial recognition.

2 Going concern uncertainties

The capital loss indicates an uncertainty that could cast doubt on the Company's ability to continue as a going concern. As a result hereof, the entire staff are planned to be terminated during 2024. The Company's ability to continue as a going concern is depending on its ability to find new investors or enter into partnerships on the continued development og the Company's STING Sensitizer Program.

The convertible loans are converted into equity in 2024. Furthermore, An agreement has been made with EIFO that interests on the loan mature in July 2024 and installments mature in January 2025. Based on this and Management's expectations and existing budgets for 2024, Management is of the opinion, that the Company's liquidity and capital resources are adequate to cover at least 12 months after the financial year end.

Based on Management's assessment, the financial statements for 2023 are presented on the basis of going concern.

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Financial statements 1 January - 31 December

Notes to the financial statements

EUR		2023	2022
3	**Staff costs and incentive programmes**		
	Wages/salaries	1,481,093	2,171,801
	Other social security costs	19,919	19,986
		1,501,012	2,191,787
	Average number of full-time employees	14	16

Incentive programmes

The incentive program for the Executive Board and key employees includes the possibility of subscribing for new shares, up to 7% of the current A shares, between 2025 and 2027, corresponding to EUR 3,304 at an exercise price of 91,80, equivalent to a market value of EUR 303 thousand.

4	**Tax for the year**		
	Estimated tax charge for the year	-736,285	-736,285
		-736,285	-736,285

5 Share capital

Analysis of the share capital:

50,000 A shares of EUR 0,13 nominal value each

185,186 B shares of EUR 0,13 nominal value each

4,314 C shares of EUR 0,13 nominal value each

Analysis of changes in the share capital over the past 5 years:

DKK	2023	2022	2021	2020	2019
Opening balance	32,062	32,062	17,187	6,693	0
Capital increase	0	0	17,187	6,693	78,389
Capital reduction	0	0	0	10,494	0
	32,062	32,062	34,374	23,880	78,389

6 Non-current liabilities other than provisions

Convertible loan, with a nominal value of EUR 1.995 thousand, are convertible into shares at the prevailing market price.

Of the long-term liabilities, EUR 0 falls due for payment after more than 5 years after the balance sheet date.

7 Contingencies, etc.

Contingent liabilities

Rent and lease liabilities include a rent obligation totalling EUR 211 thousand in rent agreements with remaining contract terms of 1 to 12 months.

Contingent assets

The company has tax loss carry-forwards totalling EUR 17.290 thousand. The nominal value is 22% there of, totalling EUR 3.804 thousand. The tax asset has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses.