ANNUAL REPORT

2023

EXACT TX

Our Vision

EXACT Therapeutics is building a leading biotech company specializing in acoustic-mediated therapies, developing ground-breaking solutions to enable and enhance the efficacy of medicines across an expanding range of therapeutic areas with a high unmet medical need, for the benefit of patients

EXACT-Tx's Acoustic Cluster Therapy (ACT®) is a proprietary formulation of microclusters (PS101) activated by ultrasound for enhanced drug targeting deployed in multiple indications. ACT® has the potential to significantly improve the targeted delivery of drugs while also enhancing their therapeutic outcome.

1. INTRODUCTION

EXACT Therapeutics in brief

EXACT is developing Acoustic Cluster Therapy (ACT®), a promising non-invasive precision health technology for targeted enhancement of therapeutics. Essentially, the aim of the ACT technology is to defeat biological barriers, allowing more drug to penetrate into the diseased tissues where the therapeutic effect is needed. Whilst the initial focus is on enhancing chemotherapy, ACT will be further evaluated for use in Immuno-oncology and other therapeutic areas including the central nervous system (CNS) conditions.

The technology is based on ultrasound, which is already used in hospitals worldwide. Solid preclinical evidence, coupled with supportive proof of concept data from human cancer patients, underscore the safety and efficacy of this innovative treatment.

Highlights 2023

- Promising data from the clinical trial in patients with liver metastases with excellent safety and encouraging anti-tumour effects in the dose escalation part – the dose expansion part of the study initiated
- Advancement toward a phase 2 clinical trial in patients with pancreatic cancer, a significant unmet medical need
- Strategic partnership with Cordance Medical to deliver drugs across the blood-brain-barrier (BBB) addressing high unmet medical need
- Strengthened research and patents underpinning the unique ACT technology
- Strengthened the financial position with NOK 25 million gross proceeds from private placement
- Robust organisation in place with appointment of Caspar Foghsgaard as SVP Commercial & Business Development

Letter from the CEO

Dear shareholders,
2023 delivered promising results supporting the value of our Acoustic Cluster Therapy (ACT®) technology for targeted therapeutic enhancement. Oncology is our key strategic focus area, and in the last 12 months we have achieved clinical proof-of-concept that our proprietary agent PS101 is both safe and efficacious in a Phase 1 study in cancer patients. These results together with our strong preclinical data underpin our strategy to develop ACT for the treatment of pancreatic cancer patients.

2023 also delivered progress on other applications of ACT. In September, we announced a strategic partnership with Cordance Medical. This partnership will combine ACT with Cordance's NeuroAccess™ platform, with the aim of delivering more effective drug therapy across the blood-brain barrier for treatment of CNS diseases.

Towards year-end, we strengthened our financial position by raising NOK 25 million gross proceeds through a private placement. The financing enables the performance of the ongoing dose expansion of the ACTIVATE trial, and our preclinical activities with ACT in glioblastoma (aggressive type of brain cancer), immunotherapy, and CNS, as well as the process towards approval by the US Food and Drug Administration (FDA) for the commencement of the upcoming ENACT trial in pancreatic cancer patients. Despite challenges in the capital market, the financing was achieved without share discounts, and I would like to thank our shareholders for their support.

Further enhancing our capabilities, we appointed Caspar Foghsgaard as SVP of Commercial & Business Development towards the end of 2023. With a strengthened team, we are well-positioned to execute our strategy and leverage ACT's potential for improving the life of patients with high unmet medical needs.

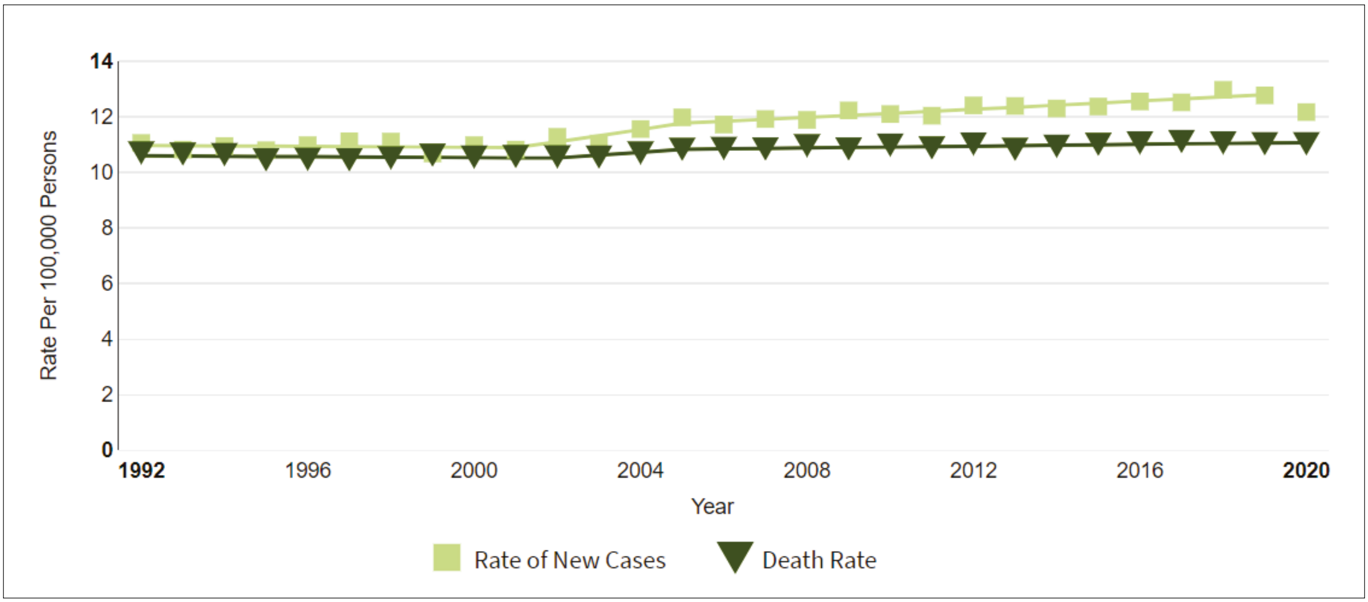
We have an exciting time ahead. Our focus now is to secure financing of the Phase 2 trial in pancreatic cancer. We are in discussions with industry expert groups who are excited by the opportunity of PS101, especially the clinical proof-of-concept and the strong results from preclinical studies performed by pancreatic cancer experts in the USA. Over the past three decades, survival rates for pancreatic cancer patients have remained stagnant. A positive outcome from this trial would position EXACT with a competitive edge as we set our sights on the vast and promising pancreatic cancer market.

Sincerely,
Per Walday

Our focus: The future of pancreatic cancer treatment

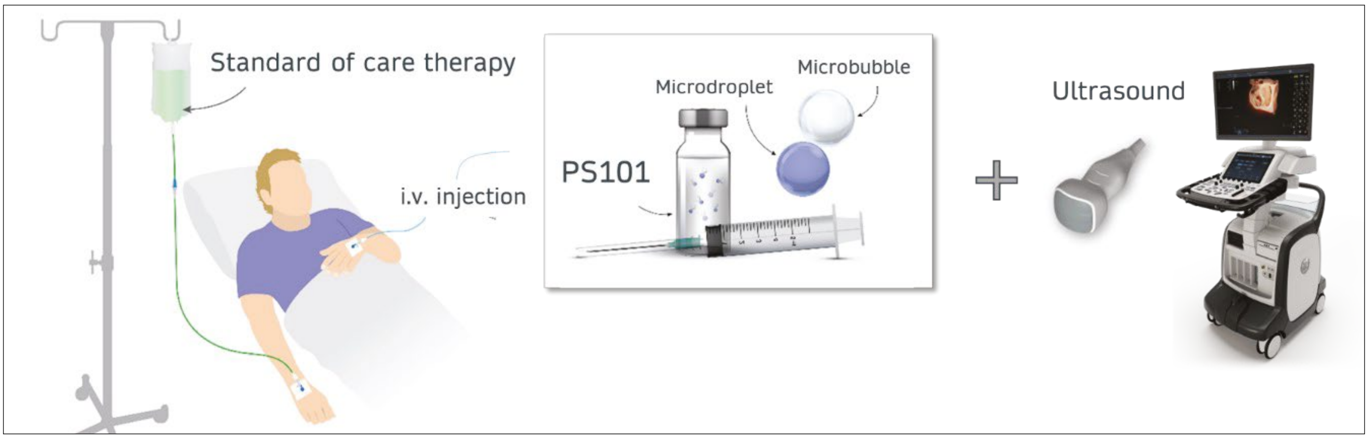
High unmet medical need for pancreatic cancer patients

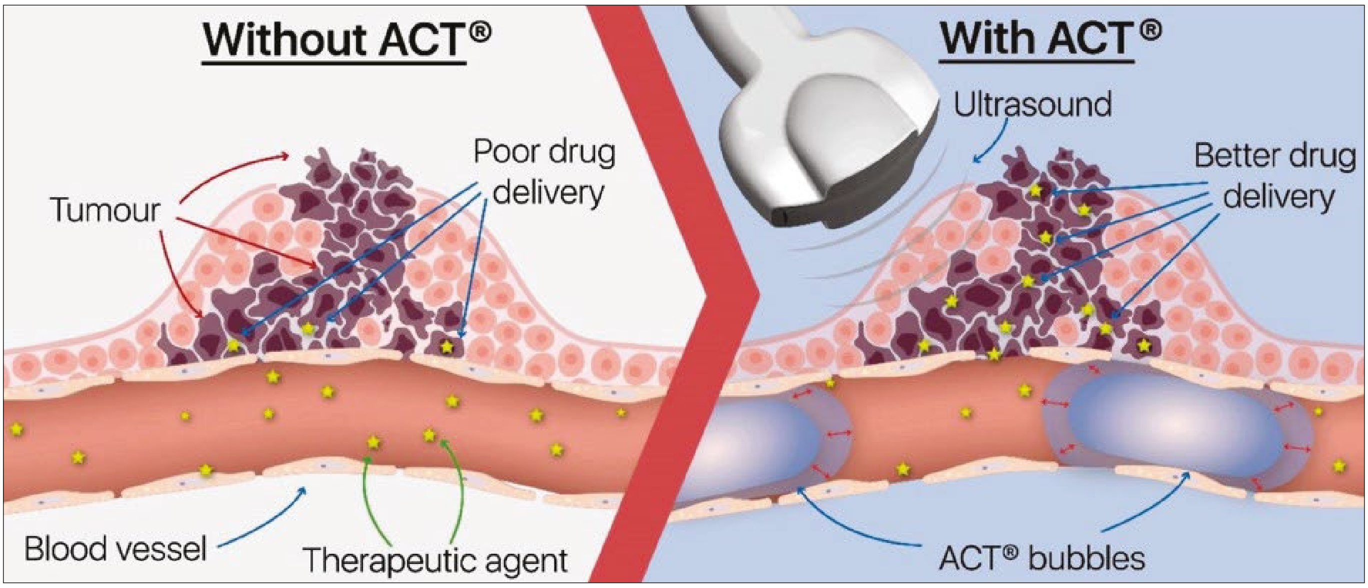
Pancreatic cancer is silent, generally diagnosed at a late stage and with poor prognoses. It is one of the deadliest types of cancer, with a five-year relative survival rate of only 12.5%. Overall projections show growth in incidences, especially in young people. Most cases are inoperable and the success of existing therapies remains meagre. No improvement in patient survival has been seen for the last 30 years.



Therapeutic enhancement through improved drug concentration

A major limitation in pancreatic cancer treatment is insufficient concentrations of the treating drug penetrating the tumour tissue. EXACT has developed a technology for targeted therapeutic enhancement – Acoustic Cluster Therapy (ACT®). ACT involves the use of a cluster with microbubbles of inert gas and microdroplets of oil, which is injected simultaneously with the standard-of-care drug for pancreatic cancer. Following the injection of the ACT compound, high frequency ultrasound is applied to the target site. This high frequency ultrasound causes the oil droplets to evaporate into the gas bubbles which results in larger gas bubbles that are trapped in blood vessels in the tumour. When applying low-frequency ultrasound to the larger gas bubbles, they oscillate. This process affects the surrounding blood vessel walls and tissue, temporarily generating microscopic openings and inducing streaming, which enhance the passage of the drug to the tumour tissue. Within minutes, these larger gas bubbles shrink and later exit the body through the lungs.





Solid evidence that ACT might be effective against pancreatic cancer

There is strong preclinical evidence from mice cancer models that ACT can provide more than 7 times increase in complete disappearance of pancreas cancer using standard drug treatment. In a clinical trial testing the safety and anti-tumour response of ACT in late-stage cancer patients with a condition called liver metastases, ACT resulted in average volume reduction of 32% and average diameter reduction of 15% of the tumour, vs. 3% and 1% reductions respectively of tumours not treated with ACT. Together, these data support the clinical rationale for the upcoming pancreatic cancer trial on human patients.

Competitive advantages: effective, safe, and close to commercialisation

Ultrasound-mediated drug delivery using microbubbles is less invasive than most localised cancer treatments under development, with strong preclinical results in relevant cancer models. Besides, ultrasound is a commonly used modality in all hospitals worldwide, which enables straight adoption of ACT in hospitals. ACT is the only technology in clinical development that can create the larger gas bubbles, which are deposited in the capillary blood vessels of the tumour tissue for as long as ten minutes, creating prolonged drug uptake. EXACT has very strong preclinical results with translation to proof-of-concept in cancer patients, and with a straight path to commercialisation. ACT is protected by patents in the major markets of Europe, Japan, and China, with application in the US pending. The company currently has supply agreements with GE Healthcare regarding the ACT compound and ultrasound probes.

More than USD 1 billion potential for the US market alone

Due to their attractive cancer treatment markets, the primary target geographies of ACT are the US, the EU, and Japan. In 2023, an estimated number of more than 60 000 people were diagnosed with pancreatic cancer in the US. Of pancreatic cancer patients, some have local cancer confined to the pancreas, some have regional cancer which involves a spread to nearby structures, and others have cancer in several parts of the body resulting from metastatic spread. EXACT will initially target regional cancer, which corresponds to around 30 percent of pancreatic cancer patients.

Platform technology enabling supply to largely independent markets

There is a strong rationale for the application of ACT to other diseases, as insufficient concentration of therapeutic agents in the target site is a problem for a range of treatments. There is already preclinical evidence that ACT significantly enhances the therapeutic effect of drugs in breast cancer, colon cancer, prostate cancer, and liver metastases. There is also preclinical evidence that ACT can enhance drug delivery to the brain through a temporary and safe disruption of the blood-brain-barrier.

Focused and solid strategy to make ACT a probable market candidate

In December 2023, the company strengthened its cash position with NOK 25 million, enabling performance of the ACTIVATE study – a phase 1 clinical trial investigating the safety and anti-tumour response of ACT in patients with liver metastases. In the second half of 2024, a phase 2 clinical trial investigating the effectiveness of ACT in first line treatment of patients with locally advanced pancreatic cancer will be initiated, with interim results expected in 2025. The company's ambition is to show that ACT significantly enhances the effect of standard of care treatments for these patients, delaying tumour progression, increasing survival, and potentially enabling surgical removal of the cancer.

2. BOARD OF DIRECTORS' REPORT

EXACT Therapeutics is a clinical-stage Norwegian precision health company developing a technology platform for targeted therapeutic enhancement – Acoustic Cluster Therapy (ACT®). ACT® follows a unique approach to ultrasound-mediated, targeted drug enhancement – with the potential to enable or significantly amplify the clinical utility of a wide range of therapeutic agents across a multitude of indications including within oncology (chemotherapy, immunotherapy) and brain diseases.

Operational review

2023 delivered promising results supporting the value of EXACT's ACT technology for targeted therapeutic enhancement. The ACTIVATE phase 1 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, and we were happy to announce that we saw no safety issues and also observed encouraging anti-tumour effect in this hard-to-treat patient population with liver metastases of colorectal cancer origin. A poster with the results from the dose escalation part of the ACTIVATE trial was presented at the AACR annual meeting in San Diego early April, 2024. The dose expansion part of the ACTIVATE trial commenced in September, and we expect to complete this part in 2024.

In 2023, the company also made progress on the planning of a new phase 2 trial in pancreatic cancer, following extensive consultations with international clinical expert advisors. This follows the excellent pre-clinical data which have been published by a leading clinical research group in the US. The trial will span both Europe and the US, and the company is engaged in discussions with the US Food and Drug Administration (FDA) with the goal of initiating an Investigational New Drug (IND) application mid-2024.

The company also pursued 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.

One of these areas is brain diseases. Drug delivery across the blood-brain-barrier has remained a pivotal challenge in advancing novel drug therapies for brain-related disorders. Following the excellent preclinical results showing that ACT can enable delivery across the blood-brain-barrier, the company has intensified its research focus in this critical area. In September, EXACT 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. By integrating the two technologies, the companies aim to provide cutting-edge, targeted treatment options in upcoming clinical trials.

Throughout the year, we have expanded the knowledge 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*. In April, our collaborators at the Norwegian University of Science and Technology (NTNU) also presented these results 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 optimising ACT's impact on tumours.

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's unique microbubble/microdroplet formulation (PS101) and its co-administration with various pharmaceutical agents for drug targeting in infection treatment.

2023 also strengthened the organisation. In September, we were happy to announce that Caspar Foghsgaard joined the EXACT team as SVP Commercial & Business Development. Prior to joining EXACT, Caspar was the Sr. Director Special Projects and part of the extended leadership team of Nykode Therapeutics. He joined Nykode in 2018 and has been closely involved in Nykode's transformation from a small biotech company to a leading company on the Oslo Stock Exchange. Prior to his role as Sr. Director Special Projects, he was heading Nykode's business development activities as Director Business Development. Other previous employers include Arcus where he was responsible for business development in the spirits division and part of the divisional management, and Elopak as Program Director Strategy.

Finally, the company strengthened its cash position in December, completing a private placement of NOK 25 million. Over the past two years, the biotech sector has seen a reduced risk appetite from investors, with several companies struggling to raise capital or doing so at a high discount. The financing in December was completed without share discount to the market price, and current investors showed their continued support for EXACT.

External environment:

Exact Therapeutics' operations do not directly pollute or harm the environment, and the company and its employees are committed to behaving responsibly and to minimizing the impact on the environment. Whilst there is currently no short- or medium-term direct impact expected from climate change or environmental regulations, we are aware of the changing risks attached to climate change and will regularly assess these risks against judgements and estimates in preparation of the group's financial statements.

Working environment

At the end of 2023 and to this day, Exact Therapeutics counts 12 full time employees of which 4 are women. The employees represent eight nationalities. Absence due to sickness was 1.0% in 2023, compared to 1.1% in 2022. No work-related accidents were recorded in EXACT Therapeutics in 2023.

The company has a Directors & Officers (D&O) Liability insurance for its board of directors and Officers.

Financial Review

Figures in brackets show the same period in 2022 unless stated otherwise.

Accounting policies

The group financial statements of EXACT have been prepared in accordance with international accounting standard IFRS. The parent company EXACT Therapeutics AS listed on Euronext Growth, Oslo, prepares its financial accounts in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Financial results

Operating expenses

Total operating expenses for 2023 for the group amounted to NOK 48.4 million (NOK 41.2 million) and NOK 47.9 million (NOK 41.7 million) for the parent company. The increase is for the main part due to increase in employee related costs (NOK 8.2 million increase). Salaries accounts for NOK 3.2 million of the increase. This is as expected, due to the full year effect of the rebuilding of the organisation in 2022. Further, costs related to IFRS 2 calculations of employee stock option programmes increased from NOK -0.4 million in 2022 with NOK 4.4 million to NOK 4.0 million in 2023. This non-cash effect was caused by reversing costs from terminated programmes in 2022 due to employees leaving, and establishment of a new programme in 2023.

Other operating costs for the full year 2023 were NOK 24 million (NOK 25.1 million) and NOK 24.4 million (NOK 31.4 million) for the parent company, and this is reflecting the high research and development activities ongoing in the company. The level of operational costs are relatively stable, with somewhat reduced external consultancy fees.

The group has recognised government grants for a total of NOK 6.6 million (NOK 9.2 million) for the full year 2023. Government grants are recognised as a cost reduction in the profit and loss. Employee benefit and other operating expenses have been reduced for both the group and the parent company by these total amounts as a result of these government grants.

The comprehensive loss for the group in 2023 was NOK 48.4 million (NOK 40.1 million) and NOK 48.1 million (NOK 41.4 million) for the parent company. The parent company's comprehensive result is allocated to loss brought forward.

Financial position

Total assets for the group as of 31 December 2023 were NOK 61.3 million (NOK 82.5 million) and NOK 58.1 million (NOK 78.4 million) for the parent company.

Total equity as of December 2023 was NOK 45.1 million (NOK 65.1 million) and NOK 42.6 million for the parent company (NOK 62.5 million) which corresponds to an equity ratio of 73% (79%) for the group and 73 % (80%) for the parent company.

Cash flow

Net cash outflow from operating activities was NOK 43.8 million for the group (NOK 33.8 million).
Cash and cash equivalents amounted to NOK 46.4 million for the group at the end of the 2023 financial year, a decrease of NOK 23 million from the NOK 69.4 million held at the end of 2022 financial year. In November 2023, the company raised NOK 25 million in a private equity placement.

Going concern assumption

The annual accounts are based on the going concern assumption. Based on current forecasts and working plans, the group's cash position is not sufficient to fund operations and payment of financial obligations for the next 12 months. In 2023, we have raised funds from investors but not sufficient to underpin the next important stage which is to commence Phase 2 trials in pancreatic cancer

We have constructive talks with industry expert groups and other potential investors to support further operations and growth. In addition, we are also assessing opportunities to reduce costs. We are doing everything we can for both our patients, suppliers, investors and our small team to navigate successfully these challenging times, which are not unusual in our industry. However, there is a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions when needed. Therefore, there is a material uncertainty with regards of the going concern assumption. Reference is made to note 1.2, "Basis of preparation", for further information on liquidity risk. The board believes that the current working options will provide opportunities to secure sufficient capital to execute our plans.

Financial risk

The group is exposed to a range of risks affecting its financial performance, including interest risk and liquidity risk. The group seeks to minimise potential adverse effects of such risks through sound business practise, risk management and hedging.

Risk management is carried out by the management.

Interest rate risk

The group has a limited exposure to the risk of changes in market interest rates as it currently has no interest-bearing debt.

Liquidity risk

The liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The group monitors its risk to a shortage of funds by monitoring its working capital and securing sufficient funding from investors.

The group's objective is to secure funding for its working capital, including mainly the research and development of ACT®.

Outlook 2024

2024 will be an exciting year for EXACT. The company will initiate the clinical trial ENACT testing the effectiveness of ACT in first-line treatment of pancreatic cancer patients. Our focus now is to secure financing of this trial, and we are in discussions with industry expert groups who are excited by the opportunity, especially considering the strong results from preclinical studies completed by pancreatic experts in the USA. The company prepares the opening of an Investigational New Drug (IND) with the US Food and Drug Administration (FDA). The start of the ENACT trial will mark an important new milestone for EXACT and first interim read-out is expected to be in the second half of 2025.

In 2024, EXACT expects also to conclude the dose expansion part of the ACTIVATE trial in patients with liver metastases. The dose escalation part of the trial has provided proof-of-concept of the ACT technology in patients, by inditacing that treatment with ACT is safe substantial reduction in tumour size.

In addition, the company expects to see progress on the preclinical work on brain cancer (glioblastoma), CNS diseases, and gene therapy, which will highlight the potential of ACT as a platform technology.

Statement by the board of directors

We confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2023 have been prepared in accordance with IFRS as adopted by EU, with such additional information as required by the Accounting Act, and give a true and fair view of the company's and the group's consolidated assets, liabilities, financial position and results of operations.

We confirm that the board of directors' report provides a true and fair view of the development and performance of the business and the position of the company and the group, and that the report and notes to the financial statements provide a description of the key risks and uncertainty factors that the company is facing.

We recommend that the financial statements be adopted at the annual general meeting on June 7, 2024.

Oslo 18 April, 2024

Electronically Signed

Anders Wold
Chair of the Board

Electronically Signed

Dr. Masha Strømme
Board Vice-Chair

Electronically Signed

Sir William Castell
Board Member

Electronically Signed

Ann-Tove Kongsnes
Board Member

Electronically Signed

Dr. Per Walday
Managing Director

3. CORPORATE GOVERNANCE REPORT

EXACT considers good corporate governance to be a prerequisite for value creation, for trustworthiness, and for access to capital. In order to secure strong and sustainable corporate governance, it is important that EXACT ensures good and healthy business practices, reliable financial reporting and a setting where compliance to laws and regulations is prevalent.

Principles for corporate governance

The company's shares are listed on Euronext Growth Oslo, and thus not subject to the requirement to prepare an annual statement of its principles and practices for corporate governance. However, the company endorses the Norwegian Code of Practice for Corporate Governance, issued by the Norwegian corporate governance board, most recently revised on 17 October, 2018 (the "Code") and therefore seeks to comply with the principles set out in the Code. As compliance with the Code is based on the "comply or explain" principle, the company also includes a corporate governance report in its annual report, based on the same principles.

Implementation and reporting of corporate governance

EXACT has governance documents setting out principles for how its business should be conducted. References to more specific policies are included in this corporate governance report where relevant. The company's governance regime is approved by the board of directors. EXACT believes that good corporate governance involves openness, independence, equal treatment, control and management. This will lead to trustful cooperation between all stakeholders and parties involved in the company, the shareholders, the board of directors, executive management, employees, customers, suppliers, public authorities and society in general.

Business

The operations of the company and its subsidiary are in compliance with the business objective set forth in the company's articles of association, which read as follows: The company's purpose is drug development and other services and products that naturally coincide with this, including participating in other companies with similar activities, buying and selling shares, or otherwise making themselves interested in other undertakings as well as the purchase, sale and rental of real estate.

Equal treatment of shareholders

The company has only one class of shares. Each share in the company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is a just cause for treating them differently.

The shares of the company are freely negotiable, and the company's articles of association do not place any restrictions on the negotiability of shares.

General meetings

The general meeting is open to all shareholders, and EXACT encourages all shareholders to participate and exercise their rights in connection with the company's general meetings. The chair of the general meeting is elected by the shareholders.

The Chair of the Board and the CEO will be present at general meetings, together with representatives of the board. The external auditor will be present at general meetings where matters of relevance for them are on the agenda.

Minutes from the general meetings will be published in accordance with the stock exchange regulations. The company's general meeting elects the members and the chair of the nomination committee for a period of one year and determines their remuneration.

Board composition and independence

Pursuant to the articles of association section 6, the company's board of directors shall consist of 3-7 directors.

The composition of the board of directors is in compliance with the independence requirements of the Norwegian Code of Practice for Corporate Governance, (the "Corporate Governance Code").

The work of the board of directors

General

The board of directors is responsible for the management of the company, including providing strategic guidance, the appointment of chief executive officer (CEO), convening and preparing for general meetings and supervising the daily management and the activities of the company.

The CEO is responsible for keeping the board of directors informed and provides regular reports to the board of directors about the company's activities, position, financial and operational developments.

Audit committee

The board of directors also serves as the audit committee. Its main duties are to assess the company's financial reporting and systems for internal control. The audit committee also supports the administration in accordance with applicable rules and legislations.

Remuneration committee

The board of directors also serves as remuneration committee in recommending remuneration of the company's executive management.

Annual evaluations

The board of directors and the chair undergo an annual performance evaluation for the previous year. This evaluation includes the composition of the board of directors and the manner in which its members function, both individually, and as a group, in relation to the objectives set out for its work. The report is made available to the nomination committee.

Risk management and internal control

The board of directors of EXACT is responsible for ensuring that the company has sound and appropriate risk management and internal control systems in accordance with the regulations that apply to its business activities. The company has implemented a comprehensive set of relevant corporate manuals and procedures, which provide detailed descriptions of procedures covering all aspects of managing its operations, including the development of clinical data and financial performance. The procedures and manuals are continuously revised to reflect best practice derived from experience or adopted through regulations.

Remuneration of the board of directors

The remuneration of the board of directors is determined by the shareholders at the annual general meeting of the company based on the proposal from the nomination committee. The level of the remuneration is based on remuneration of board directors for comparable companies and reflects the board of directors' responsibility, expertise, the complexity of the company, as well as time spent and the level of activity in both the board of directors' meetings and any board committees.

Remuneration of executive personnel

The main principles for EXACT's executive remuneration policy are that management should be offered terms that are competitive when salary, benefits, bonus and pension plans are seen as a whole. The salary and remuneration of the CEO is determined by the board of directors in a board meeting.

The company has a share option scheme for employees, which is linked to the company's long- term performance in generating shareholder value. Details regarding the programme are available in note 4.8 to the financial statements.

Auditor
The company's auditor is EY and is regarded as independent in relation to EXACT. The board of directors receives an annual confirmation from the auditor that the requirements regarding independence and objectivity have been satisfied.

The auditor will participate at the annual general meeting.

4. ESG REPORT

EXACT aims to contribute to the medical development that will improve and save lives and thereby creating value for society, patients, and shareholders. For us, sustainability is the foundation of our activities and our long-term success is directly linked to this.

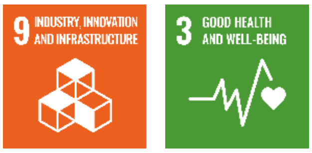
For further information and details about our ESG activities, including our work related to the Transparency Act, please see our website www.exact-tx.com/ESG

Our vision and UN's sustainable development goals (SDGs)

The core of our business is to develop innovative solutions for enhancing the therapeutic efficacy of medicines, and a key focus goal for EXACT is consequently to innovate (SDG 9) to contribute to improved effect from medicines, and from that increased health for patients (SDG 3). We believe that our positive contribution to Agenda 2030 and the SDGs will be largest if we manage to be a role model for responsible production (SDG 12) – an actor working in partnerships with others (SDG 12 and SDG 17) in order to promote innovation (SDG 9), economic growth and decent work conditions (SDG 8).

The process of strengthening our sustainability work is ongoing. The process started with identifying key ESG impacts that are material to us and our stakeholders. Our key stakeholders include our employees, investors, regulators, suppliers, and other business partners, such as research organisations and academic institutions. The key ESG impacts represent risks, but also opportunities for us to improve how we work. EXACT's operations and business are not directly affected by climate changes as for today. This might change in the future. Either by direct effects, or indirectly by governmental regulations (for instance sustainability).

SDGs 9 and 3



The safety and wellbeing of our patients is imperative to deliver on our vision and will become even more important when we move into larger clinical trials. Our research from pre-clinical studies is evaluated and discussed with experts and regulators prior to proceeding to the clinical trial phase. Clinical trials are essential to ascertain the efficacy, safety and effectiveness of our technology and it is crucial that they are conducted in accordance with the highest standards and regulatory requirements. Potential patients are subjected to rigorous pre-screening assessments, and testing will only continue when patients are suitable. The primary consideration of all our clinical trials is to ensure the safety and effectiveness of our medicines. Any adverse effects and risks are recorded and reported to regulatory authorities (aligned with regulations) on a periodic basis. It is also of paramount importance to us to ensure the personal information of our patients and no claims of any data breaches were received in 2023.

SDGs 8, 12 and 17:

Overall:

The daily operations of EXACT have low environmental impact as we do not have any production of our own. We do conduct some travel activities but seek to limit this as much as possible.

Responsible supply chain

We acknowledge that our subcontractors – and their emissions – are part of our supply chain and, hence, indirect emissions. We acknowledge to be part of a major industry with a significant footprint in total. Our efforts to reduce the footprint is done in collaboration with our main suppliers.

The microbubble component of Sonazoid™ is a key constituent in ACT. The microbubbles in Sonazoid™ encapsulate small amounts of a greenhouse gas. The microbubbles are contract manufactured by GE Healthcare AS. A collaboration with GE Healthcare has received public funding from the Norwegian Research Council to move away from the current manufacturing process in order to reduce greenhouse gas usage. GE Healthcare is constantly improving their production processes. Emissions are predictable and the ultimate goal is to reduce these to be as small as possible.

Ethical R&D

Pre-clinical testing of ACT is done by animal testing. EXACT does not perform its own animal tests but utilises internationally recognised institutions to do so. These tests are all done in accordance with guidelines that ensure ethical procedures. For EXACT, most of the tests are performed by the Norwegian University of Science and Technology (NTNU) in Norway or Institute of Cancer Research (ICR)/ Royal Marsden Hospital (UK).

Privacy and data management

As a biotech company within the healthcare space, EXACT and/or our subcontractors and suppliers may need to store personal data as part of the business. The work to establish a robust GDPR compliance policy is ongoing, and the goal of our GDPR compliance policy work is to ensure that EXACT processes and safeguards personal data in line with the regulation ("the GDPR").

Diversity, equality and inclusion

EXACT's employees are at the core of the company's strategy and future. We aim to create a culture which appeals to the right mix of employees needed to drive the company forward. Our employees represent diverse backgrounds and experiences, as we consider this to be a competitive advantage. Furthermore, the opportunity for employees to grow and develop their skills and competencies is important in retaining and developing talented leaders.

Business ethics and transparency

To ensure that patients, research and development partners, employees, shareholders and other stakeholders feel confident about our commitment to operate in accordance with responsible, ethical and sound corporate and business principles, the company has established a set of ethical guidelines that are presented in its corporate governance policy as well as its personnel handbook. Material breaches of the ethical guidelines may result in termination of employment.

Stakeholder relationship management
Building strong relationships and creating trust amongst our stakeholders is essential for our success. To do so, creating platforms for dialogue between the parties is vital. We will always promote open, transparent, and clear information, and responsible, truthful, effective, and timely communication, providing regular financial, scientific, and other non-financial information about the company and its results and actions.

Board governance

For EXACT, it is important that the board reflects the diversity of the company's stakeholders to be more aware of their needs. This will enable the board to assist the company in making robust strategic decisions, in addition to controlling risks and ensuring legal compliance. Further information is provided in the section of principles for corporate governance.

ESG going forward

The ESG work within EXACT is an ongoing process. We are still in the starting phase of enhancing and reporting sustainability activities and aim to strengthen our efforts as the company matures. We have performed an initial impact assessment based on stakeholder inclusiveness, with the goal of identifying the most prominent environmental, social and governance matters for the company.

FINANCIAL STATEMENTS 2023

Consolidated statement of comprehensive income

For the year ended December 31
(Amounts in NOK)

	Notes	2023	2022
Government grants and other income	2.2	4 458	454 515
Total other income		**4 458**	**454 515**
Employee benefit expenses	2.3	22 307 657	14 116 403
Other operating expenses	2.4	23 984 207	25 109 926
Depreciation and amortisation	3.1,3.2	2 091 884	2 002 954
Operating profit or loss		**-48 379 290**	**-40 774 768**
Finance income	4.7	1 275 590	1 012 826
Finance costs	4.7	1 278 463	804 535
Profit or loss before tax		**-48 382 162**	**-40 566 477**
Income tax expense	5.1	-48 473	-462 082
Profit or loss for the year		**-48 333 691**	**-40 104 395**
Profit/loss attributable to the parent		-48 333 691	-40 104 395
Other comprehensive income:			
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		12 959	5 808
Total items that may be reclassified to profit or loss		12 959	5 808
Total other comprehensive income for the year		**12 959**	**5 808**
Total comprehensive income for the year		**-48 320 732**	**-40 098 587**
Allocation of total comprehensive income			
Allocation of profit or loss:			
Total comprehensive income attributable to owners of the parent		-48 320 732	-40 098 587
Earnings per share ("EPS"):			
Basic EPS - profit or loss attributable to equity holders of the parent	4.9	-1,51	-1,34
Diluted EPS - profit or loss attributable to equity holders of the parent	4.9	-1,51	-1,34

Consolidated statement of financial position

Per 31 December
(Amounts in NOK)

	Notes	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	4 371 930	3 405 626
Right-of-use assets	3.2	1 047 981	1 568 726
Total non-current assets		**5 419 911**	**4 974 352**
Current assets			
Other receivables	2.5	9 468 470	8 143 630
Cash and cash equivalents	4.6	46 430 592	69 389 721
Total current assets		55 899 062	77 533 351
TOTAL ASSETS		**61 318 974**	**82 507 703**
EQUITY AND LIABILITIES			
Equity			
Share capital	4.5	128 322	119 989
Share premium		29 439 777	93 522 682
Other paid-in equity		15 532 776	11 608 532
Uncovered loss		0	-40 143 128
Total equity		**45 100 875**	**65 108 075**
Non-current liabilities			
Non-current lease liabilities	3.2	649 866	1 190 005
Non-current provisions	2.7	82 093	84 081
Total non-current liabilities		**731 959**	**1 274 086**
Current liabilities			
Current lease liabilities	3.2	545 932	495 645
Trade and other payables	2.6	14 940 205	15 629 896
Total current liabilities		**15 486 137**	**16 125 541**
Total liabilities		**16 218 096**	**17 399 627**
TOTAL EQUITY AND LIABILITIES		**61 318 973**	**82 507 704**

Oslo 18 April, 2024

Electronically Signed

Anders Wold
Chair of the Board

Electronically Signed

Dr. Masha Strømme
Board Vice-Chair

Electronically Signed

Sir William Castell
Board Member

Electronically Signed

Ann-Tove Kongsnes
Board Member

Electronically Signed

Dr. Per Walday
Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK)	Share capital	Share premium	Other equity: Other paid-in equity	Other equity: Foreign currency translation reserve	Other equity: Uncovered loss/ Retained earnings	Total equity
Balance at 1 January 2022	119 969	215 628 677	12 006 952	-44 541	-121 970 312	105 740 745
Reallocation of prior year losses		-121 970 312			121 970 312	-
Profit (loss) for the year	-	-	-	-	-40 104 395	-40 104 395
Other comprehensive income	-	-	-	5 808	-	5 808
Other adjustments		-211 000				-211 000
Issue of share capital (Note 4.5)	20	95 968	-	-	-	95 988
Transaction costs	-	-20 650	-	-	-	-20 650
Share based payments - Options/RSUs (Note 4.8)	-	-	-398 420	-	-	-398 420
Balance at 31 December 2022	119 989	93 522 683	11 608 532	-38 733	-40 104 395	65 108 076
Reallocation of prior year losses		-40 104 395			40 104 395	-
Balance at 1 January 2023	119 989	53 418 288	11 608 532	-38 733	-	65 108 076
Profit (loss) for the year	-	-48 333 691	-	-	-	-48 333 691
Other comprehensive income	-	-	-	-	-	-
Other adjustments		528 901	-36 011			492 890
Issue of share capital (Note 4.5)	8 333	24 991 663	-	-	-	24 999 996
Share issue cost	-	-1 165 383	-	-	-	-1 165 383
Share based payments - Options/RSU (Note 4.8)	-	-	3 960 255	-	-	3 960 255
Balance at 31 December 2023	128 322	29 439 777	15 532 776	-38 733	0	45 062 142

CONSOLIDATED STATEMENT OF CASH FLOWS

Per 31 December
(Amounts in NOK)

Cash flows from operating activities (NOK)	Notes	2023	2022
Profit or loss before tax		**-48 333 691**	**-40 104 395**
Adjustments to reconcile profit before tax to net cash flows:			
Net financial income/expense	4.7	2 872	-208 291
Depreciation and impairment of property, plant and equipment	3.1	1 625 367	1 478 604
Amortisation and impairment of right-of-use asset	3.2	466 517	457 478
Share-based payment expense	4.8	3 960 255	-398 420
Working capital adjustments:			
Changes in other receivables	2.5	-1 324 840	-533 691
Changes in trade and other payables	2.6	-689 692	5 456 773
Changes in provisions and other liabilities	2.7	-1 988	-
Net cash flows from operating activities		**-44 295 199**	**-33 851 942**
Cash flows from investing activities (NOK)			
Purchase of property, plant and equipment	3.1	-3 092 779	-250 983
Proceeds from sale of financial instruments	4.2	-	20 372 496
Interest received	4.7	945 023	479 370
Net cash flow from investing activities		**-2 147 756**	**20 600 883**
Cash flow from financing activities (NOK)			
Proceeds from issuance of equity	4.5	24 999 996	95 968
Transaction costs on issue of shares	4.5	-1 165 383	-20 650
Payments for the principal portion of the lease liability	3.2	-580 980	-507 084
Payments for the interest portion of the lease liability	3.2	-82 922	-98 825
Interest paid	4.9	-2 713	-102
Net cash flows from financing activities		**23 167 998**	**-530 693**
Net increase/(decrease) in cash and cash equivalents		-23 274 957	-13 781 752
Cash and cash equivalents at beginning of the year/period	4.6	69 389 722	82 910 921
Net foreign exchange difference		315 828	260 553
Cash and cash equivalents, end of year		46 430 593	69 389 722

EXACT THERAPEUTICS GROUP FINANCIAL STATEMENTS

1.1 General information

The consolidated financial statements of EXACT Therapeutics AS and its subsidiaries (collectively, "the group" or "EXACT Therapeutics") for the year ended 31 December 2023 were authorised for issue in accordance with a Board resolution on 18 April 2024. 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.

1.2 Basis of preparation

The annual accounts are based on the going concern assumption. Based on current forecasts and working plans, the group's cash position is not sufficient to fund operations and payment of financial obligations for the next 12 months. In 2023, we have raised funds from investors but not sufficient to underpin the next important stage which is to commence Phase 2 trials in pancreatic cancer

We have constructive talks with industry expert groups and other potential investors to support further operations and growth. In addition, we are also assessing opportunities to reduce costs. We are doing everything we can for both our patients, suppliers, investors and our small team to navigate successfully these challenging times, which are not unusual in our industry. However, there is a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions when needed. Therefore, there is a material uncertainty with regards of the going concern assumption. The board believes that the current working options will provide opportunities to secure sufficient capital to execute our plans.

Presentation currency and functional currency

The consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the functional currency of the parent company. For each entity, the group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates

1.3 Significant accounting policies

EXACT Therapeutics has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgemental considerations are disclosed in the notes to which the policies relate. Other accounting policies are presented below:

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

Estimates and assumptions:
Share based payments (note 4.8)
Measurement of deferred tax assets (note 5.1)

The group based its assumptions and estimates on parameters available when the financial statements were prepared.

In preparing the financial statements, management has considered the impact of climate change, particularly in the context of the material risks identified in the board of directors' report. There has been no material impact identified on the financial reporting judgements and estimates. In particular, management considered the impact of climate change in respect of the following areas:

- Going concern and viability of the group over the next years;
- Cash flow forecasts used in impairment assessments;
- Carrying value and useful economic lives of intangible assets

Whilst there is currently no short- or medium-term impact expected from climate change, management are aware of the everchanging risks attahced to climate change and will regularly assess these risks against judgements and estimates in preparation of the group's financial statements

2.1 Operating segments

The chief operating decision maker is the executive management group which monitors the operating results of its business unit for the purpose of making decisions about resource allocation and performance assessment.

In the table below, non-current assets are broken down by geographical areas based on the location of the companies

Non-current assets	31/12/2023	31/12/2022
Norway	3 566 137	4 531 799
United Kingdom	1 853 774	442 553
Total non-current assets	**5 419 911**	**4 974 352**

Non-current assets for this purpose consist of property, plant and equipment and right-of-use assets.

2.2 Government grants and other income

ACCOUNTING POLICIES

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is is deducted from the cost on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Government grants and other income	2023	2022
Other income	4 458	454 515
Total government grants and other income	**4 458**	**454 515**

Only grants recognised as income are presented in the table above.

Total government grants recognised	Line item in the consolidated statement of comprehensive income	2023	2022
Grant from the Research Council of Norway	Employee benefit expenses/Other operating exp.	1 913 244	4 494 099
Grant from SkatteFUNN	Employee benefit expenses/Other operating exp.	4 750 000	4 750 000
Total government grants recognised		**6 663 244**	**9 244 099**

Government grants receivable	31/12/2023	31/12/2022
Grant from the Research Council of Norway	1 308 745	1 477 667
Grant from SkatteFUNN	5 638 169	4 750 000
Total government grants receivable	**6 946 914**	**6 227 667**

In December of 2022, EXACT Therapeutics was awarded a grant of NOK 16 000 000 for the research project "Enhancing immune response in solid tumours with Acoustic Cluster Therapy (ACT ®). The project runs until 2027. NOK 1 308 744 related to work performed in 2023 was received in January 2024

In 2023, two grants have been posted to income for research projects via the SkatteFUNN scheme of NOK 4 750 000 due to the maximum limit of NOK 4 750 000 (19% of NOK 25 000 000) per company per year. The amount has been posted in full as a reduction in expensed costs related to the relevant projects. In 2022, the company accrued and received in 2023 NOK 4 750 000 in SkatteFUNN grants.

In 2022, A collaboration project between EXACT Therapeutics AS and GE Healthcare AS was awarded NOK 16 000 000 for the development of a ready-to-use formulation of Sonazoid™ for ultrasound imaging and therapy from the Norwegian Research Council. In 2023, Exact Therapeutics has received NOK 604 500 in connection with this project.

2.3 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"). 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	2023	2022
Salaries	16 846 520	14 287 830
Social security costs	2 986 798	2 317 250
Pension costs	1 017 267	990 897
Other employee expenses (mainly Share option expenses)	3 960 255	-398 420
Grants deducted employee	-2 503 182	-3 081 153
Total employee benefit expenses	**22 307 657**	**14 116 403**
Average number of full time employees (FTEs):	10	8

2.4 Operating expenses

Other operating expenses	2023	2022
Audit and accounting fees	669 475	736 715
Consulting fees	1 417 911	4 270 983
Legal expenses	633 013	380 484
Travel expenses	545 470	362 954
Lease expenses	241 612	465 195
Research expenses	19 737 557	19 911 829
Grants deducted	-4 160 063	-6 162 946
Other operating expenses	4 899 231	5 144 712
Total other operating expenses	**23 984 207**	**25 109 926**

Auditor fees - parent company (excl. VAT)	2023	2022
Audit fee	302 664	330 000
Attestation services	60 000	0
Audit related services	336 855	327 200
Tax services	64 000	29 100
Total remuneration to the auditor	**763 519**	**783 925**

2.5 Other receivables

Receivables are measured by the amortised cost method, but due to the assets being short-term receivables the non-discounted contractual payments are disclosed. No credit losses allowance is recognised.

Other receivables	31/12/2023	31/12/2022
VAT receivable	1 162 775	261 749
Government grants	6 946 914	6 227 667
Other	1 358 781	1 654 214
Total other receivables	**9 468 470**	**8 143 630**

Allowance for expected credit losses	31.12.2023	31.12.2022
At January 1	-	-
Provision for expected credit losses	-	-
At December 31	-	-

2.6 Trade and other payables

Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

Trade and other payables	31/12/2023	31/12/2022
Trade payables	7 205 042	9 550 961
Withholding payroll taxes and social security	1 563 812	1 365 225
Other accrued expenses	6 171 351	4 713 710
Total trade and other payables	**14 940 205**	**15 629 896**

2.7 Provisions

The provision for social security on share options is based on the difference between market price and strike price. The market price of the shares at the reporting date is the best estimate of market price at the date of exercise

Reconciliation of provisions:

	Other short term provisions	Total
At 1 January 2022	-	-
Additional provisions made	84 081	84 081
Amounts used	-	-
At 31 December 2022	84 081	84 081
Current provisions	-	-
Non-current provisions	-	-

	Other short term provisions	Total
At 1 January 2023	84 081	84 081
Additional provisions made	82 093	82 093
Amounts used	-84 081	-84 081
At 31 December 2023	**82 093**	**82 093**
Current provisions	-	-
Non-current provisions	82 093	82 093

3.1 Property, plant and equipment

ACCOUNTING POLICIES

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

The group assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired.

No indicators for impairment of property, plant and equipment were identified in the current or prior period.

	Fixtures, fittings and tools	Total
Cost as at 1 January 2022	8 021 415	8 021 415
Additions	250 983	250 983
Disposals	-51 000	-51 000
Cost as at 31 December 2022	8 221 398	8 221 398
Additions	3 092 779	3 092 779
Disposals	-34 592	-34 592
Cost as at 31 December 2023	11 279 585	11 279 585
Depreciation and impairment as at 1 January 2022	3 337 168	3 337 168
Depreciation for the year	1 478 604	1 478 604
Depreciation and impairment as at 31 December 2022	4 815 772	4 815 772
Depreciation for the year	2 091 884	2 091 884
Depreciation and impairment as at 31 December 2023	6 907 656	6 907 656
Net book value:		
At 31 December 2022	3 405 628	3 405 628
At 31 December 2023	4 371 930	4 371 930
Economic life (years)	3-5	
Depreciation plan	Straight-line method	

3.2 Right-of-use assets and lease liabilities

ACCOUNTING POLICIES

At inception of a contract, The group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
At the commencement date, the group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (with an underlying value of less than 50 thousand NOK)

For these leases, the group recognises the lease payments as operating expenses in the consolidated statement of comprehensive income.

Measuring the lease liability and right-of-use assets is made in accordance with the principles of IFRS 16.

The group's right-of-use assets recognised in the consolidated statement of financial position are presented in the table below:

Right-of-use assets	Office Buildings	Total
Acquisition cost at 1 January 2022	**2 404 887**	**2 404 887**
Additions of right-of-use assets	-	-
Acquisition cost at 31 December 2022	**2 404 887**	**2 404 887**
Additions of right-of-use assets	-	-
		-
Acquisition cost at 31 December 2023	**2 404 887**	**2 404 887**
Depreciation and impairment at 1 January 2022	**369 644**	**369 644**
Depreciation of right-of-use assets	466 517	466 517
Depreciation and impairment at 31 December 2022	**836 161**	**836 161**
Depreciation of right-of-use assets	511 707	511 707
Other changes	9 039	9 039
Depreciation and impairment at 31 December 2023	**1 356 907**	**1 356 907**
Carrying amount at 31 December 2022	**1 568 726**	**1 568 726**
Carrying amount at 31 December 2023	**1 047 980**	**1 047 980**
Remaining lease term or remaining useful life	2,5	
Depreciation plan	Straight-line method	

Expenses in the period related to practical expedients and variable payments	2023	2022
Short-term lease expenses	-	177 684
Low-value assets lease expenses	-	-
Variable lease expenses in the period (not included in the lease liabilities)	-	-
Total lease expenses in the period	-	**177 684**

The lease expenses in the period related to short-term leases, low-value assets and variable lease payments are included in other operating expenses in the consolidated statement of comprehensive income, and the payments are presented in the group's operating activities in the consolidated statement of cash flows.

The group’s lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	31/12/2023	31/12/2022
Less than one year	463 613	463 613
One to two years	477 522	477 522
Two to three years	491 847	491 847
Three to four years	42 217	42 217
More than four years	-	-
Total undiscounted lease liabilities	**1 475 199**	**1 475 199**

Changes in the lease liabilities – 2022	Total
At 1 January 2022	**1 713 468**
New leases recognised during the period	388 646
Cash payments for the principal portion of the lease liability	-507 084
Cash payments for the interest portion of the lease liability	98 825
Total lease liabilities at 31 December 2022	**1 693 855**
Current lease liabilities in the statement of financial position	495 645
Non-current lease liabilities in the statement of financial position	1 190 005

Changes in the lease liabilities – 2023	
At 1 January 2023	**1 693 855**
New leases recognised during the period	-
Cash payments for the principal portion of the lease liability	-580 980
Cash payments for the interest portion of the lease liability	82 922
Total lease liabilities at 31 December 2023	**1 195 797**
Current lease liabilities in the statement of financial position	545 932
Non-current lease liabilities in the statement of financial position	649 866

4.1 Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Impairment of financial assets

The group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

31/12/2023	Notes	Financial instruments at amortised cost	Total
Assets			
Other receivables	2.5	9 468 470	9 468 470
Cash and cash equivalents	4.6	46 430 592	46 430 592
Total financial assets		**55 899 062**	**55 899 062**
Liabilities			
Trade and other payables	2.6	14 940 205	14 940 205
Total financial liabilities		**14 940 205**	**14 940 205**

31/12/2022	Notes	Financial instruments at amortised cost	Total
Assets			
Other receivables	2.5	8 143 630	8 143 630
Cash and cash equivalents	4.6	69 389 721	69 389 721
Total financial assets		**77 533 351**	**77 533 351**
Liabilities			
Trade and other payables	2.6	15 629 896	15 629 896
Total financial liabilities		**15 629 896**	**15 629 896**

4.2 Ageing of financial liabilities

Contractual undiscounted cash flows from financial liabilities are presented below:

	Remaining contractual maturity					
31/12/2023	1-12 months	1-2 years	2-3 years	3-4 years	4 + years	Total
Financial liabilities						
Trade and other payables	14 940 205	82 093				15 022 298
Non-current lease liabilities		607 649	42 217	-		649 866
Current lease liabilities	545 932					545 932
Total financial liabilities	15 486 137	689 742	42 217	-	-	16 218 096

	Remaining contractual maturity					
31/12/2022	1-12 months	1-2 years	2-3 years	3-4 years	4 + years	Total
Financial liabilities						
Trade and other payables	15 629 896	84 081				15 713 977
Non-current lease liabilities		543 287	594 325	52 393		1 190 005
Current lease liabilities	495 645					495 645
Total financial liabilities	**16 125 541**	**627 368**	**594 325**	**52 393**	-	**17 399 628**

Reconciliation of changes in liabilities incurred as a result of financing activities:

			Remaining contractual maturity		
2023	01/01/2023	Cash flow effect	New leases	Other changes	31/12/2023
Non-current lease liabilities	1 190 005	-		-644 073	545 932
Current lease liabilities	495 645	-580 980		735 201	649 866
Total liabilities from financing	**1 685 650**	**-580 980**	**-**	**91 128**	**1 195 798**

			Remaining contractual maturity		
2022	01/01/2022	Cash flow effect	New leases	Other changes	31/12/2023
Non-current lease liabilities	1 351 671		292 609	-454 275	1 190 005
Current lease liabilities	361 797	-507 084	96 037	544 895	495 645
Total liabilities from financing	**1 713 468**	**-507 084**	**388 646**	**90 620**	**1 685 650**

4.3 Financial risk management

The group's principal financial liabilities, comprise lease liabilities, and trade and other payables. The main purpose of these financial liabilities is to finance the group's operations. The group's principal financial assets include other current financial assets, other receivables, and cash and short-term deposits that derive directly from its operations.

The group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The group seeks to minimise potential adverse effects of such risks through sound business practise, risk management and hedging.

Risk management is carried out by group management under policies approved by the board. The board reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

The group has a limited exposure to the risk of changes in market interest rates as it currently has no interest-bearing debt.

Interest rate sensitivity

The change of interest rates will not materially affect the group's profit before tax per year-end 2023.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities (expenses denominated in a foreign currency) and the group's net investments in foreign subsidiaries. The group's assets and liabilities at the end of the reporting period are mainly denominated in NOK, and the group's equity is denominated in NOK. The expenses are mainly denominated in NOK and GBP, with some exposure in USD and EUR. The group does not hedge currency exposure with the use of financial instruments at the current time, but monitors the net exposure over time.

Foreign currency sensitivity

The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates in the period, holding all other variables constant:

Foreign currency sensitivity	Date	Change in FX rate	Effect on profit/ loss before tax	Effect on equity
Increase/decrease in NOK/GBP	31/12/2023	+/- 10%	1 906 635	1 906 635
Increase/decrease in NOK/GBP	31/12/2022	+/- 10%	2 788 510	2 788 510

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The group monitors its risk to a shortage of funds by monitoring its working capital and securing sufficient funding from investors.

The group's objective is to secure funding for its working capital, including mainly the research and development of ACT®. An overview of the maturity profile of the group's financial liabilities with corresponding cash flow effect is presented in note 4.2.

Also see note 1.2 for additional information relating to liquidity risk

4.4 Fair value measurement

ACCOUNTING POLICIES

Fair value disclosures

Management has assessed that the fair values of cash and short-term deposits, other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk free interest rates.

4.5 Equity and shareholders

ACCOUNTING POLICIES

Costs related to equity transactions

Transaction costs are deducted from equity, net of associated income tax.

No distributions were made to shareholders in the current or prior period.

Issued capital and reserves:

Share capital in EXACT Therapeutics AS	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position
At 1 January 2022	**29 992 167**	**0,004**	**119 969**
Share capital increase - 09/06/22	5 052	0,004	20
At 31 December 2022	**29 997 219**	**0,004**	**119 989**
Share capital increase - 30/11/23	2 083 333	0,004	8 333
At 31 December 2023	**32 080 552**	**0,004**	**128 322**

All shares are ordinary and have the same voting rights and rights to dividends.
Reconciliation of the group's equity is presented in the statement of changes in equity.

The group's shareholders:

Shareholders in EXACT Therapeutics AS at 31/12/2023	Total shares	Ownership/ Voting rights
Investinor Direkte AS	3 096 083	9,65%
Kvåle AS	3 024 270	9,43%
PAACS Invest AS	2 699 842	8,42%
Brekke Holding AS	2 458 961	7,66%
Canica AS	2 271 000	7,08%
Andre John Healey	2 205 385	6,87%
Per Christian Sontum	1 922 105	5,99%
Optimuspistor AS	1 594 750	4,97%
Helene Sundt AS	1 422 666	4,43%
Verdipapirfondet Nordea Avkastning	1 244 999	3,88%
Other shareholders	10 140 491	31,62%
Total	**32 080 552**	**100%**

Shareholders in EXACT Therapeutics AS at 31/12/2022	Total shares	Ownership/ Voting rights
Kvåle AS	3 021 770	10,08%
PAACS Invest AS	2 689 009	8,97%
Investinor Direkte AS	2 387 750	7,96%
Brekke Holding AS	2 375 628	7,92%
Andrew J. Healey	2 205 385	7,35%
Canica AS	2 021 000	6,74%
Per Christian Sontum	1 921 605	6,41%
Optimuspistor AS	1 574 750	5,25%
Verdipapirfondet Nordea Avkastning	1 244 999	4,15%
Helene Sundt AS	1 131 000	3,77%
Other shareholders	9 424 323	31,41%
Total	**29 997 219**	**100%**

Shares held by management or the board at the end of the reporting periods are summarised in note 7.1.

4.6 Cash and cash equivalents

Cash and cash equivalents	31/12/2023	31/12/2022
Bank deposits, unrestricted	45 573 246	68 497 104
Bank deposits, restricted	857 347	892 618
Total cash and cash equivalents	46 430 592	69 389 721

Bank deposits earns a low interest at floating rates based on the bank deposit rates.

4.7 Financial income and expenses

ACCOUNTING POLICIES

Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange within finance income or finance costs.

Finance income	2023	2022
Interest income	945 023	479 370
Other finance income	255 329	8 173
Gain on foreign exchange	75 238	525 283
Total finance income	1 275 590	1 012 826

Finance income	2023	2022
Interest expenses	85 635	98 927
Other finance costs	803	403 698
Loss on foreign exchange	1 192 024	301 910
Total finance costs	1 278 463	804 535

4.8 Share based payments

ACCOUNTING POLICIES

Employees (including management) of the group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Social security tax on share based payments are recorded as a liability (see note 2.7).

Share option plan – Description
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 Per Walday (CEO) 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.

Share options held by management at the end of the reporting period are summarised in note 7.1.

The fair value of the options were determined at the grant dates and expensed over the vesting period. NOK 3,960,255 have been expensed as employee benefit expenses in 2023 (NOK -398,420 in 2022).

Movements during the year

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

Finance income	2023 WAEP	2023 Number	2022 WAEP	2022 Number
Outstanding options 1 January	**16,24**	**855 584**	**18,57**	**540 000**
Options granted	13,92	348 000	16,08	834 584
Options forfeited	23,00	-5 000	0	- 520 000
Outstanding options 31 December	**15,54**	**1 198 584**	**16,24**	**855 584**
Exercisable at 31 December	16,24	1 198 584	16,24	855 584

The weighted average remaining contractual life for the share options outstanding as at 31 December 2023 was 7,14 years (2022: 9.19 years).

Expire year	Avg exercise price	Number
2027	12,69	162 000
2028	15,00	186 000
2029	19,00	224 941
2032	15,19	625 643
		1 198 584

Assumptions used to determine fair value of share option grants:

	2023	2022
Weighted average fair values at the measurement date	13,49	21,00
Dividend yield (%)	0,0	0,0
Expected volatility (%)	62,4 %	69,9 %
Risk-free interest rate (%)	3,40 %	3,0 %
Expected life of share options (years)	3,14	3,06
Weighted average share price (NOK)	13,21	18,00
Model used	BSM	BSM

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. At the last grant of options, historic volatility of Exact Therapeutics AS share price did not provide sufficient historic data that corresponded to the expected life of the option. The expected volatility was therefore estimated based on the volatility of comparable listed companies. Risk free interest rates should be equal to the expected term of the option being valued.

	2023	2022
Outstanding RSUs at 1 January	0	123 917
RSUs granted/issued	0	5 052
RSUs exercised	0	-128 969
Outstanding RSUs at 31 December	**0**	**0**

123,917 RSUs were excerised as cash payment in 2022, and 5,052 as share issue.

4.9 Earnings per share

ACCOUNTING POLICIES

Basic EPS is calculated by dividing the profit and loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Share options and RSUs issued have a potentially 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 of 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.

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

	2023	2022
Profit or loss attributable to ordinary equity holders – for basic EPS	-48 333 691	-40 104 395
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution	-48 333 691	-40 104 395
Weighted average number of ordinary shares – for basic EPS	32 080 552	29 997 219
Weighted average number of ordinary shares – for diluted EPS	32 080 552	29 997 219
Basic EPS – profit or loss attributable to equity holders of the parent	-1,51	-1,34
Diluted EPS – profit or loss attributable to equity holders of the parent	-1,51	-1,34

5.1 Taxes

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by NOK 54,302,840

Current income tax expense:	2023	2022
Tax payable	-	-
Adjustment for income tax payable for previous periods	-48 473	-462 082
Change deferred tax/deferred tax assets (ex OCI effects)	-	-
Total income tax expense (income)	**-48 473**	**-462 082**
Deferred tax assets:	**31/12/2023**	**31/12/2022**
Property, plant and equipment	814 789	484 348
Accruals and more	3 121 776	3 121 776
Losses carried forward (including tax credit)	242 894 528	189 476 428

Current income tax expense:	2023	2022
Basis for deferred tax assets:	**246 831 093**	**193 082 552**
Calculated deferred tax assets	54 302 840	42 478 161
- Deferred tax assets not recognised	-54 302 840	-42 478 161
Net deferred tax assets in the statement of financial position	-	-

The average tax rate for the group's deferred tax assets are 22% per 31.12.2023 and per 31.12.2022. The average tax rate for the group's deferred tax liabilities are 22% per 31.12.2023 and per 31.12.2022.

A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

Reconciliation of income tax expense	2023	2022
Tax payable	-	-
Profit or loss before tax	-48 333 691	-40 104 395
Tax expense 22% (Norwegian tax rate)	-10 633 412	-8 822 967
Permanent differences*	-5 949 201	-4 750 000
Effects of foreign tax rates	-48 473	-
Prior year adjustment	-	462 082
Currency effects	-	-
Effect of not recognising deferred tax assets	64 916 304	52 753 198
Recognised income tax expense	**-48 473**	**-462 082**

* The permanent differences are related to SkatteFUNN and other non-deductible costs in the group's entities.

6.1 Interests in other entities

ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of EXACT Therapeutics AS and its subsidiaries as at 31 December 2023. The subsidiaries are consolidated when control is achieved as defined by IFRS 10.

The consolidated entities

The subsidiaries of EXACT Therapeutics AS are presented below:

Consolidated entities 31 December 2023	Office	CUR	Shareholding and the group's voting ownership share	Date of consolidation
ACT Therapeutics Ltd	100 %	GBP	100 %	31/03/2020

All subsidiaries are included in the consolidated statement of financial position.

To comply with the audit exemption for UK subsidiary companies under section 479A of the Companies Act, the Parent company EXACT Therapeutics AS guarantees all outstanding liabilities of ACT Therapeutics Ltd. for the year ended 31 December 2023.

7.1 Remuneration to management and the board

Remuneration to the board of directors

Remuneration for the members of the board is determined by the annual general meeting (AGM). The remuneration is not linked to the group's performance but reflects the board's responsibilities, expertise, time and commitment.

Remuneration to executive management

The board of EXACT Therapeutics AS determines the principles applicable to the group's policy for compensation to the CEO and the full board determines remuneration of the CEO in function as the remuneration committee. Remuneration for the other members of the executive management team is proposed by the CEO to the board for their approval in line with company policies.

Pension

All executive management are members of the defined contribution pension scheme.

Other benefits

Members of executive management have been granted share options under the group's share option plan, described in note 4.8. The share options held by the management team is summarised further below.

Severance arrangements

If the CEO's position is terminated by the board, he is entitled to 6 months severance pay in addition to the ordinary notice period of 6 months. For other senior management, termination only results in payment of the notice period.

Loans and guarantees

No loans have been granted and no guarantees have been issued to management or any member of the board of directors.

Remuneration to executive management for the year ended 31 December 2023:

	Salary	Bonus	Pension	Other compensation	Total remuneration
Dr. Per Walday - CEO	2 271 185	378 000	160 380	23 737	2 833 302
Dr. Amir Snapir - CMO	2 319 437	155 925	87 924	98 781	2 662 067
Dr Svein Kvåle - COO	1 302 120	135 200	177 336	32 590	1 647 246
John M. Edminson - CFO	1 756 806	71 250	161 216	27 798	2 017 070
Caspar Foghsgaard, SVP BD & Commercial	250 000				250 000
Total	**7 899 548**	**740 375**	**586 856**	**182 906**	**9 409 685**

Remuneration to executive management for the year ended 31 December 2022:

	Salary	Bonus	Pension	Other compensation	Total remuneration
Dr Rafiq Hasan - CEO to 19.01.2022	156 023				156 023
Dr. Per Walday - CEO from 05.06.2022	1 200 000		69 096	8 059	1 277 155
Dr. Amir Snapir - CMO from 21.9.2022	559 039				559 039
Dr Svein Kvåle - COO	1 378 904		120 498	19 372	1 518 774
Dominic Moreland - CFO to 12.08.2022	1 571 246				1 571 246
John M. Edminson - CFO from 01.10.2022	475 000		41 907	641	517 548
Dr Hilary McElwaine-Johnn - CMO to 05.08.2022	1 581 100				1 581 100
Total	6 921 312	-	231 501	28 072	7 180 885

[1]The average exchange rate in 2022 for GBP/NOK 11.8464 has been used to convert remuneration to NOK.

Remuneration to the board of directors:

	2023	2022
Anders Wold, Chair	510 000	352 230
Dr Masha Strømme - Vice Chair	445 000	505 040
Sir William Castell - Director	275 000	572 500
Ann-Tove Kongsnes - Director	260 000	310 000
Dr Jean-Michel Cosséry - Director to 09.06.2023	110 000	310 000
Total compensation to board of directors	**1 600 000**	**2 049 770**
Other remuneration than board fees	2023	2022
Anders Wold - Chair of the board		49 865
Dr Jean-Michel Cosséry - Director, advisory fees	62 500	125 000
Total executive management and advisory fees	**62 500**	**174 865**

Shares held by executive management team:

	31/12/2023	31/12/2022
John M. Edminson, CFO	6 666	-
Amir Snapir, CMO	6 666	-
Caspar Foghsgaard, SVP BD & Commercial	4 166	-
Per Walday, CEO	10 833	-
Dr Svein Kvåle - COO, shares held by Kvåle AS	3 024 270	3 021 770
Dr Andrew Healey - CSO, resigned 31.10.2022	2 205 385	2 205 385
Total	**5 240 488**	**5 227 155**

Shares held by the board of directors:

	31/12/2023	31/12/2022
Dr Masha Strømme - Vice Chair of the board	2 699 842	2 689 009
Sir William Castell - Director	346 664	342 498
Anders Wold - Chair of the board	29 914	2 414
Total	**3 076 420**	**3 033 921**

[1]Dr Masha Strømme's husband Dag Strømme owns PAACS Invest AS which owns 2,699,842 shares per 31.12.2023

Share options held by executive management team:

	31/12/2023	31/12/2022
John M. Edminson, CFO	60 000	-
Amir Snapir, CMO	120 000	-
Caspar Foghsgaard, SVP BD & Commercial	24 000	-
Dr. Per Walday, CEO	610 643	610 643
Anders Wold - Chair of the board	224 941	224 941
Total	**1 039 584**	**835 584**

7.2 Related party transactions

No material related party transactions was recorded in 2023.

In 2023, the company has used professional services from previous board director Dr Jean-Michel Cosséry in relation to consulting services. The work is related to work beyond board duties. The contract for these services is based on market rates and conditions for such services.

7.3 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.

8.1 Change in accounting policies and disclosures, standards issued, not yet effective

New standards

No new standards have been implemented in 2023.

Standards Issued, not yet implementet

IFRS 17 Insurance Contracst – no expected impact on the financial statements.

Amendmends to IAS 1, IAS 8, IAS 1 and IFRS Practice Statement 2, IAS 12.

The standards issued, not yet implemented is not expected to have material impact on the financial statements.

FINANCIAL STATEMENTS 2023

PARENT COMPANY

INCOME STATEMENT
EXACT THERAPEUTICS AS

For the years ended 31 December
(Amounts in NOK)

	Note	2023	2022
OPERATING INCOME AND OPERATING EXPENSES			
Revenue		-	54 675
Other income		4 458	-
Total income		**4 458**	**54 675**
Employee benefits expense	2, 3, 4, 5	22 306 464	9 109 791
Depreciation and amortisation expenses	6	1 163 678	1 302 450
Other expenses	2, 3, 7	24 454 560	31 383 177
Total expenses		**47 924 702**	**41 795 418**
Operating profit		**-47 920 244**	**-41 740 743**
FINANCIAL INCOME AND EXPENSES			
Interest income from group companies	7	-	38 982
Other interest income		945 023	479 370
Other financial income	8	84 660	533 456
Other interest expenses		2 713	102
Other financial expenses	8	1 182 769	734 314
Net financial items		-155 799	317 392
Net profit before tax		-48 076 044	-41 423 350
Net profit after tax		**-48 076 044**	**-41 423 350**
Net profit or loss	4	**48 076 044**	**41 423 350**
ATTRIBUTABLE TO			
Loss brought forward			
Total	4	-48 076 044	-41 423 350

BALANCE SHEET
EXACT THERAPEUTICS AS

Per 31 December
(Amounts in NOK)

	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Equipment and other movables	6	2 518 156	2 963 073
Total property, plant and equipment	**6**	**2 518 156**	**2 963 073**
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries	7	117 096	117 096
Total non-current financial assets		**117 096**	**117 096**
Total non-current assets		**2 635 252**	**3 080 169**
CURRENT ASSETS			
DEBTORS			
Accounts receivables		334 100	61 100
Other short-term receivables	2	8 791 662	7 231 925
Total receivables		**9 125 762**	**7 293 025**
Cash and cash equivalents	9	46 350 616	68 048 275
Total current assets		**55 476 377**	**75 341 300**
Total assets		**58 111 630**	**78 421 470**

BALANCE SHEET
EXACT THERAPEUTICS AS

Per 31 December
(Amounts in NOK)

	Note	2023	2022
EQUITY			
PAID-IN CAPITAL			
Share capital	4, 5	128 322	119 989
Share premium reserve		26 564 890	50 814 654
Other paid-up equity	5	15 568 787	11 608 532
Total paid-up equity		**42 261 999**	**62 543 175**
Total equity	4	**42 261 999**	**62 543 175**
CURRENT LIABILITIES			
Trade payables	10	8 114 468	9 995 050
Public duties payable		1 380 336	1 274 325
Other current liabilities		6 354 827	4 608 919
Total current liabilities		**15 849 631**	**15 878 295**
Total liabilities		**15 849 631**	**15 878 295**
Total equity and liabilities		**58 111 630**	**78 421 470**

Oslo, 18 April 2024
The board of Exact Therapeutics AS

Electronically Signed
Anders Wold
Chair of the Board

Electronically Signed
Dr. Masha Strømme
Board Vice-Chair

Electronically Signed
Sir William Castell
Board Member

Electronically Signed
Ann-Tove Kongsnes
Board Member

Electronically Signed
Dr. Per Walday
Managing Director

NOTES

Note 1 Accounting principles

The annual accounts have been prepared in conformity with the Accounting Act and Good accounting practice for small companies.

FOREIGN CURRENCY

Monetary foreign currency items are valued at the exchange rate on the balance sheet date.

OPERATING REVENUES

Income from the sale of goods is recognised on the date of delivery. Services are posted to income as they are delivered.

TAX

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate of 22% on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are offset and entered net.

CLASSIFICATION AND VALUATION OF FIXED ASSETS

Fixed assets include assets included for long-term ownership and use. Fixed assets are valued at acquisition cost. Property, plant and equipment are entered in the balance sheet and depreciated over the asset's economic lifetime. Property, plant and equipment are written down to a recoverable amount in the case of fall in value which is expected not to be temporary. The recoverable amount is the higher of the net sale value and value in use. Value in use is the present value of future cash flows related to the asset. Write-downs are reversed when the basis for the write-down is no longer present.

CLASSIFICATION AND VALUATION OF CURRENT ASSETS

Current assets and short-term liabilities normally include items that fall due for payment within one year of the balance sheet date, as well as items that relate to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value.

SHARES IN SUBSIDIARIES

Subsidiaries are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends / group contributions exceed the share of profits earned after the date of acquisition, the excess amount represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

RECEIVABLES

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

GOVERNMENT GRANTS

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Operating grants are recognised systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover..

RESEARCH AND DEVELOPMENT

Costs regarding research and development are expensed in accordance with the accounting act § 5-6 and IFRS, IAS 38.54 and 38.57.

SHARE BASED PAYMENTS

The company has share-based programmes for executive management. The programmes are measured at fair value at the date of the grant. The share option programme for executive management is settled in stocks. The fair value of the issued options is expensed over the vesting period which in this case is over the agreed-upon future service period.

The cost of the employee share-based transaction is expensed over the average vesting period. The value of the issued options of the transactions that are settled with equity instruments (settled with the company's own shares) is recognised as salary and personnel cost in profit and loss and in other paid-in capital.

The value of the issued options of the programmes that are settled in cash (cash-based programmes) are recognised as salary and personnel cost in profit and loss and as a liability in the balance sheet. The liability is measured at fair value at each balance sheet date until settlement, and changes in the fair value are recognised in profit and loss.

Note 2 Public grants

In December of 2022, EXACT Therapeutics was awarded a grant of NOK 16 000 000 for the research project "Enhancing immune response in solid tumours with Acoustic Cluster Therapy (ACT ®)". The project runs until 2027. NOK 1 308 744 related to work performed in 2023 was received in January 2024.

In 2023, two grants have been posted to income for research projects via the SkatteFUNN scheme of NOK 4 750 000 due to the maximum limit of NOK 4 750 000 (19% of NOK 25 000 000) per company per year. The amount has been posted in full as a reduction in expensed costs related to the relevant projects. In 2022, the company accrued and received in 2023 NOK 4 750 000 in SkatteFUNN grants.

The SkatteFUNN grant Clinical Development of Acoustic Cluster Therapy within Oncology started in 2020 and ended in 2023. A new SkatteFUNN project for enabling precision medicine with a platform for targeted ultrasound mediated drug delivery is from 2023 to 2026.

The grants have not generated income as of date as the projects remain at an early stage.

In 2022, A collaboration project between EXACT Therapeutics AS and GE Healthcare AS was awarded NOK 16 000 000 for the development of a ready-to-use formulation of Sonazoid™ for ultrasound imaging and therapy from the Norwegian Research Council. In 2023, Exact Therapeutics has received NOK 604 500 in connection with this project.

Note 3 Salary costs and benefits, remuneration to the chief executive officer, board of directors and auditor

SALARY COSTS

	2023	2022
Salaries	17 909 138	6 592 876
Employment tax	2 986 798	1 764 982
Pension costs	1 017 267	599 600
Other benefits	393 261	152 333
Total	**22 306 464**	**9 109 791**

In 2023, the company employed an average of 10 full time equivalents.

PENSION LIABILITIES

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

REMUNERATION TO LEADING PERSONNEL

	Chief executive (CEO)	Board
Salaries	2 809 554	1 697 500
Pension costs	160 380	0
Other remuneration	23 737	0
Total	**2 993 671**	**1 697 500**

The board of directors have received NOK 1 370 000 in board fees and NOK 327 500 in nomination committee, audit committe, remuniation fees and scientific advisory fees.

AUDITOR

Audit fees expensed in 2023 amount to NOK 362 664, audit related services NOK 336 855, tax attestation services NOK 64 000, a total of NOK 763 519 from Ernst & Young AS. All amounts excl. VAT.

Note 4 Equity capital

	Share capital	Share premium	Other paid-in equity capital	Total equity capital
Pr. 31.12.2022	**119 989**	**50 814 654**	**11 608 532**	**62 543 175**
Balance at 01.01.2023	**119 989**	**50 814 654**	**11 608 532**	**62 543 175**
Capital increase 30.11	8 333	24 991 663		24 999 996
Registered capital costs		-1 165 383		-1 165 383
Cost of employee options and RSUs			3 960 255	3 960 255
Result of the year		-48 076 044		-48 076 044
Pr 31.12.2023	**128 322**	**26 564 890**	**15 568 787**	**42 261 999**

The company paid NOK 1 165 383 in fees for increase of registered capital in 2023 which is deducted from share premium.

Note 5 Share capital, shareholders etc.

The share capital in Exact Therapeutics AS as at 31.12 consists of:

	Number	Par value	Book value
Ordinary shares	32 080 552	0,004	128 322
Total	**32 080 552**		**128 322**

Statement of the largest shareholders as at 31.12.2023:

	Ordinary shares	Ownership share
Investinor Direkte AS	3 096 083	9,65%
Kvåle AS	3 024 270	9,43%
Paacs Invest AS *	2 699 842	8,42%
Brekke Holding AS	2 458 961	7,66%
Canica AS	2 271 000	7,08%
Andrew J. Healey	2 205 385	6,87%
Per Chr. Sontum	1 922 105	5,99%
Optimuspistor AS	1 574 750	4,97%
Helene Sundt AS	1 422 666	4,43%
V.P. Nordea Avkastning	1 244 999	3,88%
Total	**21 920 061**	**68,38%**
Others (less than 3%)	10 160 491	31,62%
Total	**32 080 552**	**100,00%**

Shares and options held by executive management and members of the board of directors:

	Ordinary shares	Share options
CEO, Per Walday	10 833	610 643
CFO, John M. Edminson	6 666	60 000
CMO, Amir Snapir	6 666	120 000
CSO, Dr Andrew Healey, resigned 31.10.2022	2 505 385	0
COO, Dr Svein Kvåle, shares held by Kvåle AS	3 024 270	0
SVP BD & Commercikal Caspar Foghsgaard	4 166	24 000
Board members:		
Chair of the Board, Anders Wold	29 914	224 941
Board Vice-Chair, Dr. Masha Strømme *	2 699 842	0
Sir William Castell	346 664	0
Total	**8 634 406**	**1 039 584**

* Masha Strømme's husband Dag Strømme owns the company Paacs Invest AS 100% which owns 2 699 842 shares.

As at 31.12.2023, the company had issued share options to the CEO to subscribe for 610 643 shares at a strike price of NOK 15 and chair of the board to subscribe for 224 941 shares at a strike price of NOK 19. The costs of the employee share-based transaction are expensed over the average vesting period with a total of NOK 3 960 255 in 2023.

Note 6 Fixed assets

	Equipment and furnitures
Acquisition cost as at 01.01.2023	7 423 669
Addition of purchased fixed assets	753 353
Acquisition cost 31.12.2023	
Depreciation and write-downs as at 01.01.2023	4 460 596
Ordinary deprecation for the year	1 163 678
Depreciation and write-downs as at 31.12.2023	
Book value 01.01.2023	2 963 073
Additions in the year	753 353
Sold in the year	34 592
The year's depreciation and write-downs	1 163 678
Book value 31.12.2023	**2 518 156**
Economic lifetime	3 - 5 years

Note 7 Subsidiaries

	Ownership interest	Acquisition cost	Book value
ACT Therapeutics Ltd	100 %	117 096	117 096
SUM	**100 %**	**117 096**	**117 096**

Exact Therapeutics AS owns 100% of the shares in ACT Therapeutics Ltd, which gives Exact Therapeutics AS 100% of the votes in the company. ACT Therapeutics Ltd has its registered office in Suffolk, United Kingdom. The annual result for the period 01.01-31.12.2023 was NOK -109 830. The book value of equity capital as at 31.12.2023 was NOK 3 103 793.

The following internal transactions have taken place in 2023:

	Amount	Internal gain
Purchase of administration serves from ACT Therapeutics LTD	1 834 121	10,00%

Note 8 Agio

Agio income and loss	2023	2022
Agio	75 238	525 283
Disagio	1 181 459	330 617

Note 9 Bank deposits

Funds available in the tax deduction account (restricted funds) are NOK 857 347.

The deposit less NOK 2 815 due to a mistake covers payroll taxes withheld from employees as per 31.12.2023. The payroll taxes is paid.

The company has NOK 309 709 in an account for rent deposit.

Note 10 Inter-company items between companies in the same group

Liabilities	2023	2022
Debt to supplier ACT Therapeutics Ltd	915 838	414 803
Total	**915 838**	**414 803**

Note 11 Tax

This year's tax expense	2023	2022
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	**0**	**0**
Taxable income:		
Ordinary result before tax	-48 076 044	-41 423 350
Permanent differences	-5 949 201	-4 649 184
Changes in temporary differences	330 442	-4 382 596
Taxable income	**-53 694 803**	**-50 455 130**
Payable tax in the balance: Payable tax on this year's result		
	0	0
Total payable tax in the balance	**0**	**0**

Deferred tax not included in the balance sheet.

Note 12 Going concern

The result for 2023 shows a result of NOK -48 076 044 after tax, compared to NOK -41 423 350 in 2022.

The annual accounts are based on the going concern assumption. Based on current forecasts and working plans, the group's cash position is not sufficient to fund operations and payment of financial obligations for the next 12 months. In 2023, we have raised funds from investors but not sufficient to underpin the next important stage which is to commence Phase 2 trials in pancreatic cancer

We have constructive talks with industry expert groups and other potential investors to support further operations and growth. In addition, we are also assessing opportunities to reduce costs. We are doing everything we can for both our patients, suppliers, investors and our small team to navigate successfully these challenging times, which are not unusual in our industry. However, there is a risk that adequate sources of funds may not be available, or available at acceptable terms and conditions when needed. Therefore, there is a material uncertainty with regards of the going concern assumption. The board believes that the current working options will provide opportunities to secure sufficient capital to execute our plans.

INDEPENDENT AUDITOR'S REPORT

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Exact Therapeutics AS

Opinion

We have audited the financial statements of Exact Therapeutics AS (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2023 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements (note 12 for parent company) and the Board of Director's report, which describes that the Company will need to raise more equity to fund further development on ongoing business. This indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 and the Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to

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events or conditions that may cast significant doubt on the Company's and the Group'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 and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors 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.

Oslo, 18 April 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Anja Maan
State Authorised Public Accountant (Norway)

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