EXACT TX

ANNUAL REPORT 2022

Our Vision

EXACT Therapeutics ("EXACT-Tx") (Euronext Growth: EXTX) is a clinical stage biopharmaceutical company with a mission to enhance the therapeutic efficacy of medicines through ultrasound-mediated drug delivery.

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.

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LETTER FROM THE CEO

Dear shareholders,

I am pleased to report that 2022 has been a year of transformation and success for our company. Since joining in June, my focus has been on reopening the clinical programme that was paused due to the pandemic and building an effective and competent organisation. I am delighted to share that our ACTIVATE study in cancer patients is now running again despite delayed responses from regulatory authorities, and is being further expanded, and the new organisation established in 2022 has both the competence and capability to deliver quality and progress in our international development programmes.

I am impressed by the potential of our proprietary ACT® platform technology, which is a unique precision medicine solution. It has potential to both enhance the effectiveness of current treatments and meet emerging drug delivery needs. Furthermore, the timing is perfect as targeted ultrasound is gaining momentum as an emerging treatment and drug delivery modality, with several international key players entering the stage. I believe the unique beneficial features of the proprietary ACT® technology may hold the key to realising the full potential of this emerging treatment modality. Our approach will be open and collaborative, with a focus on nurturing third-party interests surrounding the ACT® platform.

Our initial clinical development focus is on enhancement of standard of care therapeutics in oncology, and we are also exploring pre-clinical feasibility across other applications. The Norwegian Research Council granted us NOK 16 million last year to explore the potential of ACT® within immunotherapy in collaboration with leading academic expert centres worldwide. This recognition of the potential and excellent science behind the ACT® platform technology is encouraging.

I am grateful to the individuals, families, and clinical trial teams at the hospitals for their support, as well as the employees at EXACT and our collaborators for their hard work and commitment. I would also like to thank our Board and shareholders for their support and guidance.

I am excited about the year ahead and the opportunities it brings.

Sincerely, Per Walday

HIGHLIGHTS 2022

- Establishing a new organization with the appointments of:
  - Dr Per Walday as the new CEO of the Company from early June. Per is a successful senior executive in the healthcare industry and has experience from research to commercialisation of therapeutics and medical devices globally, including drug-device combination within the field of oncology.
  - Anders Wold as the new Chair at the AGM in June 2022. Anders joined the Board of Directors of EXACT-Tx in December 2021. Anders Wold started his career in the field of medical ultrasound in 1984 as he joined the start-up Vingmed which was acquired in 1998 by GE Healthcare. Anders was appointed GE Healthcare's CEO of Global Ultrasound in 2008 and later President and CEO of GE Healthcare Clinical Care Solutions.
  - In April, Ragnar Bendiksen joined the team as VP of Technology and Dr Melina Mühlenpfordt as Preclinical Development Manager, bringing market leading expertise in ultrasound therapeutic technology and ACT®. Melina has been a key resource in the preclinical ACT® work at the Norwegian University of Science and Technology (NTNU) and her work has contributed significantly to the mechanistic understanding of ACT®, not least for neurology indications.
  - In September, Dr Ola Myhre joined the team as Associate Director Ultrasound. Ola did his doctoral thesis at NTNU on detection and screening for cancer using dual frequency.
  - On August 30 the Company announced the appointment of John Edminson as Chief Financial Officer (CFO), effective 1 October 2022. John Edminson is a graduate from the Norwegian School of Economics with a Master in Auditing and Accounting. He has extensive experience as an auditor with KPMG, and later in both finance and operations in a variety of companies, including Telenor, ACNielsen, and Kistefos, before taking on CFO roles in PatientSky and Questback.
  - On September 16 the Company announced the appointment of Dr Amir Snapir as Chief Medical Officer (CMO), effective 21 September 2022. Dr. Snapir has a PhD from the University of Turku, Finland and an MD from the University of Tel Aviv, Israel. He has extensive experience in global clinical development of novel therapeutics, from early clinical translation to marketing authorisation, combined with extensive international regulatory experience.
  - In the last quarter of the year, the team was further strengthened with Lucy Wabakken joining as VP of regulatory affaires and Quality Assurance, as well as Danishad Appu as Quality Manager & Clinical Associate.
- In June a collaboration project between EXACT Therapeutics AS and GE Healthcare AS was awarded NOK 16 million for the development of a ready-to-use formulation of Sonazoid™ for ultrasound imaging and therapy from the Norwegian Research Council.
- Data presented at the Annual International Symposium for Therapeutic Ultrasound (ISTU) Conference in Toronto in June 2022 by EXACT-Tx demonstrated real-time intravital imaging of the vascular effects induced by ACT® in a murine brain. The work presented by EXACT-Tx at the ISTU demonstrates the possibility of using ACT® to help deliver therapeutics to the brain, addressing a

significant unmet medical need with close to 98% of drugs in development unable to cross the blood-brain barrier (BBB).

- The ultrasound technology development project initiated with GE Healthcare in January 2021, supported by a research and innovation grant from the Norwegian Research Council (NRC) of NOK 7.4 million, was completed in Q4 2022. The next generation probe was released to EXACT- Tx for completion of regulatory approval prior to deployment in further research and clinical development activities.
- In December, EXACT-Tx was awarded NOK 16 million from the Norwegian Research Council (NRC) to support the research of immunotherapy responses in solid tumours with Acoustic Cluster Therapy (ACT®). The research project is in collaboration with three renowned academic partners; Norwegian University of Science and Technology (NTNU) (Norway), Institute of Cancer Research (ICR)/ Royal Marsden Hospital (UK) and Translational Genomics Research Institute (TGen)(USA).
- In November, EXACT-TX and TGen published the results from a study of the effectiveness of the ACT technology in a preclinical pancreatic cancer model in the "Journal of Controlled Release". The results demonstrated that ACT® significantly improved the therapeutic efficacy of two cornerstone treatment regimens in the management of pancreatic cancer.

Post-period news:

- In February 2023, EXACT-Tx received all necessary regulatory approvals to reopen the ACTIVATE clinical trial.

Key Figures

NOK M	Full year 2022	Full year 2021	Full year 2020
Revenue	0,5	0,1	-
Total Operating Expenses	41,2	59,2	59,2
Operating (loss)	-40,8	-59,1	-34,7
Net Financial Items	1,0	1,0	1,6
Total comprehensive Income (Loss)	-40,1	-58,6	-33,2
Earnings (loss) per share	1,3	-2,0	-2,2
Number of employees	10	7	7
Net change in cash, cash deposits and equivalents	-34,3	-56,2	115,6
Cash and cash equivalents at end of period	69,4	103,7	159,6
Equity %	79 %	90 %	94 %

OPERATIONAL REVIEW 2022

2022 has been a year where the organization has been build and strengthened both at the Board level and at the Executive leadership of the business through the appointment of Anders Wold as Board Chair and Dr Per Walday as CEO, both highly respected leaders in the industry. Furthermore, the executive management have been completed with the recruitment of Dr. Amir Snapir as Chief Medical Officer and John M. Edminson as Chief Financial Officer.

A major accomplishment during 2022 has been to refocus resources and strengthen the team based in Oslo, through the hiring of two new posts of VP Technology and Preclinical development manager, to continue to build the research and pre-clinical capability which underpins the ACT® therapeutic offering. That, combined with the hiring of two new resources for Quality Assurance and Regulatory affairs, the team now has the competence and capability to deliver quality and progress in our international development programmes.

EXACT-Tx prepared and submitted the response to the MHRA's request for further information following their review of our clinical trial amendment which was required to restart the ACTIVATE trial. This additional data package was submitted in June, and was upon approval followed by the submission of the clinical protocol amendment. Final approval for all amendments was received in February, 2023.

We have continued to develop our academic partnerships with amongst others NTNU and ICR to build the data portfolio which underpins ACT® technology. The technology was presented at the ISTU conference in Toronto in June 2022.

EXACT-Tx and GE Healthcare have a strong partnership and collaborative development effort, resulting in significant progress in the joint development projects funded by the Norwegian Research Council. This includes the completion of a NOK 7.4 million grant-supported project for the next-generation probe and the ongoing advancement of a NOK 16 million grant-funded project to transition to Sonazoid™, which is progressing well.

In December, it was announced that EXACT-Tx was awarded NOK 16 million from the Norwegian Research Council (NRC) to support the research of immunotherapy responses in solid tumours with ACT®. The research project is in collaboration with three renowned academic partners; Norwegian University of Science and Technology (NTNU) (Norway), Institute of Cancer Research (ICR)/ Royal Marsden Hospital (UK) and Translational Genomics Research Institute (TGen)(USA).

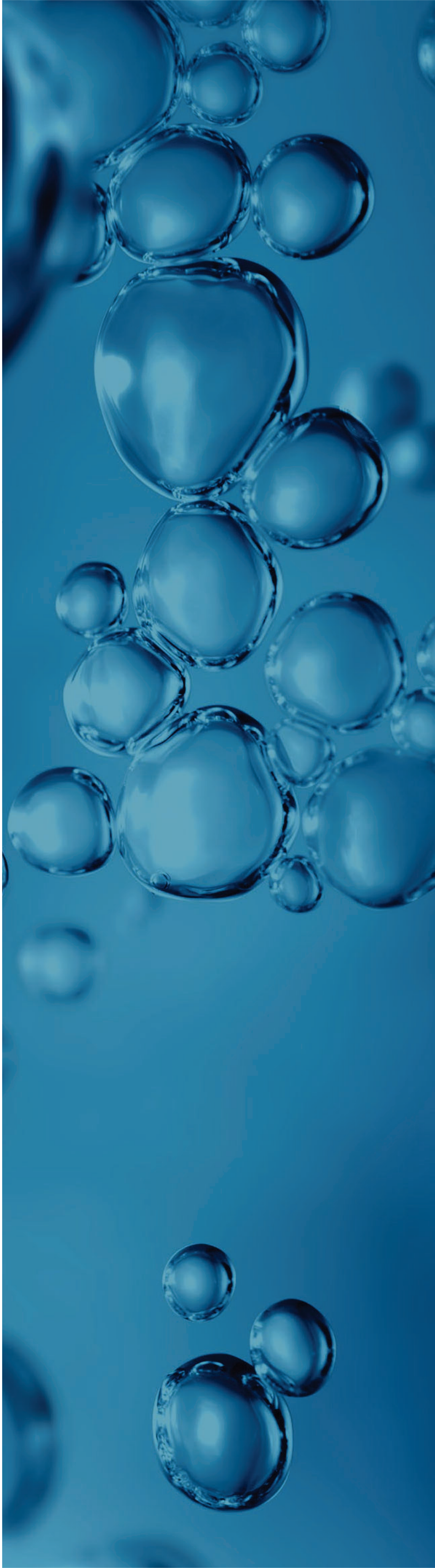
Outlook 2023

For 2023, EXACT-Tx's main focus will be the progress of the ACTIVATE trial with recruitment of additional patients, and also opening of additional sites in the UK and one new site in Norway.

EXACT-Tx is focused on reaching clinical proof of concept of the ACT technology with its existing cash position. Focus remains on driving progress in clinical development of PS101, the ACT® programme in oncology with a view to defining optimal clinical and regulatory pathways towards approval.

In 2023, we will also start the Immuno-oncology project to test the effect of ACT® on other cancer indications together with Norwegian University of Science and Technology (NTNU) (Norway), Institute of Cancer Research (ICR)/ Royal Marsden Hospital (UK) and Translational Genomics Research Institute (TGen)(USA).

Going forward, the Company will continue to seek specific, early, proof-of concept data for ACT® in other indications to define its longer-term objectives as the pipeline expands in future years, and the breadth of applicability and value of ACT® across indications and modalities is crystallised.



FINANCIAL REVIEW 2022

Figures in brackets show the same period in 2021 unless stated otherwise.

Accounting policies

The Group financial statements of EXACT-Tx 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 2022 for the Group amounted to NOK 41.2 million (NOK 59.2 million) and NOK 41.7 million (NOK 60.6 million) for the parent company. The significant reduction is in all materiality due to reduced costs related to a ultrasound probe development project that was finalized in 2022.

Employee expenses were NOK 14.1 million (NOK 18.0 million) for the Group and NOK 9.1 million (NOK 8.2 million) for the parent company. Total payroll expenses for the group were lower in 2022 compared to 2021 due to the closing down of the UK office, partly offset by an increase in headcount in the Oslo office through the year. The re-establishment of the organization will have full effect in 2023. Non-cash share option costs required by IFRS2 and charged to the profit and loss account were NOK 1.4 million (NOK 4.2 million) for the Group and NOK 1.4 million (NOK 4.2 million) for the parent company.

Other operating costs for the full year 2022 were NOK 25.1 million (NOK 39.4 million) and NOK 31.4 million (NOK 51.1 million) for the parent company with the change coming from reduction in costs associated with the ultrasound probe development project with GE.

The Group has recognised government grants for a total of NOK 9.2 million (NOK 8.9 million) for the full year 2022. 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 2022 was NOK 40.1 million (NOK 58.6 million) and NOK 41.4 million (NOK 59.8 million) for the parent company.

Financial position

Total assets for the Group as of 31 December, 2022 were NOK 82.5 million (NOK 117.6 million as at 31 December, 2021) and NOK 78.4 million (NOK 115.6 million as at 31 December, 2021) for the parent company.

Total Group equity as of December 2022 was NOK 65.1 million (NOK 105.7 million as at 31 December, 2021) and NOK 62.5 million for the parent company (NOK 104.3 million as at 31 December, 2021) which corresponds to an equity ratio of 79% (90%) for the Group and 80 % (90%) for the parent company.

Cash flow

Net cash outflow from operating activities was NOK 35.3 million for the Group (NOK 55.1 million).

Cash and cash equivalents was NOK 69.4 million for the Group at the end of the 2022 financial year (a decrease of NOK 13.5 million from the NOK 82.9 million held at the end of 2021 financial year). An investment bond valued at NOK 20.8 million was held at December 31, 2021. This was sold in 2022.

COMPANY HISTORY AND TECHNOLOGY

EXACT Therapeutics (EXACT-Tx) is a clinical stage Norwegian biotech company spun out of GE Healthcare in 2012, currently developing a technology platform for enhanced drug targeting – Acoustic Cluster Therapy (ACT®).

EXACT-Tx's mission is to enhance the therapeutic efficacy of medicines and make precision health a tangible reality for everyone. To do so, the Company is dedicated to harnessing the power of ultrasound in precision therapeutic targeting across a multitude of therapeutic areas and product classes. The Company aims to extend and enrich patient lives through targeted ACT® therapeutic enhancement.

The platform is designed to get the drug where it needs to go in an optimised manner with minimal risk attached to it. Essentially, the aim of the platform is to allow more drug to penetrate even further through the extracellular matrix, and faster to where it is needed.

Ultrasound is well established in the medical environment, including in developing countries, and ACT® is positioned as an add-on. We believe that ACT (R) has the opportunity to significantly enhance the effect of therapeutic treatment.

Currently in clinical development in oncology due to cancer's disease burden and unmet need, ACT® has the potential to overcome one of the most fundamental challenges in treating solid tumours, namely the difficulty of getting enough drug into the tumour tissue. Despite recent advances in therapeutics, the management of many cancers remains challenging due to suboptimal penetration of systemically administered anti-cancer agents, such as mainstay chemotherapies, targeted small molecules and antibodies.

Whilst the initial focus is on enhancing chemotherapy, ACT® will be further evaluated for use in Immuno-oncology and other therapeutic areas including central nervous system (CNS) conditions.

If successful, ACT® has the potential to deliver a compelling value proposition to clinicians, patients, payers, healthcare systems and investors. The ACT® platform has the potential to be disease and drug agnostic and is being developed for use with clinically approved diagnostic ultrasound scanners that are commonly found in hospitals and clinics worldwide.

EXACT-Tx is located in Oslo, Norway, with an Oxford-based, UK, subsidiary. This subsidiary is now dormant.

Research and development of ACT® has been conducted in collaboration with leading institutions in oncology R&D including the Institute for Cancer Research (ICR)/Royal Marsden Hospital in London, UK, the Translational Genomics Research Institute in Phoenix, Arizona, US (TGen) and the Norwegian University of Science and Technology in Trondheim, Norway (NTNU). The Company has close collaboration ties with GE Healthcare including manufacturing of the ACT® formulation (PS101) and ultrasound probe development.

ACT® – a unique and valuable approach leveraging ultrasound for augmented targeting of therapy in cancers and other diseases

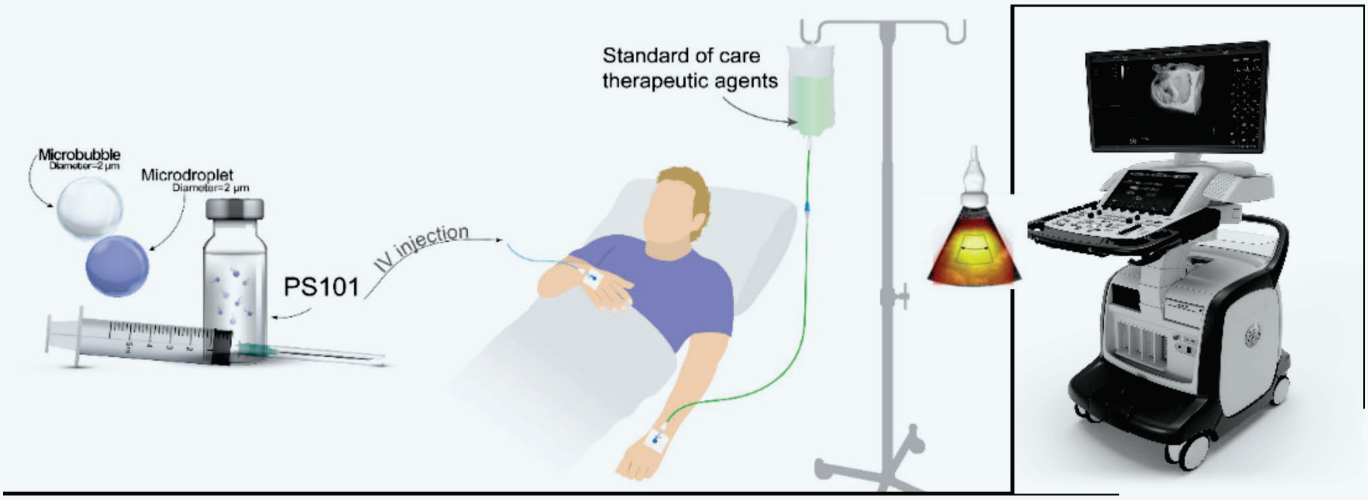
The therapeutic management of almost all medical conditions is often hindered by the lack of targeting of the therapeutic agent to the desired site of action. This often results in suboptimal outcomes as well as 'off-target' side effects. This is most evident in the management of cancer, where the effectiveness of chemotherapy is limited by systemic toxicity resulting in poor outcomes.

Studies have demonstrated that only a small proportion (<5%) of systemically administered therapeutics (reference: Valkenberg KC Nature Rev Clinical Oncol 2018, 6:366-381) reach the target site of pathology with consequent poor outcomes across a number of malignancies, such as pancreatic cancer where 5-year survival remains low. Consequently, a challenge that is as old as the pharmaceutical industry itself is how to enhance therapeutic targeting and thereby improve patient outcomes whilst limiting 'off-target' side effects.

Against this backdrop, a precision medicine strategy that is minimally invasive and both drug and disease agnostic is highly attractive as it could offer a much higher proportion of patients access to treatment and improved therapeutic outcomes. There has been significant interest in recent years in utilising ultrasound and microbubbles to drive targeted therapeutic amplification. Microbubbles and ultrasound have been used for decades in a diagnostic setting with an excellent safety profile based on the inert nature of the formulations available. Furthermore, the near ubiquitous availability of ultrasound systems in healthcare settings worldwide provides a strong foundation for the future potential and adoption of ultrasound for therapeutics.

ACT comprises three components:

1. A proprietary intravenous cluster formulation of stabilised microbubbles (perfluorobutane) and microdroplets (perfluoromethylcyclopentane), called PS101, that are biologically inert and metabolised fairly rapidly and excreted (exhaled) within hours through the lungs.
2. Standard of care therapeutics, for example intravenous chemotherapeutic regimes that are administered alongside PS101, in accordance with the respective product labels.
3. Standard ultrasound, using a bespoke dual-frequency probe, that is applied to the target site following administration of PS101 and the therapeutic agent.



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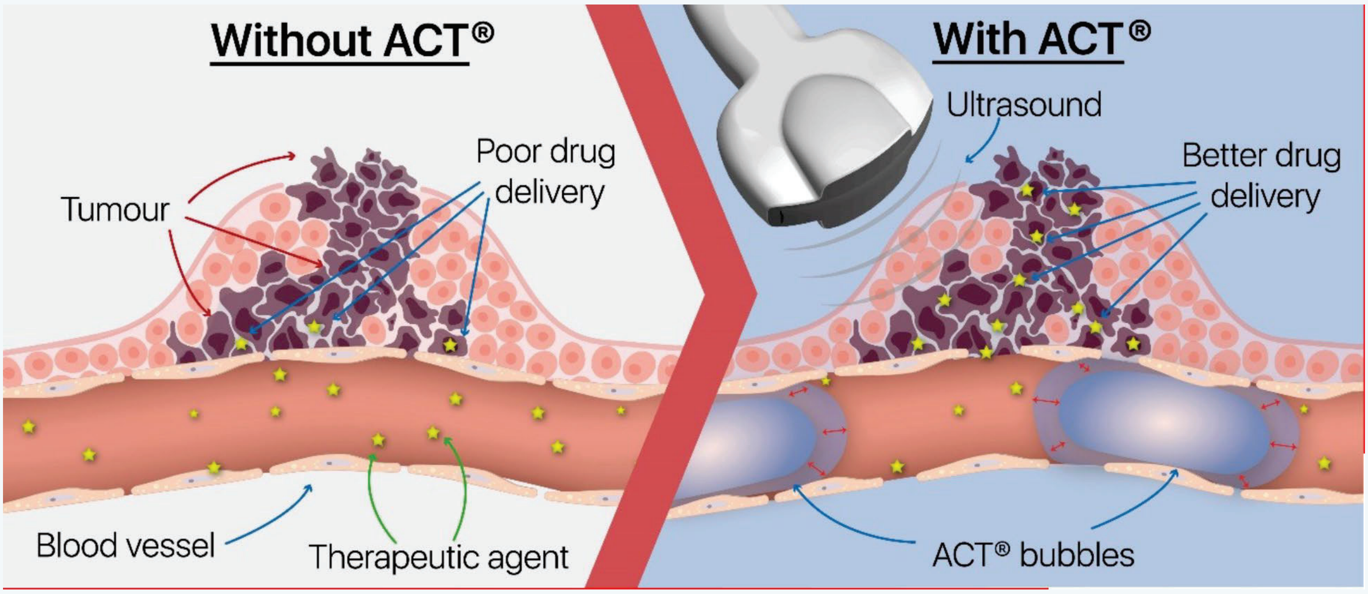
When in used, ACT is performed in the following stages:

1. Intravenously administered clusters of microbubbles and microdroplets are activated by the application of ultrasound resulting in the formation of large bubbles that transiently lodge in capillaries in direct contact with the capillary wall.
2. A second low-frequency ultrasound is then used to preferentially oscillate the large bubbles which in turn exert biomechanical forces in the microvasculature.
3. This results in opening of the capillary wall and increased extravasation and distribution of the co-administered therapeutic agent at the target site.



This approach is attractive as the microbubble and microdroplet formulation accompanied by ultrasound can be administered alongside standard of care therapeutics with no modification in formulation required. Early clinical trial data from a pilot study in pancreatic cancer suggests that ultrasound-mediated therapeutic amplification could be a valuable treatment approach with indications of improved outcomes and adherence to chemotherapy.

The Key differentiation of ACT® is:

- ACT® has a biomechanical mode of action to increase the uptake of co-administered drugs from blood vessels into the surrounding (cancer) tissue, without damaging the cells within the capillary walls; unlike sonoporation, ACT® does not create holes in the epithelial cell membranes of the capillary wall.
- With ACT®, the drug can reach 100 microns which is 10 layers of cells away from capillary with an ongoing pump effect that lasts for minutes.
- Reproducible and significant uptake through targeted delivery into tumours and across the blood brain barrier (BBB).
- A very strong toxicology package: including most recently, in relation to BBB opening where no extravasation of red blood cells was observed throughout the ACT® procedure in a preclinical rodent model.
- Uses a bespoke dual frequency transducer with a standard ultrasound scanner to activate and enhance the clusters at the target tumour site. Compatible with existing ultrasound systems widely available in clinics/hospitals worldwide.
- No drug reformulation required.
- ACT® relies on ultrasound settings well within safe and approved ranges.
- State of the art navigation system in development to ensure ACT® is delivered accurately at a targeted site

CORPORATE GOVERNANCE REPORT

EXACT-Tx considers good corporate governance to be a prerequisite for value creation and trustworthiness, and for access to capital. In order to secure strong and sustainable corporate governance, it is important that EXACT-Tx ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

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 therefore also includes a corporate governance report in its Annual Report, based on the same principles.

Implementation and reporting of corporate governance

EXACT-Tx 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-Tx believes that good corporate governance involves openness, independence, equal treatment, control and management and will lead to trustful cooperation between all stakeholders and parties involved in the Company, the shareholders, the Board of Directors and 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 reads 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 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-Tx 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 Board Chair 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 5-7 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-Tx 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 members 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-Tx'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 accounts in the Annual Report for 2022.

Auditor

The Company's auditor is EY and is regarded as independent in relation to EXACT-Tx. The Board of Directors receives an annual confirmation from the auditor that the requirements regarding independence and objectivity have been satisfied.

The Board of Directors will disclose the remuneration paid to the auditor to the shareholders at the Annual General Meeting, including a breakdown of the fee paid for audit work and fees paid for other specific assignments, if any.

The auditor will participate at the Annual General Meeting.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EXACT Therapeutics is founded on the vision of enhancing the therapeutic efficacy of medicines through ultrasound-mediated drug delivery.

We aim 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.

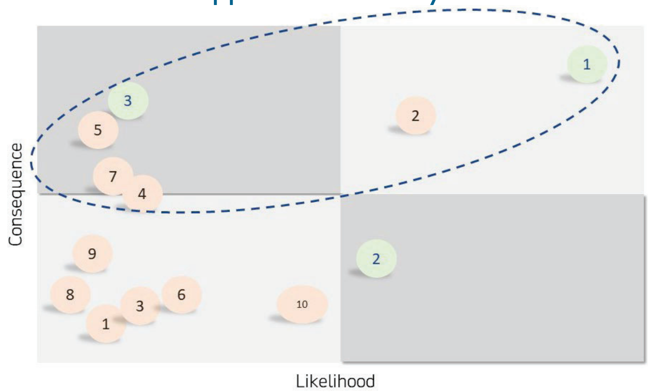
For further information and details about our ESG activities, including our work related to the Transparency Act, please see our website www.exact-tx.com/ESG

Our vision and UN's Sustainable Development Goals (SDG)

We work hard every day to develop innovative methods for enhancing the therapeutic efficacy of medicines, and a key focus goal for EXACT-Tx 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 (SDG 8).

EXACT-Tx have started the process of strengthening our sustainability work. The process has 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 organizations and academic institutions. The keys ESG impacts represents risks, but also opportunities. Exact-TXs operations and business are not directly affected by climate changes as of today. This might change in the future. Either by direct effects, or indirectly by governmental regulations (for instance sustainability).

Initial risk and opportunities analysis:



	Risk	Description	
1	Energy consuption	Company energy consumption in regular activities	
2	Responsible supply chain	Current supply of PS101 has potential environmental consequences	*
3	Emissions	Emissions from operations	
4	Ethical R&D	E.g. changes in animal testing increasing complexity and time	*
5	Privacy & Data Management	Data leaks	*
6	Social and employee matters	Risk of losing employees or not attracting right talents	
7	Business Ethics and transparency	Showcase high ethics to ensure soft-funding can be obtained	*
8	Accounting Transparency	Accounting error	
9	Corruption, mis-use of Grants	Financial impact	
10	Board Independence	Lack of corporate Governance	
	Opportunities	Description	
1	Responsible supply chain	RtU project to reduce risk	*
2	Diversity	Increase impact from employees when ensuring a diverse organization	
3	Stakeholder relationship management	Consistent and open stakeholder communication	*

Environmental:

Overall:

The daily operations of EXACT-Tx have low environmental impact.

Responsible supply chain (2)

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.

Social

Ethical R&D (4)

Testing of ACT pre-clinical is done by animal testing. EXACT-Tx does not perform our own animal tests, but utilizes international recognized institutions to do so. These tests are all done in accordance with guidelines that ensures ethical procedures. For EXACT-Tx, most of the tests are performed by Norwegian University of Science and Technology (NTNU) in Norway or Institute of Cancer Research (ICR)/ Royal Marsden Hospital (UK).

Privacy and data management (5)

As a biotech company within the healthcare space, EXACT-Tx 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-Tx process and safeguard personal data in line with the Regulation ("the GDPR").

Diversity, equality and inclusion

EXACT-Tx's employees are at the core of the Company's strategy and future. We aim to create a culture which appeals to high calibre employees with diverse backgrounds and experience, 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.

Governance

Business ethics and transparency (7)

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 (3)

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-Tx it is important that the Board reflects the diversity of their 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

As a small actor in the biotech landscape, we acknowledge that we are still in the starting phase of enhancing and reporting sustainability activities and aim to strengthen our efforts in 2023. 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. This work will continue in 2023.

STATEMENT BY THE BOARD OF DIRECTORS

Going concern

The Board state that the annual accounts represent a true and fair view on the Company's financial position at the turn of the year. According to the Norwegian Accounting Act section 3-3 (a), the Board of Directors confirmed that the financial statements have been prepared under the assumption of going concern.
The Board of Directors have today considered and approved the Annual Report of EXACT-Tx for the fiscal year from 1 January, 2022 to 31 December, 2022.

In our opinion, EXACT-Tx's financial statements for 2022 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act.

In our opinion, EXACT-Tx's financial statements provide a fair presentation of the assets, liabilities and financial position as at 31 December, 2022, and of the results of operations and cash flows for the fiscal year from 1 January, 2022 to 31 December, 2022.

In our opinion, the Annual Report provides a fair presentation of the developments in the Company's operations and financial circumstances, the results for the year, the overall financial position of EXACT-Tx; as well as a description of the most significant risks and elements of uncertainty facing the Company; and meets the requirements of the Norwegian Accounting Act 3-3a with regards to the Board of Directors' Report.

We recommend that the financial statements be adopted at the Annual General Meeting on June 9, 2023.

Oslo, 21 April, 2023

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Anders Wold Chair of the Board	Dr. Masha Strømme Board Vice-Chair	Sir William Castell Board Member
DocuSigned by: Jean-Michel Cossery D19C696BF7DE485...	DocuSigned by: Ann-Tove Kongsnes D7FAA3AAF8A3463...	DocuSigned by: Per Walday 35ECBD9A9FBC409...
Dr Jean-Michel Cosséry Board Member	Ann-Tove Kongsnes Board Member	Dr. Per Walday Managing Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Per 31 December
(Amounts in NOK)

	Notes	2022	2021
Government grants and other income	2.2	454 515	52 000
Total other income		**454 515**	**52 000**
Employee benefit expenses	2.3	14 116 403	17 990 196
Other operating expenses	2.4	25 109 926	39 355 744
Depreciation and amortisation	3.1,3.2	2 002 954	1 816 883
Operating profit or loss		-40 774 768	-59 110 824
Finance income	4.7	1 012 826	959 185
Finance costs	4.7	804 535	438 543
Profit or loss before tax		**-40 566 477**	**-58 590 181**
Income tax expense	5.1	-462 082	-
Profit or loss for the year		**-40 104 395**	**-58 590 181**
Allocation of profit or loss:			
Profit/loss attributable to the parent		-40 104 395	-58 590 181
Other comprehensive income:			
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		5 808	27 302
Total items that may be reclassified to profit or loss		5 808	27 302
Total other comprehensive income for the year		**5 808**	**27 302**
Total comprehensive income for the year		**-40 098 587**	**-58 562 879**
Allocation of total comprehensive income			
Total comprehensive income attributable to owners of the parent		-40 098 587	-58 562 879
Earnings per share ("EPS"):			
Basic EPS - profit or loss attributable to equity holders of the parent	4.9	-1,34	-1,95
Diluted EPS - profit or loss attributable to equity holders of the parent	4.9	-1,34	-1,95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Per 31 December
(Amounts in NOK)

	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	3 405 626	4 684 249
Right-of-use assets	3.2	1 568 726	1 646 596
Total non-current assets		**4 974 352**	**6 330 846**
Current assets			
Other receivables	2.5	8 143 630	7 609 939
Other current financial assets	4.1	-	20 775 631
Cash and cash equivalents	4.6	69 389 721	82 910 921
Total current assets		77 533 351	111 296 491
TOTAL ASSETS		**82 507 704**	**117 627 336**
EQUITY AND LIABILITIES			
Equity			
Share capital	4.5	119 989	119 969
Share premium		93 522 682	215 628 677
Other paid-up equity		11 608 532	12 006 952
Uncovered loss		-40 143 128	-122 014 853
Total equity		**65 108 075**	**105 740 744**
Non-current liabilities			
Non-current lease liabilities	3.2	1 190 005	1 351 671
Non-current provisions	2.7	84 081	-
Total non-current liabilities		**1 274 086**	**1 351 671**
Current liabilities			
Current lease liabilities	3.2	495 645	361 797
Trade and other payables	2.6	15 629 896	10 173 123
Current provisions	2.7	-	-
Total current liabilities		**16 125 541**	**10 534 920**
Total liabilities		**17 399 627**	**11 886 592**
TOTAL EQUITY AND LIABILITIES		**82 507 704**	**117 627 336**

Oslo, 21 April, 2023

DocuSigned by:
Anders Wold
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Anders Wold
Chair of the Board

DocuSigned by:
masha stromme
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Dr. Masha Strømme
Board Vice-Chair

DocuSigned by:
William Castell
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Sir William Castell
Board Member

DocuSigned by:
Jean-Michel Cossery
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Dr Jean-Michel Cosséry
Board Member

DocuSigned by:
Ann-Tove Kongsnes
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Ann-Tove Kongsnes
Board Member

DocuSigned by:
Per Walday
35ECBD9A9FBC409...
Dr. Per Walday
Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK)

				Other equity		
	Share capital	Share premium	Other paid-up equity	Foreign currency translation reserve	Uncovered loss/ Retained earnings	Total equity
Balance at 1 January 2021	**119 871**	**215 137 483**	**7 848 423**	**-71 843**	**-63 380 131**	**159 653 803**
Profit (loss) for the year	-	-	-	-	-58 590 181	-58 590 181
Other comprehensive income	-	-	-	27 302	-	27 302
Issue of share capital (Note 4.5)	98	507 874	-	-	-	507 972
Transaction costs	-	-16 680	-	-	-	-16 680
Share based payments - Options/RSUs (Note 4.8)	-	-	4 158 529	-	-	4 158 529
Balance at 31 December 2021	**119 969**	**215 628 677**	**12 006 952**	**-44 541**	**-121 970 312**	**105 740 745**
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
Share issue cost	-	-20 650	-	-	-	-20 650
Share based payments - Options/RSU (Note 4.8)	-	-	-398 420	-	-	-398 420
Balance at 31 December 2022	**119 989**	**93 522 682**	**11 608 532**	**-38 733**	**-40 104 395**	**65 108 075**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December
(Amounts in NOK)

	Notes	2022	2021
Profit or loss before tax		**-40 104 395**	**-58 590 181**
Adjustments to reconcile profit before tax to net cash flows:			
Net financial income/expense	4.7	-208 291	-520 642
Depreciation and impairment of property, plant and equipment	3.1	1 478 604	1 447 239
Amortisation and impairment of right-of-use asset	3.2	457 478	382 745
Share-based payment expense	4.8	-398 420	4 158 529
Working capital adjustments:			
Changes in other receivables	2.5	-533 691	-1 618 523
Changes in trade and other payables	2.6	5 456 773	738 627
Changes in provisions and other liabilities	2.7	-	-1 106 627
Net cash flows from operating activities		**-33 851 942**	**-55 108 833**
Cash flows from investing activities (NOK)			
Purchase of property, plant and equipment	3.1	-250 983	-1 626 489
Proceeds from sale of financial instruments	4.2	20 372 496	-
Interest received	4.7	479 370	616 409
Net cash flow from investing activities		**20 600 883**	**-1 010 080**
Cash flow from financing activities (NOK)			
Proceeds from issuance of equity	4.5	95 968	507 874
Transaction costs on issue of shares	4.5	-20 650	-16 680
Payments for the principal portion of the lease liability	3.2	-507 084	-438 477
Payments for the interest portion of the lease liability	3.2	-98 825	-97 811
Interest paid	4.9	-102	-2 298
Net cash flows from financing activities		**-530 693**	**-47 392**
Net increase/(decrease) in cash and cash equivalents		**-13 781 752**	**-56 166 304**
Cash and cash equivalents at beginning of the year/period	4.6	82 910 921	139 224 380
Net foreign exchange difference		260 553	-147 154
Cash and cash equivalents, end of year		**69 389 721**	**82 910 921**

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 2022 were authorised for issue in accordance with a Board resolution on 21 April 2023. 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 consolidated financial statements for the Group and the Company have been prepared in accordance with IFRS as adopted by the EU. The consolidated financial statements and the Company financial statements have been prepared on a historical cost basis, except money market fund which is recognised at fair value through profit and loss.

The financial statements are prepared based on the going concern assumption.

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:

Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
Expected to be realised or intended to be sold or consumed in the normal operating cycle.
Held primarily for the purpose of trading.
Expected to be realised within twelve months after the reporting period or
Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is current when:
It is expected to be settled in the normal operating cycle.
It is held primarily for the purpose of trading.
It is due to be settled within twelve months after the reporting period, or
There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
The Group classifies all other liabilities as non-current.

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

Capitalisation of internal development costs
Development expenditures on an individual project, which represents new applications/technology, are recognised as an intangible asset when the Group can demonstrate:
The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
Its intention to complete and its ability and intention to use or sell the asset.
How the asset will generate future economic benefits.
The availability of resources to complete the asset.
The ability to measure reliably the expenditure during development.

Other costs are classified as research and are expensed as incurred.

Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone, such as regulatory approval.

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 estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The 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. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A detailed description of the significant estimates and assumptions are included in the individual note where applicable.

Accounting judgements:

- Determining whether deferred tax assets should be recognised (note 5.1).

A detailed description of the significant accounting judgements is included in the individual note where applicable.

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	31/12/2022	31/12/2021
Norway	4 531 799	5 661 137
United Kingdom	442 553	669 709
Total non-current assets	**4 974 352**	**6 330 846**

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.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Other income

Other operating income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Government grants and other income	2022	2021
Grant from the Research Council of Norway	-	-
Grant from SkatteFUNN	-	-
Other income	454 515	52 000
Total government grants and other income	**454 515**	**52 000**
Only grants recognised as income are presented in the table above.		

Total government grants recognised	Line item in the consolidated statement of comprehensive income	2022	2021
Grant from the Research Council of Norway	Employee benefit expenses/ Other operating exp.	4 494 099	4 104 000
Grant from SkatteFUNN	Employee benefit expenses/ Other operating exp.	4 750 000	4 750 000
Total government grants recognised		**9 244 099**	**8 854 000**

Government grants receivable	31/12/2022	31/12/2021
Grant from the Research Council of Norway	1 477 667	1 752 667
Grant from SkatteFUNN	4 750 000	4 750 000
Total government grants receivable	**6 227 667**	**6 502 667**

Government grant receivables are included as other receivables in the consolidated statement of financial position and included in the specification in note 2.5.

Grant from Norsk Forskningsråd (The Research Council of Norway) is for a research project relating to the development of Acoustic Cluster Therapy for oncology.

3 grants have been posted to the profit and loss for research projects via the SkatteFUNN scheme. The amounts have been posted in full as a reduction in expensed costs related to the projects.

The SkatteFUNN grant A technology Platform for Localized Delivery of Medicinal Drugs started in 2017 and ended in 2021. The SkatteFUNN grant Clinical Development of Acoustic Cluster Therapy within Oncology started in 2020 and will end in 2023. The SkatteFUNN project period for Ultrasound Transducer for Acoustic Cluster Therapy is from 2020 to 2022.

The projects receiving grants have not generated income as of yet as the projects still are in an early stage.

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	2022	2021
Salaries	14 287 830	14 916 941
Social security costs	2 317 250	2 099 524
Pension costs	990 897	872 872
Other employee expenses (mainly Share option expenses)	-398 420	3 051 902
Grants deducted employee	-3 081 153	-2 951 043
Total employee benefit expenses	**14 116 403**	**17 990 197**
Average number of full time employees (FTEs):	8	7

2.4 Operating expenses

Other operating expenses	2022	2021
Audit and accounting fees	736 715	735 974
Consulting fees	4 270 983	3 947 732
Legal expenses	380 484	815 014
Travel expenses	362 954	422 656
Lease expenses	465 195	530 343
Research expenses	19 911 829	34 494 888
Grants deducted	-6 162 946	-5 902 957
Other operating expenses	5 144 712	4 312 096
Total other operating expenses	**25 109 926**	**39 355 744**

For 2022 the total research expenses were NOK 19,911,829. Total research expenses for 2021 were NOK 34,494,888, recognised as employee benefit expenses and other operating expenses in the consolidated statement of comprehensive income.

Auditor fees - parent company (excl. VAT)	2022	2021
Audit fee	330 000	270 000
Audit related services	327 200	462 690
Tax compliance services	59 100	19 500
Total remuneration to the auditor	**716 300**	**752 190**

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	**31.12.2022**	**31.12.2021**
VAT receivable	261 749	447 911
Government grants	6 227 667	6 502 667
Other	1 654 214	659 361
Total other receivables	**8 143 630**	**7 609 939**

Allowance for expected credit losses	**31.12.2022**	**31.12.2021**
At January 1	-	-
Provision for expected credit losses	-	-
At December 31	**-**	**-**

2.6 Trade and other payables

Trade and other payables are measured at fair value upon initial recognition and subsequently at amortised cost. 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	**31.12.2022**	**31.12.2021**
Trade payables	9 550 961	3 182 989
Withholding payroll taxes and social security	1 365 225	656 457
Other accrued expenses	4 713 710	6 333 677
Total trade and other payables	15 629 896	10 173 123

2.7 Provisions

The provision for social security contributions on share options is calculated based on the number of options outstanding at the reporting date, that are expected to be exercised.
The provision 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

	Salary related costs	Social security for share based payments/ RSUs	Other short term provisions	Total
At 1 January 2021	**-**	**1 106 627**	**-**	**1 106 627**
Additional provisions made	-	-	-	-
Amounts used	-	-	-	-
Unused amounts reversed	-	-1 106 627	-	-1 106 627
Unwinding of discount and change in discount rate	-	-	-	-
At 31 December 2021	**-**	**-**	**-**	**-**
Current provisions	**-**	**-**	**-**	**-**
Non-current provisions	**-**	**-**	**-**	**-**

	Salary related costs	Social security for share based payments/ RSUs	Other provisions	Total
At 1 January 2022	**-**	-	-	-
Additional provisions made	-	-	84 081	84 081
Amounts used	-	-	-	-
Unused amounts reversed	-	-	-	-
Unwinding of discount and change in discount rate	-	-	-	-
At 31 December 2022	**-**	**-**	**84 081**	**84 081**
Current provisions	-	-	-	-
Non-current provisions	-	-	84 081	84 081

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. Repair and maintenance costs are recognised in profit or loss as incurred.

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. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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 2021	6 394 926	2 431 576
Additions	1 626 489	3 963 350
Cost as at 31 December 2021	**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**
Depreciation and impairment as at 1 January 2021	**1 889 929**	**1 144 506**
Depreciation for the year	1 447 239	745 423
Depreciation and impairment as at 31 December 2021	**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**
Net book value:		
At 31 December 2021	**4 684 249**	**4 684 247**
At 31 December 2022	**3 405 626**	**3 405 626**
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

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise fixed lease payments, less any lease incentives received, and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in and index or rate.

Measuring the right-of-use asset
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

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 2021	**288 240**	**288 240**
Additions of right-of-use assets	1 728 001	1 728 001
Acquisition cost at 31 December 2021	**2 016 241**	**2 016 241**
Additions of right-of-use assets	388 646	388 646
		-
Acquisition cost at 31 December 2022	**2 404 887**	**2 404 887**
Depreciation and impairment at 1 January 2021	**275 139**	**275 139**
Depreciation of right-of-use assets	94 505	94 505
Depreciation and impairment at 31 December 2021	**369 644**	**369 644**
Depreciation of right-of-use assets	457 478	457 478
Other changes	9 039	9 039
Depreciation and impairment at 31 December 2022	**836 161**	**836 161**
Carrying amount at 31 December 2021	**1 646 597**	**1 646 597**
Carrying amount at 31 December 2022	**1 568 726**	**1 568 726**
Remaining lease term or remaining useful life	4	
Depreciation plan	Straight-line method	

Expenses in the period related to practical expedients and variable payments	**2022**	**2021**
Short-term lease expenses	177 684	266 591
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**	**266 591**

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	31/12/2022	31/12/2021
Less than one year	463 613	450 110
One to two years	477 522	463 613
Two to three years	491 847	477 522
Three to four years	42 217	491 847
More than four years	-	42 217
Total undiscounted lease liabilities	**1 475 199**	**1 925 309**

Changes in the lease liabilities - 2021	Total
At 1 January 2021	**37 894**
New leases recognised during the period	2 016 240
Cash payments for the principal portion of the lease liability	-438 477
Cash payments for the interest portion of the lease liability	97 811
Total lease liabilities at 31 December 2021	**1 713 468**
Current lease liabilities in the statement of financial position	361 797
Non-current lease liabilities in the statement of financial position	1 351 671

Changes in the lease liabilities - 2022	
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

4.1 Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. Financial assets are recognised initially at fair value plus,
in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met: The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. The Group financial assets at fair value through profit or loss include money markets fund.

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. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. All financial liabilities are recognized initially at fair value. The Group's financial liabilities include trade and other payables, and loans and borrowings. The Group does not have financial liabilities at fair value through profit and loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

31/12/2022	Notes	Financial instruments at amortised cost	Financial instruments at fair value through profit or loss	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**

31/12/2021	Notes	Financial instruments at amortised cost	Financial instruments at fair value through profit or loss	Total
Assets				
Other receivables	2.5	7 609 939	-	7 609 939
Other current financial assets		-	20 775 631	20 775 631
Cash and cash equivalents	4.6	82 910 921	-	82 910 921
Total financial assets		**90 520 860**	**20 775 631**	**111 296 491**
Liabilities				
Trade and other payables	2.6	10 173 123	-	10 173 123
Total financial liabilities		**10 173 123**	**-**	**10 173 123**

4.2 Ageing of financial liabilities

Contractual undiscounted cash flows from financial liabilities are presented below:

	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

	Remaining contractual maturity					
31/12/2021	**1-12 months**	**1-2 years**	**2-3 years**	**3-4 years**	**4 + years**	**Total**
Financial liabilities						
Trade and other payables	7 437 123	2 736 000				10 173 123
Non-current lease liabilities	397 443	435 645	476 571	42 012		1 351 671
Current lease liabilities	361 797					361 797
Total financial liabilities	8 196 363	3 171 645	476 571	42 012	-	11 886 591

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

2022	01/01/2022	Cash flow effect	Non-cash changes		31/12/2022
			New leases	Other changes	
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 financial liabilities	1 713 468	-507 084	388 646	90 620	1 685 650

2021	01/01/2021	Cash flow effect	Non-cash changes		31/12/2021
			New leases	Other changes	
Non-current lease liabilities	-		-1 609 281	-257 610	1 351 671
Current lease liabilities	37 894	-438 661	406 959	355 605	361 797
Total liabilities from financing	37 894	-438 661	2 016 240	97 995	1 713 468

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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include other current financial assets, cash and cash equivalents, lease liabilities and trade and other payables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has a limited exposure to the risk of changes in market interest rates as it currently has no interest-bearing debt. The fair value of other current financial assets is dependent on market interest rates, however, the risk exposure is low as the assets consist of bank deposits, the current interest rate environment is very low. The Group does not hedge interest risk exposure with the use of financial instruments at the current time but may enter into contracts to offset some of the risk depending on the future expected interest rates.

Interest rate sensitivity

The change of interest rates will not materially affect the Group's profit before tax per year-end 2022.

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit/ loss before tax	Effect on equity
31/12/2022	+/- 50	-	-
31/12/2021	+/- 50	1 322 273	1 322 273

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 (income and expenses denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. The currently small amount of income is denominated in NOK. 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	31/12/2022	+/- 10%	2 788 510	2 788 510
Increase / decrease in NOK/GBP	31/12/2021	+/- 10%	2 798 184	2 798 184

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss.

The Group is exposed to credit risk related to other receivables, cash and cash equivalents and other current financial assets. However, the credit risk is assessed to be low as the counterparty to these assets are mainly DNB and Norwegian government branches.

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 assets. 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.

4.4 Fair value measurement

ACCOUNTING POLICIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

Distribution to shareholders

The Group recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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 2021	**29 967 750**	**0,004**	**119 871**
Share capital increase - 28.06.2021	24 417	0,004	98
At 31 December 2021	**29 992 167**	**0,004**	**119 969**
Share capital increase - 09.06.2022	5 052	0,004	20
At 31 December 2022	**29 997 219**	**0,004**	**119 989**

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.

WThe Group's shareholders:

Shareholders in EXACT Therapeutics AS at 31.12.2021	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	2 362 376	7,88 %
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 (less than 3%)	9 432 523	31,45 %
Total	**29 992 167**	**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

ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

Cash and cash equivalents	31.12.2022	31.12.2021
Bank deposits, unrestricted	68 497 104	82 461 373
Bank deposits, restricted	892 618	449 548
Total cash and cash equivalents	**69 389 721**	**82 910 921**

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, except for currency translation effects from investments in foreign subsidiaries which are presented within OCI. For other accounting policies related to the underlying financial instruments, reference is made to note 4.1.

Interest costs on lease liabilities represents the interest rate implicit in the lease, or the incremental borrowing rate used to measure the lease liabilities recognised in the statement of financial position, for further disclosures see note 3.2.

Finance income	2022	2021
Interest income	479 370	339 706
Other finance income	8 173	276 703
Gain on foreign exchange	525 283	342 776
Total finance income	**1 012 826**	**959 185**

Finance costs	2022	2021
Interest expenses	98 927	100 109
Other finance costs	403 698	2 611
Loss on foreign exchange	301 910	335 822
Total finance costs	**804 535**	**438 543**

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).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (the Black-Scholes-Merton Model).

That cost is recognised in employee benefits expense, together with a corresponding increase in equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or restrictive share unit, volatility and dividend yield and making assumptions about them. Due to limited historical data and liquidity these assumptions include significant estimates by management. The most significant assumptions are described further below.

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 Dr Hilary McElwaine-John and Dominic Moreland are all forfeited in 2022 due to their resignations from the Company. The share options granted to Anders Wold (Chair of the Board of Directors) vest monthly over three years and are exercisable over 7 years from the allocation date. The share options granted to Per Walday (CEO) vest have a ten (10) year term and vest over a period of 36 months, whereby 25% vest after 12 months, 25% vest after 24 months and 50% vest after 36 months.

The Group elects whether to settle the share options in cash or by delivery of shares. The Group has no practice of cash settlement for these share options and expects to settle the options by delivery of shares. The Group accounts for the RSUs as equity-settled transactions, measured by applying the Black-Scholes-Merton option-pricing model for European options ("BSM"). Share options held by management at the end of the reporting period are summarised in note 2.3. The fair value of the options were determined at the grant dates and expensed over the vesting period.

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 - 398 420 been expensed as employee benefit expenses in the period (NOK 4,269,387 in 2021).

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:

Cash and cash equivalents	2022 WAE	2022 Number	2021 WAEP	2021 Number
Outstanding options 1 January	18,57	540 000	2,2	1 005 500
Options granted	16,08	835 584	24,93	540 000
Options forfeited		-520 000	2,62	-1 005 500
Options exercised		-	-	-
Options expired		-	-	-
Outstanding options 31 December	**16,24**	**855 584**	**18,57**	**540 000**
Exercisable at 31 December	16,24	855 584	0,38	540 000

The weighted average remaining contractual life for the share options outstanding as at 31 December 2022 was 9.19 years (2021: 9.35 years).

The exercise prices for options outstanding at the end of the year were NOK 15.00 for 610,643 options, NOK 19.00 for 224,941 options and NOK 23.00 for 20,000 options (2021: NOK 0.38 for 188,750 options, NOK 18 for 50,000 options, NOK 23 for 20,000 options, NOK 25 for 220,000 options, NOK 26.40 for 250,000 options)

The costs of these employee share-based transaction are expensed over the average vesting period with a total of NOK -1 122 995 in 2022, consisting of CEO NOK 741 662 and Chair NOK 829 761 and other share option holders NOK 119 037. It also includes a cost reduction of NOK -2 813 456 due to departure of the CFO and the CMO during 2022. Following the assessment of the social security cost linked to the share option for 2022, the cost has been reduced with NOK 398 420. The background is that all existing and active agreement contains a provision of which the employee indemnifies the company for any tax liability, including social security cost, arriving on the vesting/exercised of option or the subsequent sale of shares. In 2022 the company does not have any provision for such liability.

Assumptions used to determine fair value of share option grants:

Cash and cash equivalents	2022	2021
Weighted average fair values at the measurement date	21,00	21,27
Dividend yield (%)	0,0	0,0
Expected volatility (%)	69,9 %	89,9
Risk–free interest rate (%)	2,95 %	1 %
Expected life of share options (years)	3,06	6
Weighted average share price (NOK)	18,00	28,89
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 last grant of options historic volatility of Exact Therapeutics AS share price dit not provide sufficient historic data that corresponds 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.

(Cash or) Restrictive share units - Description

The Group has a board remuneration program where the Board members may receive the compensation in cash or in restrictive share units (RSUs). Each RSU granted gives the right and obligation to acquire one share at nominal value (NOK 0.004) from EXACT Therapeutics AS. The number of RSUs granted to each board member is equal to the amount such member elects to receive in the form of RSUs, divided by the market price of the shares at the time of the general meeting at which the remuneration is approved. The programs were granted in June 2021 and June 2022, with monthly vesting over a period of 12 months. The RSUs may be exercised up to three years after they are fully vested and at the end of the reporting period the RSUs granted expire in approximately three years. As each board member has the right to elect for settlement in either 100% RSUs or 50%cash/50%RSUs, the Group regards the transaction as a compound transaction to which split accounting is applied.

The sum of the two components is the fair value of the whole compound instrument. The equity component is establishing by the fair value (FV) of the equity alternative and subtracting the fair value of the liability component. Once split, the two components are accounted for separately. Following the Annual General Meeting (AGM) at which the shareholders approve board compensation, the Board members elect to take their remuneration in the form of RSUs or cash.

The AGM has given a proxy to the Board and the Board then issues shares for RSUs to its members as approved at the AGM. The fair value of the RSUs was determined at the grant dates and expensed over the vesting period. NOK 0.7 million have been expensed as employee benefit expenses in the period.

	2022	2021
Outstanding RSUs at 1 January	**123 917**	**99 500**
RSUs granted/issued	5 052	24 417
RSUs exercised	-128 969	-
Outstanding RSUs at 31 December	**0**	**123 917**

123,917 RSUs were excerised as cash payment in 2022, and 5,052 as share issue. The practice of issuing RSUs have been discontinued.

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.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	2022	2021
Profit or loss attributable to ordinary equity holders - for basic EPS	-40 104 395	-58 590 181
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution	-40 104 395	-58 590 181
Weighted average number of ordinary shares - for basic EPS	29 997 217	29 979 959
Weighted average number of ordinary shares - for diluted EPS	29 997 217	29 979 959
Basic EPS - profit or loss attributable to equity holders of the parent	-1,34	-1,95
Diluted EPS - profit or loss attributable to equity holders of the parent	-1,34	-1,95

Share options and RSUs issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognised as potential ordinary shares shall only be treated as dilutive if their conversion to ordinary shares would decrease earnings per share 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.

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 NOK 189,476,428 as at 31.12.2022 (NOK 139,021,298 as at 31.12.2021) of tax losses carried forward. These losses relate to historical losses in the parent company. The tax loss carried forward from Norwegian entities may be offset against future taxable income and will not expire. Other tax loss carried forward do not expire.

The parent company have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, 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 42,478,161

Current income tax expense:	**2022**	**2021**
Tax payable		-
Adjustment for income tax payable for previous periods	-462 082	-
Change deferred tax/deferred tax assets (ex OCI effects)	-	-
Total income tax expense (income)	**-462 082**	**-**
Deferred tax assets:	**31/12/2022**	**31/12/2021**
Property, plant and equipment	484 348	43 753
Long-term receivables and liabilities in foreign currency	0	1 771 289
Accruals and more	3 121 776	6 173 678
Shares and other securities	0	-1 699 946
Losses carried forward (including tax credit)	189 476 428	139 021 298
Basis for deferred tax assets:	**193 082 552**	**145 310 072**
Calculated deferred tax assets	42 478 161	31 968 216
- Deferred tax assets not recognised	-42 478 161	-31 968 216
Net deferred tax assets in the statement of financial position	**-**	**-**

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 19% to 22%, which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to the Group. The average tax rate for the group's deferred tax assets are 22% for 31.12.2022 and 22% 31.12.2021. The average tax rate for the group's deferred tax liabilities are 22% for 31.12.2022 and 22% for 31.12.2021.

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	2022	2021
Profit or loss before tax	-40 104 395	-58 590 181
Tax expense 22% (Norwegian tax rate)	-8 822 967	-12 889 840
Change to prior period tax expense	-	-
Permanent differences*	-4 750 000	-4 750 000
Effects of foreign tax rates	-	-
Prior year adjustment	462 082	-
Currency effects	-	-
Effect of not recognising deferred tax assets	52 753 198	76 230 021
Recognised income tax expense	**-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 2022. The subsidiaries are consolidated when control is achieved as defined by IFRS 10.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The consolidated entities

The subsidiaries of EXACT Therapeutics AS are presented below:

Consolidated entities 31 December 2022	Office	CUR	Shareholding and the Group's voting ownership share	Date of consolidation
ACT Therapeutics Ltd	Suffolk, UK	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 2022.

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 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 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 Director.

Remuneration to Executive Management for the year ended 31 December 2022:

NOK	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**

Remuneration to Executive Management for the year ended 31 December 2021:

NOK	Salary	Bonus	Pension	Other compensation	Total remuneration
Dr Rafiq Hasan - CEO, to 19.01.2022[1]	2 971 875	-	158 500	-	3 130 375
Dr Spiros Kotopoulis - CTO, to 31.08.2021	1 293 639	-	71 064	2 243	1 366 946
Dr Svein Kvåle - COO [2]	1 322 904	130 000	96 792	2 196	1 551 892
Dr Andrew Healey - CSO, to 31.10.2020[3]	153 370	-	-	688 195	841 565
Dominic Moreland - CFO, from 14.06.2021[1 2 4]	1 286 996	219 109	142 541	297 188	1 945 834
Dominic Moreland - CEO interim, fr 17.10.2021--31.12.2021[1]	-	-	-	119 236	119 236
Dr Hilary McElwaine-Johnn - CMO, from 01.02.2021[1 2]	2 397 312	335 037	239 732	-	2 972 081
Total	**9 426 096**	**684 147**	**708 629**	**1 109 058**	**11 927 929**

[1] The average exchange rate in 2022 for GBP/NOK 11.8464 has been used to convert remuneration to NOK.
[2] Bonus amount relates to work performed in 2021
[3] Andrew Healey other compensation includes severance pay NOK 688,000. He rejoined the company 15 November 2021.
Other compensation for Dr Spiros Kotopoulis and Dr Svein Kvåle includes broadband connection for remote working.

Remuneration to the Board of Directors:

NOK	2022	2021
Anders Wold, Chair from 08.06.2022	352 230	-
Dr Masha Strømme - Chair of the Board to 08.06.2022. Vice Chair from 08.06.2022, board fees	505 040	424 175
Sir William Castell - Board member, Board fees	572 500	391 952
Dr Jean-Michel Cosséry - Board Member, board fees	310 000	130 000
Ann-Tove Kongsnes - Board member, board fees	310 000	0
Dr Susanne Stuffers - Board Member to 01.06.2021, board fees	-	130 000
Dr Aitana Peire - Board Member to 08.06.2022, board fees	215 000	151 106
Dr Jean-Claude Provost - Board Member to 23.05.2022, board fees	189 757	130 000
Hans Henrik Klouman - Board Member to 03.12.2021, board fees	100 270	142 168
Total compensation to Board of Directors	**2 554 797**	**1 499 401**
Other remuneration than board fees	**2022**	**2021**
Anders Wold - Chair of the Board from 08.06.2022	49 865	-
Dr Masha Strømme - Chair of the Board to 08.06.2022. Vice Chair from 08.06.2022, Executive Chair fees	-	267 667
Dr Jean-Claude Provost - Board Member to 30.05.2022, advisory fees	52 267	-
Dr Jean-Michel Cosséry - Board Member, advisory fees	125 000	125 000
Total Executive Management and advisory fees	**227 132**	**392 667**

Dr Masha Strømme held the position of Executive Chair from 17 Oct 2021 to 08/06/2022

Shares held by Executive Management team:

	31/12/2022	31/12/2021
Dr Per Christian Sontum - Founder		1 921 605
Dr Svein Kvåle - COO, shares held by Kvåle AS	3 021 770	3 021 770
Dr Andrew Healey - CSO, resigned 31.10.2022	2 205 385	2 205 385
Total	**5 227 155**	**7 148 760**

Shares held by the Board of Directors:

	31/12/2022	31/12/2021
Dr Masha Strømme - Vice Chair of the Board	2 689 009	2 689 009
Sir William Castell - Board member	342 498	342 498
Dr Jean-Claude Provost - Board Member to 23.05.2022		11 250
Dr Jean-Michel Cosséry - Board Member & Advisory Committee Member	12 000	12 000
Dr Susanne Stuffers - Board Member, Ubiquity AS, to 01.06.2021		134 000
Dr Aitana Peire - Board Member to 08.06.2022		5 030
Anders Wold - Chair of the Board from 08.06.2022	2 414	
Anders Wold - Board member, appointed 8 dec 2021	-	-
Total	**3 045 921**	**3 193 787**

[1] Dr Masha Strømme's husband Dag Strømme owns PAACS Invest AS which owns 2,689,009 shares per 31.12.2022

Share options held by Executive Management team:

	31/12/2022	31/12/2021
Dr Rafiq Hasan - CEO, to 19.01.2022	-	188 750
Dominic Moreland - CFO, from 14.06.2021 to12.08.2022	-	220 000
Dr Hilary McElwaine-John - CMO, from 01.02.2021 to 05.08.2022.	-	300 000
Dr. Per Walday, CEO from 05.06.2022	610 643	0
Anders Wold - Chair of the Board from 08.06.2022	224 941	-
Total	**835 584**	**708 750**

7.2 Related party transactions

Related parties are major shareholders, members of the board and management in the parent company and the Group subsidiaries. Note 6.1 and 4.5 provides information about the Group structure, including details of the subsidiaries and shareholders. Significant agreements and remuneration paid to management and the Board for the current and prior period is presented in note 7.1. Shares, share options and RSUs held by Management and the Board are also summarised in note 7.1.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties (outside the Group) for the relevant financial period:

Related party transactions in 2021 and balances at 31 December 2021	Executive Management	Board Member	Other Shareholders	Total
Current other receivable on related parties		125 000	-	125 000

1 In 2021, the company has used professional services from its Board member 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.

Related party transactions in 2022 and balances at 31 December 2022	Executive Management	Board Member	Other Shareholders	Total
Purchase of professional services from Dr Jean-Michel Cosséry[1]	-	125 000	-	125 000
Purchase of Executive Chair duties from Dr Masha Strømme, invoiced from Sonalon AS	-	1 267 793	-	1 267 793
		1 392 793	-	1 392 793

[1] In 2022, the company has used professional services from its Board member 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.

Covid-19

During the pandemic, the ACTIVATE study was put on halt. The study has been re-opened in first quarter of 2023.

Ukrainian war conflict

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

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

New standards

No new standards have been implemented in 2022.

Amendments

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2

The implementation did not have any material impact on the financial statements.

Amendment to IFRS 16 - COVID-19-Related Rent Concessions

The implementation did not have any material impact on the financial statements.

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.

INCOME STATEMENT
EXACT THERAPEUTICS AS

For the years ended 31 December
(Amounts in NOK)

	Note	2022	2021
OPERATING INCOME AND OPERATING EXPENSES			
Revenue		54 675	52 000
Total income		**54 675**	**52 000**
Employee benefits expense	2, 3, 4, 5	9 109 791	8 219 610
Depreciation and amortisation expenses	6	1 302 450	1 268 217
Other expenses	3, 5, 7	31 383 177	51 074 321
Total expenses		**41 795 418**	**60 562 148**
Operating profit		**-41 740 743**	**-60 510 148**
FINANCIAL INCOME AND EXPENSES			
Interest income from group companies	7	38 982	20 436
Other interest income		479 370	616 409
Other financial income	8	533 456	375 690
Other interest expenses		102	2 298
Other financial expenses	8	734 314	338 433
Net financial items		**317 392**	**671 803**
Net profit before tax		-41 423 350	-59 838 345
Net profit after tax		**-41 423 350**	**-59 838 345**
Net profit or loss	**4**	**-41 423 350**	**-59 838 345**
ATTRIBUTABLE TO			
Share premium reserve		41 423 350	59 838 345
Total	**4**	**-41 423 350**	**-59 838 345**

BALANCE SHEET
EXACT THERAPEUTICS AS

Per 31 December
(Amounts in NOK)

	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Equipment and other movables	6	2 963 073	4 014 540
Total property, plant and equipment	**6**	**2 963 073**	**4 014 540**
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries	7	117 096	117 096
Loan to group companies	9	0	1 786 240
Total non-current financial assets		**117 096**	**1 903 336**
Total non-current assets		**3 080 169**	**5 917 876**
CURRENT ASSETS			
DEBTORS			
Accounts receivables		61 100	0
Other short-term receivables	5	7 231 925	7 377 485
Total receivables		**7 293 025**	**7 377 485**
INVESTMENTS			
Other listed financial instruments		0	20 775 630
Total investments		**0**	**20 775 630**
Cash and cash equivalents	10	68 048 275	81 545 724
Total current assets		**75 341 300**	**109 698 839**
TOTAL ASSETS		**78 421 470**	**115 616 715**

BALANCE SHEET
EXACT THERAPEUTICS AS

Per 31 December
(Amounts in NOK)

	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	2, 4	119 989	119 969
Share premium reserve		50 814 654	215 628 677
Other paid-up equity	2	11 608 532	12 006 952
Total paid-up equity		**62 543 175**	**227 755 598**
RETAINED EARNINGS			
Uncovered loss		0	-123 465 990
Total retained earnings		**0**	**-123 465 990**
Total equity	**4**	**62 543 175**	**104 289 607**
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	9	9 995 050	5 386 168
Public duties payable		1 274 325	615 216
Other current liabilities		4 608 919	5 325 724
Total current liabilities		**15 878 295**	**11 327 108**
Total liabilities		**15 878 295**	**11 327 108**
TOTAL EQUITY AND LIABILITIES		**78 421 470**	**115 616 715**

Oslo, 21 April, 2023

DocuSigned by:
Anders Wold
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Anders Wold
Chair of the Board

DocuSigned by:
masha strømme
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Dr. Masha Strømme
Board Vice-Chair

DocuSigned by:
William Castell
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Sir William Castell
Board Member

DocuSigned by:
Jean-Michel Cosséry
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Dr Jean-Michel Cosséry
Board Member

DocuSigned by:
Ann-Tove Kongsnes
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Ann-Tove Kongsnes
Board Member

DocuSigned by:
Per Walday
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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 off set 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 amounts 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.

Note 2 Share capital, shareholders etc.

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

	Number	Par value	Posted
Ordinary shares	29 997 219	0,004	119 989
Total	**29 997 219**		**119 989**

All shares give the same rights in the Company.

Statement of the largest shareholders as at 31.12.2022:

	Ordinary shares	Ownership share
Kvåle AS	3 021 770	10,07 %
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 Chr. Sontum	1 921 605	6,41 %
Optimuspistor AS	1 574 750	5,25 %
V.P. Nordea Avkastning	1 244 999	4,15 %
Helene Sundt AS	1 131 000	3,77 %
Total	**20 572 896**	**68,59 %**
Others (less than 3%)	9 424 323	31,41 %
Total	**29 997 219**	**100,00 %**

Shares and options held by Executive Management and Members of the Board of Directors:

	Ordinary shares	Options
CEO, Per Walday, from 06.06.2022	0	610 643
CSO, Dr Andrew Healey, resigned 31.10.2022	2 505 385	0
COO, Dr Svein Kvåle, shares held by Kvåle AS	3 021 770	0
Board Members:		
Chair of the Board, Anders Wold	2 414	224 941
Board Vice-Chair, Dr. Masha Strømme *	2 689 009	0
Sir William Castell	342 498	0
Dr Jean-Michel Cossèry	12 000	0
Total	**8 573 076**	**835 584**

* Masha Strømme's husband Dag Strømme owns the company Paacs Invest AS 100% which owns 2 689 009 shares.
As at 31.12.2022 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 these employee share-based transaction are expensed over the average vesting period with a total of NOK -1 122 995 in 2022, consisting of CEO NOK 741 662 and Chair NOK 829 761 and other share option holders NOK 119 037. It also includes a cost reduction of NOK -2 813 456 due to departure of the CFO and the CMO during 2022. Following the assessment of the social security cost linked to the share option for 2022, the cost has been reduced with NOK 398 420. The background is that all existing and active agreement contains a provision of which the employee indemnifies the company for any tax liability, including social security cost, arriving on the vesting/exercised of option or the subsequent sale of shares. In 2022 the company does not have any provision for such liability.

Note 3 Salary costs and benefits, remuneration to the Chief Executive Officer, Board of Directors and Auditor

SALARY COSTS

	2022	2021
Salaries	6 592 876	6 871 778
Employment tax	1 764 982	943 722
Pension costs	599 600	294 285
Other benefits	152 333	109 825
Total	**9 109 791**	**8 219 610**

In 2022 the Company employed an average of 7 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	1 200 000	2 836 929
Pension costs	69 096	0
Other remuneration	8 059	0
Total	**1 277 155**	**2 836 929**

The Company paid NOK 20 650 in fees for increase of registered capital in 2022 which is deducted from Share premium.

Note 4 Equity capital

	Share capital	Share premium	Other paid-in equity capital	Uncovered loss	Total equity capital
Pr. 31.12.2021	**119 969**	**215 628 677**	**12 006 952**	**-123 465 990**	**104 289 607**
Uncovered loss to be covered by Share premium		-123 465 990		123 465 990	0
Balance at 01.01.2022	**119 969**	**92 162 687**	**12 006 952**	**0**	**104 289 607**
Registered capital 04.07	20	95 968			95 988
Registered capital costs		-20 650			-20 650
Cost of employee options and RSUs			-398 420	0	-398 420
Result of the year		-41 423 350			-41 423 350
Pr 31.12.2022	**119 989**	**50 814 654**	**11 608 532**	**0**	**62 543 175**

Note 5 Public grants

In 2022 a grant of NOK 4 433 000 was awarded to Exact Therapeutics AS from Norges Forskningsråd (The Research Council of Norway), for a research project relating to the development of Ultrasound Transducer for Acoustic Cluster Therapy, which ended in 2022. In 2021 Exact Therapeutics AS received NOK 4 104 000 in grants from Norges Forskningsråd.

In 2022 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 2021 the Company accrued and received in September 2022 NOK 4 750 000 in SkatteFUNN grants.

The SkatteFUNN grant Clinical Development of Acoustic Cluster Therapy within Oncology started in 2020 and will end in 2023. The SkatteFUNN project period for Ultrasound Transducer for Acoustic Cluster Therapy is from 2020 to 2022.

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

Note 6 Fixed assets

	Equipment and furnitures
Acquisition cost as at 01.01.2022	7 172 686
Addition of purchased fixed assets	250 983
Acquisition cost 31.12.2022	**7 423 669**
Depreciation and write-downs as at 01.01.2022	3 081 499
Ordinary deprecation for the year	1 302 450
Depreciation and write-downs as at 31.12.2022	**4 383 949**
Book value 01.01.2022	4 014 540
Additions in the year	250 983
The year's depreciation and write-downs	1 302 450
Book value 31.12.2022	**2 963 073**
Economic lifetime	3 - 5 years

Note 7 Subsidiaries

Fixed assets	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 01.01-31.12.2022 was NOK 0. The book value of equity capital as at 31.12.2022 was NOK 0.

The following internal transactions have taken place in 2022:

Fixed assets	Amount	Internal gain
Purchase of R&D and administration serves from ACT Therapeutics LTD	9 306 055	10,00 %
Interests on loan to ACT Therapeutics LTD	38 982	

Note 8 Agio

Agio income and loss	2022	2021
Agio	525 283	375 690
Disagio	330 617	335 822

Note 9 Inter-company items between companies in the same group

Receivables	2022	2021
Loan to ACT Therapeutics Ltd	0	1 786 240
Total	**0**	**1 786 240**

Liabilities	2022	2021
Debt to supplier ACT Therapeutics Ltd	414 803	2 363 732
Total	**414 803**	**2 363 732**

Note 10 Bank deposits

Funds available in the tax deduction account (restricted funds) are NOK 892 618. The deposit covers payroll taxes withheld from employees as per 31.12.2022.

The Company has NOK 307 509 in an account for rent deposit.

Note 11 Tax

This year's tax expense	2022	2021
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	-41 423 350	-59 838 345
Permanent differences	-4 649 184	-4 750 133
Changes in temporary differences	-4 382 596	-4 668 708
Taxable income	**-50 455 131**	**-69 257 186**
Payable tax in the balance: Payable tax on this year's result	0	0
Total payable tax in the balance	**0**	**0**

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2022	2021	Difference
Tangible assets	-484 348	-43 753	440 595
Long-term receivables and liabilities in foreign currency	0	-1 771 289	-1 771 289
Accruals and more	-3 121 776	-6 173 678	-3 051 902
Total	**-3 606 124**	**-7 988 720**	**-4 382 596**
Shares and other securities	0	1 699 946	1 699 946
Accumulated loss to be brought forward	-189 476 428	-139 021 298	50 455 131
Not included in the deferred tax calculation	193 082 552	145 310 071	-47 772 481
Deferred tax assets (22 %)	**0**	**0**	**0**

Deferred tax not included in the balance sheet.

Note 12 Going concern

The result for 2022 shows a result of NOK -41 423 350 after tax, compared to NOK -59 838 345 in 2021. The business remains robust with good liquidity with no indication that operations cannot continue. The Board of Directors considers that the criteria for going concern are satisfied and the business is managed on this basis. The Covid-19 pandemic has had a detrimental impact on the ongoing clinical study in the UK. It remains uncertain when the environment will return to normal.

INDEPENDENT AUDITOR'S REPORT

Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Exact Therapeutics AS

Report on the audit of the financial statements

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 2022 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 2022, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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 2022 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 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting 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.

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 Chief Executive Officer) 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.

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 contains 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

Building a better working world

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 is 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 and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's 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 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.

Building a better working world

- 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, 21 April 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Anja Maan
State Authorised Public Accountant (Norway)

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Anja Maan
Partner
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ANNUAL REPORT 2022

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