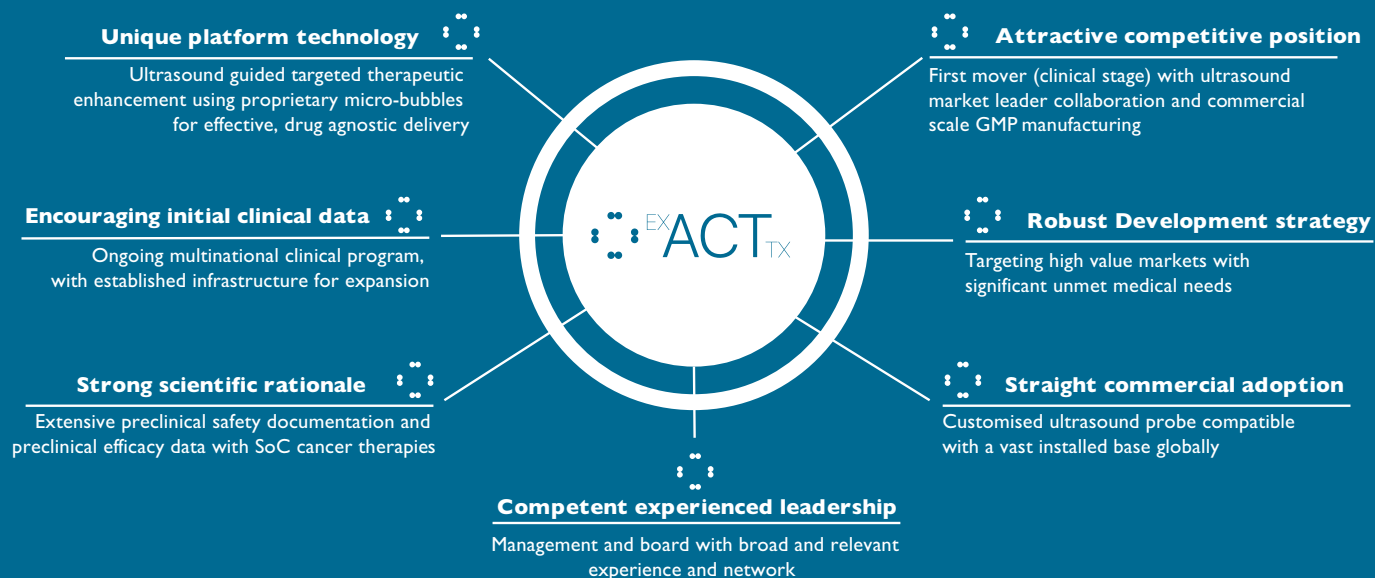




# INTERIM REPORT

# First half year 2023

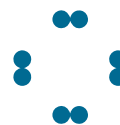
# EXACT Therapeutics



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# HIGHLIGHTS H1 2023



Reflecting on the first half of 2023, we at EXACT Therapeutics (“EXACT-Tx” or “Company”) are pleased to report a period of active and positive progress building momentum. Following the organizational build-up in 2022, we now have a strong team in place allowing us to focus on the development of our Acoustic Cluster Therapy (ACT<sup>®</sup>) platform. The highlights of the year so far include:

## **Reopening and progressing the clinical program, with encouraging initial results**

The ACTIVATE phase I clinical trial was reopened in February, following MHRA’s approval of both the medical device documentation and the amended protocol. The dose-escalation part of this trial was successfully completed in August, demonstrating both safety and encouraging anti-tumour effect in this hard-to-treat patient population with liver metastases of colorectal cancer origin. The next phase (dose-expansion) of the ACTIVATE trial has commenced, with the aim to expand the body of clinical data and determine the recommended dose for further clinical development.

## **Advancing toward Phase 2 in critical unmet medical areas**

A new Phase 2 trial in pancreatic cancer is being planned following extensive consultations with international clinical expert advisors. This follows on from the excellent pre-clinical data which has been published by a leading clinical research group in the US. The trial will span both Europe and the US, and the Company will engage in discussions with the US Food and Drug Administration (FDA) with the goal of initiating an Investigational New Drug (IND) application in the first half of 2024. In parallel, we are actively pursuing preclinical activities, advancing medical device development,

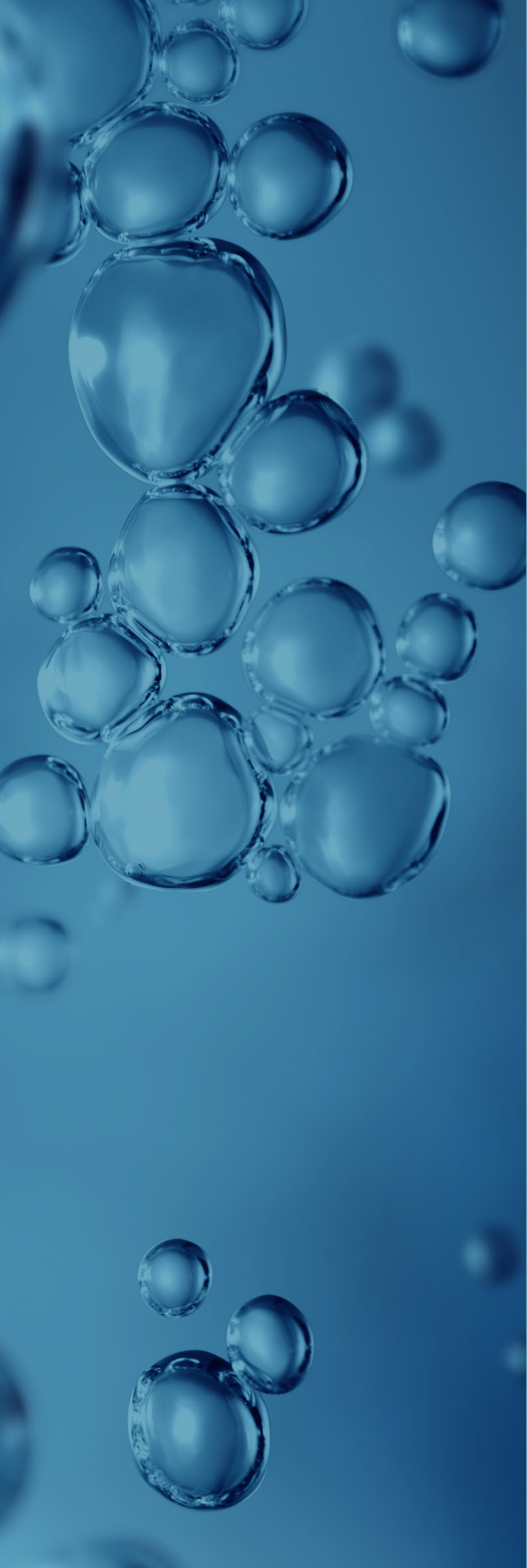
and fostering collaborations to pave the way for the commencement of additional clinical trials addressing areas with high unmet medical need.

## **Pursuing collaborative efforts to deliver drugs across the blood-brain-barrier (BBB)**

Delivery across the BBB has remained a pivotal challenge in advancing novel drug therapies for brain-related disorders. Following the excellent pre-clinical results showing that ACT can enable delivery across the BBB, we are intensifying our focus on this critical area. In September, EXACT-Tx announced a strategic partnership with Cordance Medical. This partnership will combine the ACT technology with Cordance’s NeuroAccess™ platform, with the aim of delivering more effective drug therapy across the blood-brain-barrier (BBB). By integrating the two technologies, the companies aim to provide cutting-edge, targeted treatment options in upcoming clinical trials.

## **Further strengthening the research and the patents underpinning the ACT platform**

EXACT-Tx is diligently expanding the knowledge and intellectual property base of the ACT platform through extensive collaborations with international academic partners. Notable milestones include the publication in January of a scientific article titled “*Real-Time Intravital Imaging of Acoustic Cluster Therapy-Induced Vascular Effects in the Murine Brain*” in *Ultrasound in Medicine and Biology*. Additionally, in April, our collaborators at the Norwegian University of Science and Technology (NTNU) presented a poster “*Real-time intravital multiphoton microscopy of tumours during Acoustic Cluster Therapy*” at the International Society for Therapeutic Ultrasound (ISTU) annual symposium in Lyon. In June, we initiated a new project in collaboration with our longstanding academic research partners at the Institute of Cancer Research (ICR) in London, aimed at advancing our

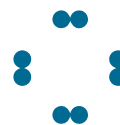


understanding of the biological mechanisms governing ACT's functions. This deeper comprehension holds the potential for optimizing ACT's impact on tumours. Moreover, in May, we were delighted to announce the issuance of a patent entitled "*Treatment of infections*" by the United Kingdom Intellectual Property Office. This patent encompasses EXACT-Tx's unique microbubble/microdroplet formulation (PS101) and its co-administration with various pharmaceutical agents for drug targeting in infection treatment.

### **Communicating the unique ACT concept in the emerging field of therapeutic ultrasound**

The international market interest in therapeutic ultrasound continues to grow and in March EXACT-Tx hosted a Science and Technology Event at Oslo Science Park to showcase our positive results and unique position in this emerging field. The presentations included an update from the ACTIVATE study by the Principal Investigator Prof. Dr Udai Banerji and EXACT-Tx's CMO Dr Amir Snapir, as well as presentations from chairman of the Board, Anders Wold, CEO Per Walday and Board member Sir William Castell. In July, the Wall Street Journal published an article titled "*New Ultrasound Therapy Could Help Treat Alzheimer's, Cancer - Sound waves combined with tiny bubbles in the bloodstream can push drugs into the brain and tough-to-reach tumors*". The article highlighted the potential of therapeutic ultrasound technologies and EXACT-Tx was featured as one of three exciting companies within the field.

# OPERATIONAL REVIEW



During the first half of 2023, EXACT-Tx concentrated its operational efforts on resuming and advancing the Phase I ACTIVATE clinical study. Following regulatory approval to recommence the study in February, the Company initiated recruitment for the dose escalation phase of the ACTIVATE study. By August, the dose escalation phase had successfully concluded, with encouraging clinical results.

EXACT-Tx has secured access to large-scale Good Manufacturing Practice (GMP) production of PS101, effectively overcoming the customary manufacturing hurdles that typically accompany the initial stages of pharmaceutical development. An important milestone was achieved in the first half of 2023, as we successfully completed batch production of PS101 at the GE Healthcare facility in Oslo. We now possess an ample supply of PS101, capable of underpinning all our preclinical and clinical endeavours over the next 3-4 years.

In December 2022, EXACT-Tx announced the grant of NOK 16 million for the pre-clinical studies of ACT and immuno-oncology. During the first six months of 2023, we have worked together with our research collaboration partners (Institute of the Cancer Research (ICR) in London, UK, the Translational Genomics Research Institute (TGen) in Phoenix, USA, and the Norwegian University of Science and Technology (NTNU) in Trondheim, Norway) to finalise agreements and determine the design of these studies.

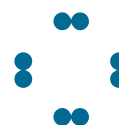
## Outlook

The Board and management of EXACT-Tx believe that, with ACT, the Company is well placed to benefit from the growing market interest and investments in the therapeutic capabilities of ultrasound technology. The interest in focused ultrasound technology as a method of targeted drug delivery continues to augment, and for EXACT-Tx it is encouraging to see the research and development activities going on across this space.

For the remainder of 2023 and into the first half of 2024, our business strategy aims to prioritise the following objectives:

- Expand and progress the ACTIVATE study to completion of the dose expansion part
- Prepare and submit an Investigational New Drug (IND) application in the US for a Phase II clinical study of ACT in pancreatic cancer
- Progress the collaborative immuno-oncology project with our international academic expert groups to elucidate the potential of ACT in immunotherapy
- Strengthen our R&D platform and preclinical programs through in-house research and partnerships with existing and new collaborators
- Ensure resource capability to drive optimal progress in clinical development and preclinical expansion of the ACT platform

# FINANCIAL REVIEW



The interim consolidated financial statements for EXACT Therapeutics AS Group as of 30 June 2023, have been prepared in accordance with the International Accounting Standard (IFRS) 34 interim financial reporting.

Total operating expenses for the first half of 2023 came to NOK 22.3 million (H1 2022 NOK 26.3 million). Payroll and related expenses were NOK 11.2 million (H1 2022 NOK 5.6 million). The main reason for this increase is the build-up of the organization with average number of FTEs increasing from 8 to 11 in 2023. Other expenses, including research expenses, amounted to NOK 11.1 million during the half year of 2023 (H1 2022 NOK 20.6 million). The majority of expenses in 2023 are related to clinical and pre-clinical activities, whereas in 2022, the main driver of expenses was the probe development project.

Net result for the first half of 2023 was NOK -22.8 million (H1 2022 NOK -26.3 million).

## Financial position

Total assets as of 30 June 2023, were NOK 52.8 million, down from NOK 82.5 million as at 31 December 2022.

## Key Figures

| NOK M   | Half year 2023 | Full year 2022 | Half year 2022 |
|---|----------------|----------------|----------------|
| Revenue   | 0.0            | 0.5            | 0.0            |
| Total operating expenses                          | 22.3           | 41.2           | 26.3           |
| Operating (loss)                                  | -22.3          | -40.8          | -26.3          |
| Net financial items                               | -0.5           | 1.0            | -0.6           |
| Total comprehensive Income (Loss)                 | -22.8          | -40.1          | -26.9          |
| Earnings (loss) per share                         | -0.8           | -1.3           | -0.9           |
| Number of employees                               | 11             | 10             | 8              |
| Net change in cash, cash deposits and equivalents | -30.3          | -34.3          | -24.9          |
| Cash and cash equivalents at end of period        | 39.1           | 69.4           | 78.8           |
| Equity %  | 85.2 %         | 79.0 %         | 83 %           |

Total shareholders' equity on 30 June 2023, was NOK 45.0 million (NOK 65.1 million at year end 2022) corresponding to an equity ratio of 85.2% (79.9% at year end 2022).

Total liabilities at the end of the first half of 2023 were NOK 7.8 million, as compared to NOK 16.1 million at year end 2022.

## Cash flow

Net cash flow from operating activities in the first half of 2023 was negative NOK 30.3 million (first half 2022 negative NOK 24.9 million) mainly reflecting the cost related to pre-clinical research, clinical trial maintenance costs, and ongoing business running costs. Further, trade payables are reduced with about NOK 9.4 million compared to year end 2022, affecting the cash position.

Cash and cash equivalents amounted to NOK 39.1 million at the end of June 2023, compared to NOK 69.4 million at year end 2022.



## Risks and uncertainties

The nature of scientific research and clinical development is inherently uncertain as we endeavour to develop novel and effective treatments for patients to enhance therapeutic outcomes. In the event that we are unable to achieve the development milestones required to reach our goals, we may be unable to progress to the stage of offering an effective therapy to patients.

Cash flow within the business is managed closely but the achievement of the Company's goal to deliver an effective therapeutic offering to patients will depend on the ability to raise additional funds.

## Responsibility Statement

The Board of Directors of EXACT Therapeutics AS have today considered and approved the condensed financial statements as of 30 June 2023, and for the six-month period ended 30 June 2023. The half year report has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed by the EU and additional Norwegian regulations.

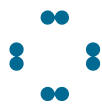
We confirm, to the best of our knowledge, that: Condensed consolidated financial statements for the six months ended 30 June 2023, have been prepared in accordance with applicable financial reporting standards.

The information provided in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and results for the period. The financial review includes a fair summary of significant events during the first six months of the year and their impact on the financial statements, any major related party transactions, and a description of the principal risk and uncertainties for the remaining six months of the year.

Oslo, 27 September 2023

The Board of Directors EXACT Therapeutics AS





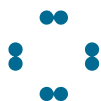
# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK)

|  | Notes   | 30 June 2023      | 30 June 2022      | 31 December 2022  |
|--|---------|-------------------|-------------------|-------------------|
| <b>ASSETS</b>                                |         |                   |                   |                   |
| <b>Non-current assets</b>                    |         |                   |                   |                   |
| Property, plant and equipment                |         | 2 931 631         | 4 005 919         | 3 405 626         |
| Right-of-use assets                          |         | 1 312 873         | 1 444 972         | 1 568 726         |
| <b>Total non-current assets</b>              |         | <b>4 244 504</b>  | <b>5 450 891</b>  | <b>4 974 352</b>  |
| <b>Current assets</b>                        |         |                   |                   |                   |
| Other receivables                            | 1.5,1.8 | 9 453 343         | 8 977 116         | 8 143 630         |
| Cash and cash equivalents                    |         | 39 120 727        | 78 807 301        | 69 389 721        |
| <b>Total current assets</b>                  |         | <b>48 574 071</b> | <b>87 784 417</b> | <b>77 533 351</b> |
| <b>TOTAL ASSETS</b>                          |         | <b>52 818 575</b> | <b>93 235 308</b> | <b>82 507 702</b> |
| <b>EQUITY AND LIABILITIES</b>                |         |                   |                   |                   |
| <b>Equity</b>                                |         |                   |                   |                   |
| Share capital                                | 1.9,2.3 | 119 989           | 119 969           | 119 989           |
| Share premium                                | 1.9     | 53 978 886        | 66 717 503        | 93 522 682        |
| Other paid-up equity                         |         | 13 746 122        | 10 922 583        | 11 608 532        |
| Non-registered share capital / share premium |         | -                 | 95 988            | -                 |
| Uncovered loss                               |         | -22 838 441       | -                 | -40 143 128       |
| <b>Total equity</b>                          |         | <b>45 006 556</b> | <b>77 856 043</b> | <b>65 108 075</b> |
| <b>Non-current liabilities</b>               |         |                   |                   |                   |
| Non-current lease liabilities                |         | 922 318           | 1 155 845         | 1 190 005         |
| Non-current provisions                       |         | 127 026           | 169 969           | 84 081            |
| Employee benefit obligations                 |         | -                 | 67 210            | -                 |
| <b>Total non-current liabilities</b>         |         | <b>1 049 344</b>  | <b>1 393 024</b>  | <b>1 274 086</b>  |
| <b>Current liabilities</b>                   |         |                   |                   |                   |
| Current lease liabilities                    |         | 519 119           | 379 360           | 495 645           |
| Trade and other payables                     |         | 6 243 556         | 13 918 162        | 15 629 896        |
| <b>Total current liabilities</b>             |         | <b>6 762 675</b>  | <b>14 297 522</b> | <b>16 125 541</b> |
| <b>Total liabilities</b>                     |         | <b>7 812 019</b>  | <b>15 690 546</b> | <b>17 399 627</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |         | <b>52 818 575</b> | <b>93 546 589</b> | <b>82 507 702</b> |

The interim half year information has not been subject to audit





# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK)

|   | Notes    | HI 2023            | HI 2022            | FY 2022            |
|---|----------|--------------------|--------------------|--------------------|
| Government grants and other income  |          | 4 458              | 5 930              | 454 515            |
| <b>Total other income</b>   |          | <b>4 458</b>       | <b>5 930</b>       | <b>454 515</b>     |
| Employee benefit expenses   | 1.6      | 11 171 118         | 5 635 763          | 14 116 403         |
| Other operating expenses  | 1.5, 1.7 | 10 112 284         | 19 702 377         | 25 109 926         |
| Depreciation and amortisation   |          | 971 794            | 942 026            | 2 002 954          |
| <b>Operating profit or loss</b>   |          | <b>-22 250 738</b> | <b>-26 274 236</b> | <b>-40 774 768</b> |
| Finance income  |          | 520 437            | 93 487             | 1 012 826          |
| Finance costs   |          | 1 068 413          | 725 238            | 804 535            |
| <b>Profit or loss before tax</b>  |          | <b>-22 798 714</b> | <b>-26 905 987</b> | <b>-40 566 477</b> |
| Income tax expense  |          | -                  | -                  | -462 082           |
| <b>Profit or loss for the year</b>  |          | <b>-22 798 714</b> | <b>-26 905 987</b> | <b>-40 104 395</b> |
| <b>Allocation of profit or loss:</b>  |          |                    |                    |                    |
| Profit/loss attributable to the parent  |          | -22 798 714        | -26 905 987        | -40 104 395        |
| <b>Other comprehensive income:</b>  |          |                    |                    |                    |
| <i>Items that subsequently may be reclassified to profit or loss:</i>             |          |                    |                    |                    |
| Exchange differences on translation of foreign operations                         |          | -                  | 18 535             | 5 808              |
| Total items that may be reclassified to profit or loss                            |          | -                  | 18 535             | 5 808              |
| <b>Total other comprehensive income for the period</b>                            |          | <b>-</b>           | <b>18 535</b>      | <b>5 808</b>       |
| <b>Total comprehensive income for the period</b>                                  |          | <b>-22 798 714</b> | <b>-26 887 452</b> | <b>-40 098 587</b> |
| <b>Allocation of total comprehensive income</b>                                   |          |                    |                    |                    |
| Total comprehensive income attributable to owners of the parent company           |          | -22 798 714        | -26 887 452        | -40 098 587        |
| <b>Earnings per share ("EPS"):</b>  |          |                    |                    |                    |
| Basic and diluted EPS - loss attributable to equity holders of the parent company | 2.2      | -0,76              | -0,90              | -1,34              |

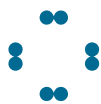
The interim half year information has not been subject to audit



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| Cash flows from operating activities (NOK)                           | HI 2023            | HI 2022            | FY 2022            |
|--|--------------------|--------------------|--------------------|
| <b>Profit or loss before tax</b>                                     | <b>-22 798 714</b> | <b>-26 905 987</b> | <b>-40 104 395</b> |
| <i>Adjustments to reconcile profit before tax to net cash flows:</i> |                    |                    |                    |
| Net financial income/expense   | 547 976            | 584 959            | -208 291           |
| Depreciation and impairment of property, plant and equipment         | 715 940            | 740 402            | 1 478 604          |
| Amortisation and impairment of Right-of-use assets                   | 255 854            | 201 624            | 457 478            |
| Share-based payment expense  | 2 137 590          | -1 084 369         | -398 420           |
| <i>Working capital adjustments:</i>                                  |                    |                    |                    |
| Changes in other receivables   | -1 309 713         | -1 367 177         | -533 691           |
| Changes in trade and other payables                                  | -9 386 340         | 3 433 758          | 5 456 773          |
| Changes in provisions and other liabilities                          | 42 945             | 48 268             | 0                  |
| <b>Net cash flows from operating activities</b>                      | <b>-29 794 462</b> | <b>-24 348 522</b> | <b>-33 851 942</b> |
| <b>Cash flows from investing activities (NOK)</b>                    |                    |                    |                    |
| Purchase of property, plant and equipment                            | -216 284           | -54 666            | -250 983           |
| Proceeds from sale of financial instruments                          | -                  | -403 144           | 20 372 496         |
| Interest received  | 499 901            | -1 780             | 479 370            |
| <b>Net cash flow from investing activities</b>                       | <b>283 617</b>     | <b>-459 590</b>    | <b>20 600 883</b>  |
| <b>Cash flow from financing activities (NOK)</b>                     |                    |                    |                    |
| Proceeds from issuance of equity                                     | -                  | 95 988             | 95 968             |
| Transaction costs on issue of shares                                 | -                  | -7 500             | -20 650            |
| Payments for the principal portion of the lease liability            | -255 854           | -225 055           | -507 084           |
| Payments for the interest portion of the lease liability             | 45 089             | 46 792             | -98 825            |
| Interest paid  | -49                | 102                | -102               |
| <b>Net cash flows from financing activities</b>                      | <b>-210 814</b>    | <b>-89 673</b>     | <b>-530 693</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b>          | <b>-29 721 659</b> | <b>-24 897 785</b> | <b>-13 781 752</b> |
| Cash and cash equivalents at beginning of the year/period            | 69 389 722         | 103 686 552        | 82 910 921         |
| Net foreign exchange difference                                      | -547 336           | 18 535             | 260 553            |
| <b>Cash and cash equivalents, end of year/period</b>                 | <b>39 120 727</b>  | <b>78 807 302</b>  | <b>69 389 722</b>  |

*The interim half year information has not been subject to audit*



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK)

|   | Share capital   | Share premium     | Other paid-up equity | Other equity                         |                                   | Total equity      |
|---|-----------------|-------------------|----------------------|--------------------------------------|-----------------------------------|-------------------|
|   |                 |                   |                      | Foreign currency translation reserve | Uncovered loss/ Retained earnings |                   |
| <b>Balance at 31. December 2022</b>           | <b>1 19 989</b> | <b>93 522 683</b> | <b>11 608 532</b>    | <b>-38 733</b>                       | <b>-40 104 395</b>                | <b>65 108 076</b> |
| Uncovered loss to be covered by Share premium | -               | -40 104 395       | -                    | -                                    | 40 104 395                        | -                 |
| <b>Balance at 1 January 2023</b>              | <b>1 19 989</b> | <b>53 418 288</b> | <b>11 608 532</b>    | <b>-38 733</b>                       | <b>-</b>                          | <b>65 108 076</b> |
| Profit (loss) for the period                  | -               | -                 | -                    | -994                                 | -22 798 714                       | -22 799 708       |
| Other adjustments                             | -               | 560 598           | -                    | -                                    | -                                 | 560 598           |
| Share based payments - Options (Note 2.1)     | -               | -                 | 2 137 590            | -                                    | -                                 | 2 137 590         |
| <b>Balance at 30 June 2023</b>                | <b>1 19 989</b> | <b>53 978 886</b> | <b>13 746 122</b>    | <b>-39 727</b>                       | <b>-22 798 714</b>                | <b>45 006 556</b> |

|  | Share capital   | Share premium      | Other paid-up equity | Other equity                         |                                   | Total equity       |
|--|-----------------|--------------------|----------------------|--------------------------------------|-----------------------------------|--------------------|
|  |                 |                    |                      | Foreign currency translation reserve | Uncovered loss/ Retained earnings |                    |
| <b>Balance at 1 January 2022</b>               | <b>1 19 969</b> | <b>215 628 677</b> | <b>12 006 952</b>    | <b>-44 541</b>                       | <b>-121 970 312</b>               | <b>105 740 745</b> |
| Profit (loss) for the year                     | -               | -121 970 312       | -                    | -                                    | 121 970 312                       | -                  |
| Other comprehensive income                     | -               | -                  | -                    | 5 808                                | -40 104 395                       | -40 098 587        |
| Other adjustments                              | -               | -211 000           | -                    | -                                    | -                                 | -211 000           |
| Issue of share capital (Note 2.1)              | 20              | 95 968             | -                    | -                                    | -                                 | 95 988             |
| Transaction costs                              | -               | -20 650            | -                    | -                                    | -                                 | -20 650            |
| Share based payments - Options/ RSU (note 2.1) | -               | -                  | -398 420             | -                                    | -                                 | -398 420           |
| <b>Balance at 31 December 2022</b>             | <b>1 19 989</b> | <b>93 522 683</b>  | <b>11 608 532</b>    | <b>-38 733</b>                       | <b>-40 104 395</b>                | <b>65 108 076</b>  |

The interim half year information has not been subject to audit



## 1.1 General information

### Corporate information

The consolidated interim financial statements of EXACT Therapeutics AS and its subsidiary (collectively, “the Group” or “EXACT Therapeutics”) for the half year period ended 30 June 2023 were authorised for issue in accordance with a Board resolution on 27 September 2023. The figures in this half year 2023 report are non-audited figures. EXACT Therapeutics AS is a publicly listed company on the Euronext Growth, with the ticker symbol EXTX. EXACT Therapeutics AS is incorporated and domiciled in Norway, and the address of its registered office is Østre Aker vei 19, 0581 Oslo, Norway. EXACT Therapeutics is a clinical stage Norwegian biotech company developing a technology platform for targeted therapeutic enhancement – Acoustic Cluster Therapy (ACT®). ACT insonation is a unique approach to ultrasound-mediated, targeted drug enhancement – with the potential to significantly amplify the clinical utility of a wide range of therapeutic agents across a multitude of indications including within oncology (chemotherapy, immunotherapy), infectious diseases, and neurological conditions.

## 1.2 Basis of preparation

The consolidated interim financial statements of the Group comprise the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity, and related notes. The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by The European Union (“EU”). The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of new standards and interpretations effective as of 1 January 2023 (if applicable). The interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. Further, management have prepared detailed cashflow forecasts and following consideration of these forecasts, the financial statements are prepared based on the going concern assumption. The new and amended standards and interpretations from IFRS that were adopted by the EU with effect from 2023 did not have any significant impact on the half year reporting for the six-month period ended on 30 June 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 1.3 Basis for consolidation

The consolidated interim financial statements comprise the financial statements of the Company and its subsidiary as of 30 June 2023. The subsidiary is ACT Therapeutics Ltd, with its registered address in Suffolk in the United Kingdom and is 100% owned and controlled by the parent company EXACT Therapeutics AS.

## 1.4 Significant accounting judgements, estimates and assumptions

The consolidated interim financial statements have been prepared in accordance with IFRS and the application of the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. The Group based its assumptions and estimates on parameters

available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. In preparing these condensed interim financial statements, the significant judgments made by management in applying the group's accounting policies and the key sources of estimate uncertainty were the same as those used in the consolidated financial statements for the year ended 31 December, 2022.

## 1.5 Government grants

Government grants have been recognised in the profit and loss as a reduction in the related expense with the following amounts:

|   | HI 2023          | HI 2022          | FY 2022          |
|---|------------------|------------------|------------------|
| Grant from the Research Council of Norway | 2 375 000        | 2 216 500        | 4 494 099        |
| Grant from SkatteFUNN                     | -                | 2 375 000        | 4 750 000        |
| <b>Total government grants recognised</b> | <b>2 375 000</b> | <b>4 591 500</b> | <b>9 244 099</b> |

| Government grants receivable              | 30 June 2023     | 30 June 2022     | 31 December 2022 |
|---|------------------|------------------|------------------|
| Grant from the Research Council of Norway | 2 375 000        | 738 834          | 1 477 667        |
| Grant from SkatteFUNN                     | 4 750 000        | 7 125 000        | 4 750 000        |
| <b>Total government grants receivable</b> | <b>7 125 000</b> | <b>7 863 834</b> | <b>6 227 667</b> |

Government grant receivables are included as other receivables in the consolidated statement of financial position and included in the specification in note 1.8. Grant from Norsk Forskningsråd (The Research Council of Norway) is for a research project relating to the development of Acoustic Cluster Therapy for Immunoncology. The amounts have been posted in full as a reduction in expensed costs related to the projects. The projects relating to the grants have not generated income to date as the projects still are in the early stage of development.

## 1.6 Employee benefit expenses

### Pensions

The Group has a defined contribution pension plan for its employees. The Norwegian scheme satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). There are no employees in the UK subsidiary per June 30, 2023. The UK scheme that was in place in parts of 2022, satisfied UK statutory requirements. Both schemes are defined contribution plans. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

| Employee benefit expenses              | HI 2023           | HI 2022          | FY 2022           |
|--|-------------------|------------------|-------------------|
| Salaries                               | 7 294 136         | 6 487 661        | 14 287 830        |
| Social security costs                  | 1 236 765         | 1 062 307        | 2 317 250         |
| Pension costs                          | 644 699           | 536 388          | 990 897           |
| Other employee expenses                | 2 787 185         | -920 245         | -398 420          |
| Grants deducted                        | -791 667          | -1 530 348       | -3 081 153        |
| <b>Total employee benefit expenses</b> | <b>11 171 118</b> | <b>5 635 763</b> | <b>14 116 403</b> |

|   |    |   |   |
|---|----|---|---|
| Average number of full time employees (FTEs): | 11 | 8 | 8 |
|---|----|---|---|

## I.7 Operating expenses

|  | HI 2023           | HI 2022           | FY 2022           |
|--|-------------------|-------------------|-------------------|
| Audit and accounting fees                      | 418 547           | 807 840           | 736 715           |
| Consulting fees                                | 1 096 537         | 3 067 700         | 4 270 983         |
| Legal expenses                                 | 299 845           | 234 201           | 380 484           |
| Travel expenses                                | 206 203           | 208 727           | 362 954           |
| Lease expenses                                 | 75 068            | 197 733           | 465 195           |
| Research expenses                              | 7 474 141         | 15 880 188        | 19 911 829        |
| Grants deducted                                | -1 583 333        | -3 061 152        | -6 162 946        |
| Other operating expenses incl. Patent expenses | 2 125 276         | 2 367 140         | 5 144 712         |
| <b>Total other operating expenses</b>          | <b>10 112 284</b> | <b>19 702 377</b> | <b>25 109 926</b> |

Total research expenses for the six-month period ended 30 June 2023 was NOK 7.5 million, and for 30 June 2022 NOK 15.9 million. For the year ended 31 December 2022, this amount was NOK 19.9 million, included in other operating expenses in the consolidated statement of comprehensive income.

## I.8 Other receivables

| Other receivables                           | 30 June 2023        | 30 June 2022        | 31 December 2022        |
|---|---------------------|---------------------|-------------------------|
| VAT receivable                              | 284 888             | 437 849             | 261 749                 |
| Government grants                           | 7 125 000           | 7 863 834           | 6 227 667               |
| Other                                       | 2 043 455           | 675 433             | 1 654 214               |
| <b>Total other receivables</b>              | <b>9 453 343</b>    | <b>8 977 116</b>    | <b>8 143 630</b>        |
| <b>Allowance for expected credit losses</b> | <b>30 June 2023</b> | <b>30 June 2022</b> | <b>31 December 2022</b> |
| At January 1                                | -                   | -                   | -                       |
| Provision for expected credit losses        | -                   | -                   | -                       |
| <b>End of period</b>                        | <b>-</b>            | <b>-</b>            | <b>-</b>                |

The credit risk of financial assets has not increased significantly from initial recognition. The loss allowance is insignificant.



## 1.9 Share capital and shareholders

Government grants have been recognised in the profit and loss as a reduction in the related expense with the following amounts:

| As of 30 June        | Number of shares authorised and fully paid | Par value per share (NOK) | Financial Position |
|----------------------|--|---------------------------|--------------------|
| Ordinary shares 2023 | 29 997 219                                 | 0.004                     | 119 989            |
| Ordinary shares 2022 | 29 992 167                                 | 0.004                     | 119 969            |

| Changes in the outstanding number of shares | For the six months ended 30 June |                   |
|---|----------------------------------|-------------------|
|   | 2023                             | 2022              |
| Ordinary shares at 1 January                | 29 997 219                       | 29 992 167        |
| Issue of ordinary shares                    | -                                | 5 052             |
| <b>Ordinary shares at 30 June</b>           | <b>29 997 219</b>                | <b>29 997 219</b> |

### The Group's shareholders:

| Shareholders in EXACT Therapeutics AS at 30 June 2023 | Total shares      | Ownership/<br>Voting rights |
|---|-------------------|-----------------------------|
| Kvåle AS  | 3 024 270         | 10.1%                       |
| PAACS Invest AS*                                      | 2 691 509         | 9.0%                        |
| Investinor Direkte AS                                 | 2 387 750         | 8.0%                        |
| Brekke Holding AS                                     | 2 375 628         | 7.9%                        |
| Andrew J. Healey                                      | 2 205 385         | 7.4%                        |
| Canica AS   | 2 021 000         | 6.7%                        |
| Per Christian Sontum                                  | 1 922 105         | 6.4%                        |
| Optimuspistor AS                                      | 1 574 750         | 5.3%                        |
| Verdipapirfondet Nordea Avkastning                    | 1 244 999         | 4.2%                        |
| Helene Sundt AS                                       | 1 131 000         | 3.8%                        |
| Other shareholders (less than 3%)                     | 9 418 823         | 31.21 %                     |
| <b>Total</b>  | <b>29 997 219</b> | <b>100.0%</b>               |

\*Board member Dr. Masha Strømme's husband Dag Strømme has 100% ownership of the company PAACS Invest AS which own 2 691 509 shares.

## 2.1 Share based payments

Under the Share Option Plan, share options of the parent are granted to management and employees of the Group. The exercise price of the share options is set to the market price of the underlying shares, calculated as the volume weighted share price for the 10 trading days before the date of grant. The share options granted to Anders Wold (Chair of the Board of Directors) vest monthly over three years and are exercisable over 7 years from the allocation date. The share options granted to Per Walday (CEO) vest have a ten (10) year term and vest over a period of 36 months, whereby 25% vest after 12 months, 25% vest after 24 months and 50% vest after 36 months.

The Group elects whether to settle the share options in cash or by delivery of shares. The Group has no practice of cash settlement for these share options and expects to settle the options by delivery of shares. The Group accounts for the options as equity-settled transactions, measured by applying the Black-Scholes-Merton option-pricing model for European options ("BSM"). The fair value of the options were determined at the grant dates and expensed over the vesting period.

Share options held by management at the end of the reporting period are summarised in note 2.3.

The fair value of the options were determined at the grant dates and expensed over the vesting period. NOK 2.1 mill been expensed as employee benefit expenses in the period (NOK -1.8 mill in 1H 2022).

### Movements during the half year

The following table illustrates the number and weighted average exercise prices (WAEF) of, and movements in, share options during the year:

| Total options                        | For the six months ended 30 June 2023 |   |
|--------------------------------------|---------------------------------------|---|
|                                      | Number of options                     | Weighted average exercise prices (WAEF) |
| <b>Outstanding options 1 January</b> | <b>855 584</b>                        | <b>18.57</b>                            |
| Options granted during the period    | 162 000                               | 12.69                                   |
| Options exercised during the period* | 0                                     | 0                                       |
| Options expired during the period    | 0                                     | 0                                       |
| <b>Outstanding options 30 June</b>   | <b>1 017 584</b>                      | <b>17.63</b>                            |
| Exercisable at 30 June               | 896 084                               | 18.30                                   |

162 000 options were granted in the six months period ended 30 June 2023.

For further information about the Share option programme, see note 4.8 in the company's annual accounts included in the company's annual report for 2022.

## 2.2 Earnings per share

The following table reflects the income and share data used in the EPS calculations:

|  | HI 2023      | HI 2022      | FY 2022      |
|--|--------------|--------------|--------------|
| Loss attributable to ordinary equity holders - for basic and diluted EPS         | -22 798 714  | -26 905 987  | -40 104 395  |
| Weighted average number of ordinary shares - for basic and diluted EPS           | 29 997 219   | 29 992 167   | 29 997 219   |
| <b>Basic and diluted EPS - loss attributable to equity holders of the parent</b> | <b>-0.76</b> | <b>-0.90</b> | <b>-1.34</b> |

Share options have a potential dilutive effect on earnings per share. No dilutive effect has been recognised as potential ordinary shares shall only be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Company is currently loss-making an increase in the average number of shares would have an anti-dilutive effect.

## 2.3 Shares held by Management and the Board

### Shares held by Executive Management team:

|  | 30 June 2023     |
|--|------------------|
| Per Walday, CEO  | 2 500            |
| John M. Edminson, CFO  | 2 500            |
| Dr. Svein Kvåle, Co Founder and COO, shares held by Kvåle AS | 3 024 270        |
| Dr. Amir Snapir, CMO   | 2 500            |
| <b>Total</b>   | <b>3 031 770</b> |

### Shares held by the Board of Directors:

|   | 30 June 2023     |
|---|------------------|
| Anders Wold, Chair of the Board               | 4 914            |
| Dr. Masha Strømme, Vice Chair of the Board ** | 2 691 509        |
| Sir William Castell, Board member             | 342 498          |
| Ann-Tove Kongsnes, Board Member               | -                |
| <b>Total</b>                                  | <b>3 038 921</b> |

\*\* Board member Dr. Masha Strømme's husband Dag Strømme owns Paacs Invest AS which owns 2 691 509 shares at 30 June 2023.

### Share options held by the Board of Directors

|                                 | 30 June 2023 |
|---------------------------------|--------------|
| Anders Wold, Chair of the Board | 224 941      |

### Share options held by Executive Management team:

|                       | 30 June 2023   |
|-----------------------|----------------|
| Per Walday, CEO       | 610 643        |
| John M. Edminson, CFO | 30 000         |
| Dr. Amir Snapir, CMO  | 60 000         |
| <b>Total</b>          | <b>700 643</b> |

## 2.4 Events after the reporting period

### Adjusting events

There have been no significant adjusting events subsequent to the reporting date.

### Non-adjusting events

There have been no significant non-adjusting events subsequent to the reporting date.

### Ukrainian war conflict

The Group does not have any activities in Ukraine or Russia and so the conflict does not have any direct impact on the operation. However, the Group may be impacted indirectly through macro economical fluctuations, like interest rates, FX rate and inflation.





# INTERIM REPORT FIRST HALF YEAR

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