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Bacthera Denmark A/S

CVR no. 40697322

Kogle Alle 6
2970 Hørsholm
Danmark

Annual report
for the period ended 31 December 2023
(Financial year 1 January 2023 - 31 December 2023)

Adopted at the Company's Annual General Meeting
on 24 June 2024

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Rainer Lehmann

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Bacthera Denmark A/S
CVR no. 40697322
Annual report 2023

Contents	Page
Company details	3
Management's review	4
Statement by Management and Board of Directors	5
Independent auditor's report	6-7
Financial statements:	
Income statement	8
Balance sheet	9
Statement of changes in Equity	10
Notes to the financial statements	11-15

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Bacthera Denmark A/S
CVR no. 40697322
Annual report 2023

Company details

Company:	Bacthera Denmark A/S
CVR no:	40697322
Registered address:	Kogle Alle 6 2970 Hørsholm Danmark
Telephone:	+(45) 70 22 60 60
Website:	https://www.bacthera.com/
Incorporated	07 August 2019
Hørsholm, 24 June 2024	1 January 2023 – 31 December 2023
Executive Board:	Christian Eberle (Director)
Board of Directors:	Rainer Lehmann (Chairman) Toesten Steenholt Peter Droc Maria Soler Nuñez Jan Emiel G. Vertommen Henrik Joerck Nielsen
Auditor:	KPMG P/S Dampfærgevej 28 2100 København Ø

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Bacthera Denmark A/S
CVR no. 40697322
Annual report 2023

Company details

Principal activities
Bacthera Denmark A/S was incorporated on 7 August 2019. The company is 100% owned by Bacthera AG.

The company's financial year covers the period 1 January 2023 – 31 December 2023.

Bacthera Denmark A/S ("Bacthera") has the purpose to enable customers to bring life-changing Live Biotherapeutic treatments to patients. The services offered to customers spans across the full live biotherapeutic value chain, from technical development right through to cGMP manufacture and release of drug substance and drug product.

The organisation consists of highly skilled and committed employees who are working to establish new competences and expand operations. Bacthera is investing in the development of our employees and managers to ensure that competences development is in line with growth ambitions.

For Bacthera, the development of new science to support our customers is important, therefore Bacthera will protect knowhow through patenting where possible.

Risk management is an integrated part of the way we run the company. Management is evaluating and addressing key risks on an ongoing basis and takes appropriate mitigation actions as required.

To support of our manufacturing activities, production risk, product safety and quality assurance processes are carefully addressed in this connection.

Bacthera is committed to our employees' wellbeing and safety. Several initiatives have been implemented including preventive action, monitoring and follow-up on incidents.

As Bacthera is an international company it is exposed to financial risks relating to currency and interest rate fluctuations, funding, liquidity, credit and counterparty risk. Legal risks may also arise as part of ordinary course of business.

Results
Research and development spending were DKK 85.2 million.

Bacthera Denmark A/S's results before tax present a profit of DKK 3.954 million. The result after tax amounts to a loss of DKK 3.697 million in the financial year.

The number of employees amounts to 36 at the end of the financial year.

Management regards the results for the financial year as satisfactory and in accordance with expectations.

Capital structure
On 31 December 2023 equity amounts to DKK 46.6 million, equal to an equity ratio of 40%. No dividend has been paid out to the parent company.
Funding of activities comes solely from a Transfer Pricing agreement with the parent company.
No additional equity investment is expected from the parent company and no dividends to be declared during 2024.

Events after the balance sheet date
On 12th June 2024, the Board of Directors of Bacthera AG instructed the management of Bacthera to excute an orderly shutdown of Bacthera Denmark A/S with all operational activities to cease by October 2024. Bacthera AG will continue to support Bacthera Denmark A/S financially to ensure all liabilities are settled in time for company closure.

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Bacthera Denmark A/S
CVR no. 40697322
Annual report 2023

Statement by Management and Board of Directors

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Bacthera Denmark ApS for the financial year 1 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 Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

Hørsholm, 24 June 2024

Executive Board:

DocuSigned by:
Christian Eberle
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Christian Eberle (Director)

Board of Directors:

DocuSigned by:
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Rainer Lehmann

DocuSigned by:
Torsten Steenholt
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Torsten Steenholt

DocuSigned by:
Peter Droc
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Peter Droc

DocuSigned by:
Maria Soler Nuñez
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Maria Soler Nuñez

DocuSigned by:
Jan Vertommen
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Jan Emiel G. Vertommen

DocuSigned by:
Henrik Joerck Nielsen
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Henrik Joerck Nielsen

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Independent auditor's report

To the shareholders of Bacthera Denmark A/S

Opinion
We have audited the financial statements of Bacthera Denmark A/S for the financial year 1 January – 31 December 2023, comprising income statement, balance sheet 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 Company's assets, liabilities and financial position 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 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent auditor's report

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, 24 June 2024
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

DocuSigned by:
Henrik Y. Jensen
Henrik Y. Jensen
State Authorised
Public Accountant
mne35442

DocuSigned by:
Christian Miltersen Sørensen
Christian Miltersen Sørensen
State Authorised
Public Accountant
mne50702

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Company details

	Notes	Period ended 31 December 2023 DKK'000	31 December 2022 DKK'000
Revenue		93,697	96,492
Research and development costs	1	(85,180)	(87,719)
Operating income		**8,517**	**8,773**
Other financial income	2	126	(0)
Other financial expenses	3	(4,689)	(15,436)
Profit/loss before tax		**3,954**	**(6,663)**
Tax on profit/loss for the year	4	(257)	(1,695)
Profit/loss for the year		**3,697**	**(8,358)**
Proposed profit/loss distribution	5		

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Company details

	Notes	As at 31 December 2023 DKK'000	31 December 2022 DKK'000
Assets			
Non-current assets			
Tangible assets	6		
Leasehold improvements		5,629	9,007
Fixtures and fittings, other plant and equipment		101,050	113,561
Assets under construction		0	550
Total tangible assets		**106,679**	**123,118**
Leasehold deposit		1,365	1,365
Total financial assets		**1,365**	**1,365**
Total non-current assets		**108,044**	**124,483**
Trade receivables		353	2
Other receivables		3,058	874
Tax receivables		101	206
Prepayments		584	659
Inventories		5	-
		4,100	**1,741**
Cash		5,866	4,609
Total current assets		**9,966**	**6,350**
Total Assets		**118,010**	**130,833**
Equity and liabilities			
Share capital		2,000	2,000
Retained earnings		44,562	40,865
Total equity		**46,562**	**42,865**
Liabilities			
Non-current liabilities			
Deferred tax liability	7	9,093	8,836
Payables to group enterprises		53,614	71,433
Total non-current liabilities		**62,707**	**80,269**
Trade payables		3,366	4,362
Other payables	8	5,375	3,337
Total current liabilities		**8,741**	**7,699**
Total liabilities		71,096	87,968
Total Equity and Liabilities		**118,010**	**130,833**

Related parties	9
Contingent liability	10
Events after the balance sheet date	11

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Company details

Amounts in DKK '000

Equity

	Share capital	Retained earnings	Total equity
Equity at 1 January 2023	2,000	40,865	42,865
Profit for the year	0	3,697	3,697
Equity at 31 December 2023	**2,000**	**44,562**	**46,562**

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Company details

1 Accounting policies

The annual report of Bacthera Denmark A/S for the financial year has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The annual report for the financial year 2023 is presented in DKK 1,000.

There have been no modifications made to the accounting policies in comparison to the previous year.

Recognition and measurement

Income is recognized in the income statement when earned. This includes value adjustments of financial assets and liabilities which are measured at fair value or amortized cost. All costs are recognized which have been incurred in order to achieve the results for the year, including amortization, depreciation, provisions and reversals that result from changes in accounting estimates previously recognized in the income statement.

Assets are recognized in the balance sheet when it is probable as a result of prior events that future economic benefit will flow to the company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the company has a legal or constructive obligation as a result of prior events, and it is probable that future economic benefits will flow out of the company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Certain financial assets and liabilities are measured at amortized cost; thereby a constant effective discount rate is applied over the lifetime of the asset/liability. Amortized cost is measured as the initial cost less repayments and with addition/deduction of the accumulated amortization of the difference between cost and the nominal value. Thereby, capital gains or losses are allocated out over the entire lifetime of the asset/liability.

Predictable risks or losses arising before the time of presentation of the annual report and which confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange rate differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate of the balance sheet date are recognized in the income statement as financial income or financial expenses.

Income Statement

The income statement is classified by function.

Revenue

No Revenue is made in financial year 2023. Research and development costs are funded by a Transfer Pricing agreement with the parent company at arms-lenght principle.

Research and development costs

Research and development costs include labor cost, amortization and other costs directly or indirectly associated with the

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Financial income and expenses

Financial income and expenses include interest income and expenses, amortization income and expenses, and value adjustments of financial assets and transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Tangible assets

Tangible assets are measured at cost with deduction of accumulated depreciation and impairment losses. Tangible assets under construction are measured at acquisition value and cost respectively. Cost comprises expenses for materials, direct labor costs and a share of indirect costs.

The basis of depreciation of tangible assets is cost less estimated residual value after the end of the useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Leasehold improvements	10 years
Plant and machinery	5-20 years
IT Equipment	3 years

The book values of tangible assets are reviewed yearly to determine if there are any indications of value reductions other than that expressed by depreciation. An impairment test is performed if this is the case in order to assess whether the recoverable value is lower than the book value, and the value is written down to the recoverable value.

Borrowing costs in respect to construction of assets are capitalized when it takes more than a year for them to be ready for use.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less provisions for bad and doubtful debts. The provisions are based on a specific assessment of the individual receivable.

Other payables

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

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is measured based on current tax legislation and rates applying at the balance date. Where the measurement of the tax base can be conducted in accordance with alternative tax legislation, deferred tax is measured based on the planned life of the asset or liability.

Deferred tax assets, including the tax base of losses that may be carried forward, are measured at the value at which the asset is expected to be realized, either by settlement as tax or deducted in deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

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Company details

1 Research and development costs

	2023 DKK'000	2022 DKK'000
Staff expenses		
Research and development costs include wages and salaries etc., which are distributed as follows:		
Gross salaries	(22,901)	(25,113)
Holiday accrual	(937)	536
Social security	(319)	(412)
Employee benefits	(77)	(162)
Company pension contributions	(2,336)	(2,532)
Other staff cost	(2,013)	(1,119)
	(28,583)	**(28,802)**
Average number of employees	*36*	*40*
Other research and development costs		
Other operating expenses	(21,159)	
External costs	(14,823)	
Depreciation/amortisation	(20,615)	(19,761)
	(56,597)	**(19,761)**

2 Other financial income

	2023 DKK'000	2022 DKK'000
Other financial income	1	0
Foreign exchange gains	125	(0)
	126	**(0)**

3 Other financial expenses

	2023 DKK'000	2022 DKK'000
Foreign exchange losses	(3,593)	(14,489)
Interest expense on loan from related party	(1,093)	(893)
Bank interest	0	(35)
Other expenses	(3)	(19)
	(4,689)	**(15,436)**

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4 Corporation tax and deferred tax

	2023 DKK'000	2022 DKK'000
Changes in deferred tax	257	1,695
	257	**1,695**

5 Proposed profit/loss distribution

Retained earnings	44,562	40,865
	44,562	**40,865**

6 Tangible assets

	Leasehold improvements DKK'000	Fixtures and fittings, other DKK'000	Assets under construction DKK'000	Total tangible assets DKK'000
Cost at 1 January 2023	20,266	149,635	550	170,451
Additions for the year				-
Transferred		4,726	(550)	4,176
Disposals for the year				-
Cost at 31 December 2023	**20,266**	**154,361**	**0**	**174,627**
Depreciation at 1 January 2023	11,259	36,074		47,333
Depreciation and impairmant losses for the year	3,377	17,238	0	20,615
December 2023	**14,636**	**53,312**	**0**	**67,948**
Carrying amount at 31 December 2023	**5,630**	**101,049**	**0**	**106,679**

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7 Deferred tax liability

	2023 DKK'000	2022 DKK'000
Deferred tax liability related to intangible and tangible assets	9,093	8,836
	9,093	**8,836**

8 Other payables

	2023 DKK'000	2022 DKK'000
Payroll related taxes and contributions	(1,843)	(1,136)
Expense claims - refundable to employees	0	796
Holiday accrual	(1,583)	(1,440)
Accrued expenses	(1,949)	(1,557)
	(5,375)	**(3,337)**

9 Related parties

The Company is included in the consolidated financial statements of the parent company Bacthera AG, business registration no. CHE-361.886.435.

The consolidated financial statements can be obtained by request to Bacthera AG (Hochbergerstrasse 60A 4057 Basel Switzerland).

The related parties transactions comprise loan received during the financial period with the interest of 1%, arms-lengths cost-plus transactions, recharged costs and other minor adjustments. As of 31 December 2023 the liabilities to the parent company amounts to:

	2023	2022
Principal	DKK 53,612,024	DKK 70,516,553
Interest on loan	DKK 2,203	DKK 916,777
Total	**DKK 53,614,227**	**DKK 71,433,330**

Cost-plus transactions for financial year 2023 amounts to DKK 92,299,449 (2022 - DKK 90,157,988).

10 Contingent liability

The company has a commitment related to the lease contracts with a rent obligation of DKK 5,111k.

11 Events after the balance sheet date

On 12th June 2024, the Board of Directors of Bacthera AG instructed the management of Bacthera to execute an orderly shutdown of Bacthera Denmark A/S with all operational activities to cease by October 2024. Bacthera AG will continue to support Bacthera Denmark A/S financially to ensure all liabilities are settled in time for company closure.