
ANNUAL REPORT
2023
PCI BIOTECH HOLDING ASA
PCI Biotech

CONTENTS

INTRODUCTION

ABOUT PCI BIOTECH

PCI Biotech Holding ASA ("PCI Biotech" or "the Group" or "the Company") is a biopharmaceutical company headquartered in Norway and listed on the Oslo Stock Exchange. The company develops new technologies and novel therapies through its photochemical technology platform originating from world-leading research at the Oslo University Hospital – the Norwegian Radium Hospital.

OUR PLATFORM TECHNOLOGY

The technology platform consists of two elements: a proprietary small molecule photosensitiser (named fimaporfin) and a light source. The technology platform is under development in two different areas. (1) Photochemical internalisation (PCI), inducing light-triggered intracellular release, which may unlock the potential of a wide array of therapeutic modalities. (2) Photochemical lysis (PCL), inducing selective light-triggered cell lysis, which may enhance yield and purity in viral vector manufacturing.

(1) Photochemical internalisation
Several novel classes of drugs (e.g. certain immunotherapeutics) need access to the inside of their human target cells, such as tumour cells or immune cells, in order to be effective. Pharmaceutical companies struggle to find effective drug delivery methods, in order to achieve the full therapeutic and commercial potential of their products. The PCI technology may unlock this potential by modifying the intracellular trafficking in target cells, leading to enhanced biological effect of medicinal products.

(2) Photochemical lysis
In 2022, PCI Biotech initiated a programme to develop a new photochemical technology, PCL, for increasing yield and reducing impurities in viral vector manufacturing. There is a great need for novel technologies that enable more effective manufacturing and PCI Biotech's objective is to replace existing cell lysis methods. As such, the technology shall be applied to extract viral vectors from producer cells while reducing host-cell impurities, by selective disruption of producer cell membranes during the cell lysis process.

BOARD OF DIRECTORS REPORT

IMPORTANT PROGRESS FOR BIOPROCESSING

The restructuring of the company in 2022, with organisational downscaling and focusing on non-clinical operations, led to a strategic shift towards exploring photochemical methods for use in viral vector manufacturing. The programme has since its inception generated results supporting the notion of increasing yield and reducing impurities in viral vector manufacturing, by applying our PCL technology.

In October 2023 PCI Biotech entered into a research collaboration with the aim to address critical pain points in the manufacturing of gene therapies. The undisclosed partner is a European entity, part of an international life science group providing a range of products and services to the biopharmaceutical industry. The purpose of the collaboration is to test PCI Biotech's proprietary technology for viral vector manufacturing in the partners' pilot manufacturing process. PCI Biotech brings its novel and promising PCL technology for viral vector manufacturing into the field testing, while the partner provides facilities and expertise, as well as feedback on the performance and usability of the technology, to guide PCI Biotech's future development. The research collaboration agreement includes an option to mutually determine a future business transaction.

We have in 2024 received encouraging external feedback from this early-stage field testing, applying our novel photochemical technology in upstream viral vector manufacturing. This is considered a

green light for further internal development of our platform, as it confirms the technology's potential to increase yield and reduce impurities in viral vector production.

The key development milestones for 2024 will be to demonstrate further scalability, as well as determining benefits in the downstream purification of viral vectors. This will include advancing PCI Biotech's primary experimental model to mini benchtop bioreactors. Although commercial manufacturing is performed in larger vessels, mini benchtop bioreactors are considered representative for large-scale manufacturing. Moreover, they can produce sufficient material to perform downstream purification and functionality testing of the resulting viral vectors. Given a positive outcome, this may enable late-stage field testing in more commercially relevant settings in 2025.

To fully focus resources on the development of the enabling technology for gene therapy manufacturing, further development in dermatology is limited to be pursued by collaborations. PCI Biotech is also exploring intratumoural immunotherapy, aiming at identifying novel treatment combinations to overcome resistance to immune checkpoint inhibitors and safety issues associated with such treatments. The project is supported by the Research Council of Norway with a Ph.D. candidate grant of up to NOK 2.5 million over 3 years, commencing 1st January 2023

BUSINESS, LOCATION, OWNERSHIPS, AND HUMAN RESOURCES

PCI Biotech Holding ASA is a biopharmaceutical company headquartered in Norway and listed on the Oslo Børs, with the ticker PCIB. The company develops therapeutic products based on its proprietary photochemical internalisation (PCI) technology.

The PCI Biotech group comprises PCI Biotech Holding ASA, and the wholly owned Norwegian subsidiary PCI Biotech AS. PCI Biotech is located at Ullernchausséen 64, Oslo, Norway.

PCI Biotech's strategy is to create value by efficient development of the business areas towards commercialisation. The commercialisation of products is intended primarily through agreements with external partners. The 10 largest shareholders ownership share was 27% per year-end 2023, versus 34% per year-end 2022.

The Board of Directors – The Board of Directors consist of Hans Peter Bøhn (Chair), Hilde Furberg, and Lars Viksmoen who were all elected for a one-year term at the annual general meeting in May 2023. The Board composition was reduced from 5 to 3 positions during 2023 to tailor it to the current operations, hence the former board of director members, Christina Herder and Andrew Hughes, were not replaced after resigning.

Employees - All operations of the Group are managed by PCI Biotech AS and the Group had 7 employees as of 31 December 2023 (2022: 7 employees). The parent company has no employees. The Group mainly uses external service providers for manufacturing, research and development, and regulatory work.

The management team consists of Ronny Skuggedal, Chief Executive Officer and Chief Financial Officer, and Anders Høgset, Chief Scientific Officer (CSO) per year-end 2023. The management team was reduced by a part-time Chief Development Officer position during 2023, and the CSO has been working in a 90% position since February 2023.

The working environment is considered good. No accidents or injuries were reported in 2023 or 2022. Absence due to illness was 31 days, approximately 2.2% in 2023 (2022: 53 days, approximately 2.0%).

PCI Biotech is a workplace with gender equality and where discrimination is not accepted. As of date of this report the Group has one-third female representation in the board of directors and none in the executive management team. 3 out of 7 employees as of year-end 2023 were women (2022: 3 out of 7). Working time and remuneration of the Group employees are not related to gender.

BUSINESS AREA AND OPERATIONS

BIOPROCESSING

Bioprocessing is the manufacturing of biological drugs, which involves complex processes that are bottlenecks in the endeavour to offer breakthrough therapies to new and larger patient populations. There is a great need for novel technologies that enable more effective bioprocessing with higher yield as well as increased quality. Development of technologies for use in bioprocessing is less complex from a regulatory perspective compared to clinical development of new therapies, allowing shorter timelines and lower costs.

Gene therapy utilises viruses (viral vectors) to deliver potentially lifesaving genetic medicines to patients. In the manufacturing process, viral vectors are produced by so-called “producer cells” (living cells) that act as “gene therapy factories”. The combination of living cells as factories and a complex output (viral vectors) is what makes the manufacturing so challenging.

Manufacturing of viral vectors includes intricate upstream and downstream processes. In the upstream process, cell lysis is a key step, where the produced viral vectors are extracted from the producer (host) cells. In the subsequent downstream process, the viral vectors are separated from various cell debris (host-cell impurities) in sequential purification steps.

Advancing manufacturing of viral vectors
In 2022, PCI Biotech initiated a programme to develop a novel photochemical technology for increasing yield and reducing impurities in viral vector manufacturing. PCI Biotech’s objective is for PCL to replace existing cell lysis methods. As such, the technology shall be applied in the upstream process to extract viral vectors from producer cells while reducing host-cell impurities.

PCL improves extraction of viral vectors by selectively compromising the producer cell’s plasma membrane integrity. This enables extraction of viral vectors with limited release of undesirable impurities from the producer cell, such as host-cell protein and DNA. This may have several important manufacturing benefits compared to existing technologies, including improved safety profile of the final drug, and a more efficient manufacturing workflow.

Importantly, by reducing host-cell impurities, the subsequent downstream purification process may become more efficient. This may ultimately lead to net increased manufacturing yield, as more viral vectors are retained through the various purification steps, where up to 70% loss of the viral vectors is common with today’s industry standard.

Development status
During 2023, new data was generated to strengthen the first patent application filed in 2H 2022. The patent is pending, and the first feedback from UK authorities on the patent application was encouraging.

The technology’s mode of action has been demonstrated in an ultra scale-down model across several commercially relevant producer cells and viral vectors in the upstream setting. These feasibility results suggest that the technology may be universally applicable in viral vector manufacturing processes where cell lysis is required, such as adenovirus (AV) and adeno-associated virus (AAV) manufacturing.

The positive initial external feedback on the technology’s value proposition was further confirmed with field testing initiated in Q4 2023 with a European partner. The partner is part of an international life science group that provides a range of products and services to the biopharmaceutical industry. PCI Biotech brings its novel and promising technology for viral vector manufacturing into the upstream field testing, while the partner provides facilities and expertise, as well as feedback on performance and usability of the technology, guiding future development. The research collaboration agreement includes an option to mutually determine a potential future business transaction.

Collecting performance and usability feedback from potential customers at an early stage is key to understand what is required to make the technology commercially attractive. Feedback from partner's upstream testing, received in 2024, confirmed the technology's ability to extract AAVs (viral vectors) with reduced host-cell impurities (DNA and protein) in shake-flasks. The field testing represents a 20-40x scale-up from PCI Biotech's ultra scale-down process and warrants further development.

Development plan for 2024

The key development milestones for 2024 will be first to demonstrate PCL's further scalability, followed by determining benefit in downstream purification of viral vectors. The first milestone will include advancing PCI Biotech's primary experimental model to suspension producer cells in shake-flasks, and subsequently scaling to mini benchtop bioreactors. Although commercial manufacturing is performed in larger vessels, mini benchtop bioreactors are considered representative for large-scale manufacturing. Moreover, they can produce sufficient material for the second milestone to perform downstream purification and functionality testing of the resulting viral vectors. Given a positive outcome, this may enable late-stage field testing in more commercially relevant settings in 2025.

DERMATOLOGY

Nucleic acid therapeutics have the potential to improve treatment of dermatological diseases, but delivery to skin lesions remains an obstacle. This is a challenge PCI is uniquely positioned to solve, by achieving site-directed intracellular nucleic acid delivery.

An *ex vivo* wound model study was performed in 2023, by an expert contract research organisation. The study demonstrated significant PCI-mediated delivery in a simplified model employing primary human cells *ex vivo*, but these results were not translatable into the selected full-scale *ex vivo* human skin wound model. In this latter model we applied a challenging approach, testing topical delivery of unprotected ("naked") nucleic acid. A European patent for mRNA delivery by use of PCI was granted in 2023.

To fully focus resources on the application in viral vector manufacturing, further development within dermatology is limited to be pursued by collaborations.

INTRATUMOURAL IMMUNOTHERAPY

PCI Biotech is exploring intratumoural immunotherapy, aiming at identifying novel treatment combinations to overcome resistance to immune-checkpoint inhibitors and safety-issues associated with such treatments. The PCI technology is designed for local enhancement of therapeutic effects and is well suited for delivery of immune stimulants to tumour sites. As such, the technology can enhance the intracellular delivery of peptides, proteins, nucleic acids, small molecules, and viral vectors, all of which are relevant for locally administered immunotherapy. A patent application for an undisclosed treatment approach was filed in 2023.

The project is supported by the Research Council of Norway with a Ph.D. candidate grant of up to NOK 2.5 million over 3 years, commencing 1st January 2023.

RESEARCH COLLABORATIONS

In October 2023 the company entered into a research collaboration with an undisclosed partner with the purpose of testing PCI Biotech's technology under development for viral vector manufacturing.

The opportunistic early-stage collaboration with the Norwegian Institute of Marine Research, fully supported by a public grant and aiming to explore the use of photochemical treatments to combat salmon lice in fish farming, ended as planned 30th June 2023. The achieved results did not warrant further explorations. Two other research collaborations were closed during the year and in addition, there were two dormant collaborations without activity in 2023.

PCI Biotech continues to pursue new and value-adding collaborative opportunities.

FINANCIAL REVIEW

(All amounts in brackets are comparative figures for 2022 unless otherwise specifically stated)

Profit and loss

The Group did not record revenues in 2023 or 2022. Grants received from various public sources such as the Research Council of Norway and ”SkatteFUNN” were recorded as other operating income amounting to NOK 3.0 million (NOK 4.8 million). The parent company did not record any revenue for 2023 or 2022.

The restructuring of the company in 2022 with organisational downscaling and focusing on non-clinical operations make comparison of figures between 2023 and 2022 less relevant.

Expenditure on research activities is recognised as an expense in the period in which it was incurred. The Group had no development expenditure qualifying for recognition as an asset under IAS 38 in 2023 and as for previous years all research expenses are charged through the profit and loss statement. Total operating expenses were NOK 25.2 million in 2023 (NOK 61.2 million) and expenses are mainly driven by the research and development (R&D) activities. R&D expenses amounted to NOK 15.6 million in 2023 (NOK 44.8 million). Other operating (general and administrative) expenses were NOK 9.6 million (NOK 16.4 million). These figures include all costs related to the listed parent company, totalling to NOK 4.6 million for 2023. In addition, NOK 0.8 million related to the share based payment accounting, without cash flow effect, is classified as general and administration costs. Operating results in 2023 ended at NOK -22.2 million (NOK -56.4 million) for the Group. Operating result for the parent company were NOK -4.6 million in 2023 (NOK -5.2 million).

Net financial result for the Group was NOK 1.9 million positive in 2023 (NOK 1.4 million positive). The net positive result was mainly driven by interest income for both years. The parent company’s financial income for 2023 consists mainly of interest on loans to the subsidiary PCI Biotech AS and partial reversal of previous years impairment of NOK 4.5 million of its investment in the wholly-owned subsidiary PCI Biotech AS. The impairment test performed as of 31 December 2022 resulted in an impairment of the carrying amount of NOK 463.7 million, which was disclosed as financial expenses for the parent company. The impairment test performed as of 31 December 2023 resulted in a NOK 4.5 million reversal of previous years impairment which is disclosed as financial income. The observable market value of PCI Biotech Group at Oslo Børs is assessed as a key indicator for recoverable amount in the impairment testing.

The Board of Directors proposes that the comprehensive profit of NOK 0.434 million in 2023 for the parent company, PCI Biotech Holding ASA, is transferred to retained earnings.

Balance sheet

Current receivables per end of 2023 were NOK 2.6 million (NOK 6.2 million) and mainly consist of recognised not received public grants. The reduction compared to last year is mainly due to reduced R&D activities subject to public funding.

Total assets of the Group at the end of 2023 were NOK 44.1 million (NOK 63.5 million) and the decrease from last year is mainly due to net loss from operational activities. Total assets in the parent company amounted to NOK 79.3 million per year-end 2023 compared to NOK 77.2 million at year-end 2022, reflecting this years result and effects of the share based payment accounting.

PCI Biotech does not recognise deferred tax assets in the balance sheet, due to uncertainty as to when the company will accrue a payable tax liability. Unrecognised deferred tax assets at the end of 2023 were NOK 160.9 million (NOK 156.4 million).

Equity

Total equity for the Group were NOK 39.0 million per year-end 2023 (NOK 57.4 million). Total equity of the parent company amounts to NOK 78.4 million in 2023 (NOK 76.0 million) reflecting this year’s result and equity settled share-based payment elements for the Group’s share option scheme.

Equity in the wholly-owned subsidiary PCI Biotech AS was NOK 36.3 million at the end of 2023 (NOK 50.5 million). The equity in PCI Biotech AS were increased in 2022 by NOK 30 million, through a capital increase from the parent company PCI Biotech Holding ASA.

Prior to the annual general meeting in May 2023 less than 50% of the Company's share capital was retained. The board therefore assessed its duty to act in accordance with section 3-5 of the Norwegian Public Limited Liability Company's Act. As proposed by the board, the annual general meeting on 25th May 2023 decided that a write-down of the share capital was to be carried out by way of a reduction of the nominal value of the Company's shares in order to establish a capital structure that is sound and reasonable for the business PCI Biotech currently operates. Pursuant to the completion and duly registered share capital write-down on 16 August 2023 more than 50% of the share capital is retained.

Cash flow
Net cash flow from operating activities amounted to NOK -15.0 million in 2023 (NOK -59.0 million) for the Group and for the parent company to NOK -4.4 million for 2023 (NOK -3.5 million). The Group held cash and cash equivalents of NOK 41.2 million at the end of 2023, compared to NOK 56.6 million per end of 2022, reflecting net negative changes in cash of NOK 15.4 million in 2023 (NOK 59.5 million). Cash flow from operations is mainly dependent on R&D activities. The Group employs a prudent cash management strategy for its cash and cash equivalents and assets are held as bank deposits or invested in low-risk short-term money market instruments. All cash and cash equivalents were held as bank deposits at the end of the year.

Net change in cash and cash equivalents for the parent company were NOK +0.4 million in 2023 (NOK -25.8 million). The Parent’s cash and cash equivalents at the end of 2023 amounted to NOK 1.1 million (NOK 0.6 million).

Employee share option scheme
In accordance with the authorisation granted by the Annual General Meeting 25 May 2023, the Board of Directors of PCI Biotech Holding ASA awarded a total of 700,000 share options to key employees in September 2023. Each share option gives the right to subscribe for or acquire one share per option (after PCI Biotech Holding ASA’s choice), at a strike price of NOK 1.66, equal to the volume weighted average share price (VWAP) for the last 5 days of trade prior to the grant date.

The share options are granted without consideration and are subject to service based vesting conditions, with a three-year vesting term and one-third vest each year, and other customary terms for share options. The share options will laps in Q3 2028. Further details about the share option scheme are described in PCI Biotech's remuneration policy.

Related parties transactions
All material transactions between the Group and shareholders, directors, management or close associates of such parties are to be valuated independently by a third party. No such transactions exist for 2023 or 2022.

In 2022 the Group had regular business transactions with Helpyou2 Ltd. a UK based company owned by Prof. Andrew Hughes, then a Board Director in PCI Biotech Holding ASA. The services rendered concern agreed scientific consultancies by Prof. Hughes during that year. The services rendered were pre-approved by the Board of Directors and regular fee overviews were presented for the Board of Directors. For the agreed scientific consultancies, Helpyou2 Ltd. received NOK 15 thousand in fees for 2022, and no services were rendered for 2023. It is in management and the Board of Director’s opinion that the 2022 service fee was based on ‘arm’s length’ principles and the level of consultancy was not considered to constitute a threat to independence for the parties in 2022. Please refer to Note 23 Related party transactions to the financial statements where information regarding related party transactions is disclosed.

RISK AND RISK MANAGEMENT

Implications of the COVID-19 pandemic and the war in Ukraine
No material operational impact or accounting implications of the Russian invasion of Ukraine or the COVID-19 pandemic that require specific IFRS disclosure have been identified for 2023 and 2022.

Corporate governance policy, corporate social responsibility and transparency
The annual statement of corporate governance policy, corporate social responsibility and the Transparency Act are integrated parts of this Board of Directors report.

Operational Risk and Risk Management
There are great risks in the business of developing medical drugs, new technologies, and innovative products, both related to regulatory affairs and market risk, andit is emphasised that there is normally considerable uncertainty connected to assessments of future conditions. The development may fail at any stage of the process, due to safety considerations, lack of clinical results, changes in clinical development or patient management, any other matters affecting patient's ability or willingness to participate in clinical trials, and partners willingness to test prototypes and innovative products may impede development. PCI Biotech have not performed clinical trial operations in 2023. It is not possible to predict with certainty whether and when PCI Biotech or its partners will be able to submit applications to regulatory authorities in the relevant markets. Moreover, one cannot be sure that PCI Biotech or partners will receive the marketing authorisations to commercialise the products. Regulatory approval and specific regulatory designations may be denied, suspended or limited. Poor performance of PCI Biotech's potential products and technologies on the market and new technologies and innovative or generic products that are not yet launched may also limit the competitive edge of PCI Biotech's products and impact pricing and/or reimbursement. PCI Biotech's business strategy is to commercialise its technology partly through collaborative agreements and the Company cannot give any assurance that such agreements will be obtained on acceptable terms. There is no certainty that PCI Biotech or its partners will achieve commercial success. The success, competitive position, and future revenues will depend in part on PCI Biotech's ability to protect intellectual property and know-how. Patent applications filed by others could also limit PCI Biotech's freedom to operate. Changes in the healthcare market and/or the market access environment could further preclude PCI Biotech from charging a premium price or obtaining coverage and/or reimbursement for the Company's products. The Company is highly dependent upon having a highly qualified senior management and scientific team. The loss of key employees might impede the achievement of the scientific development and commercialisation objectives. PCI Biotech cannot be certain that it will be able to enter into satisfactory agreements with third-party suppliers or manufacturers.

To handle the inherent risks in the industry, and to comply with national and international regulations, PCI Biotech has implemented a process to identify, analyse and manage the key risks for the Group, including the character of the relevant insurance policies.

The board of directors and officers of PCI Biotech Holding ASA and its subsidiary PCI Biotech AS are covered under a world-wide Group Director & Officer's Liability Insurance. The insurance covers personal legal liabilities including defence and legal costs. The cover also includes employees in managerial positions who become named in a claim or investigation. The Group does not pollute the external environment.

Financial Risk and Risk Management
The Group's activities are exposed to certain financial risks including currency risk, interest rate risk and liquidity risk.

Currency risk - The Group's expenses are incurred in multiple currencies. The Group is therefore exposed to fluctuations in exchange rates. The risks are assessed on a regular basis and PCI Biotech is currently not using any financial hedging instruments.

Interest rate risk - PCI Biotech has no interest-bearing debt and interest risks are mainly related to the Group's holdings of cash and cash equivalents. The risk is of such character that the Group has

chosen a prudent strategy regarding interest rate risk for its cash and cash equivalents, and assets are placed as bank deposits or invested in low-risk short-term money market instruments. Per year-end 2023 and 2022 all cash and cash-equivalents were placed as bank deposits.

Liquidity risk - The biotech industry is a resource demanding industry, and product development can be both labour and cash intensive. One of the main objectives of PCI Biotech's financial policy is to ensure that the Group has sufficient short- and long-term financial flexibility to achieve strategic and operational objectives. PCI Biotech's goal is to at least have sufficient funds to cover the expected capital need for the next 12 months, as well as a strategic reserve. The Group closely monitors cash flows based on short- and long-term forecasts.

PCI Biotech's most important sources of financing are future royalty and milestone payments associated with potential licensing agreements, government grants, and the capital market. PCI Biotech is a pre-commercial stage biotech, meaning that the Company mainly relies on the ability to raise funds via the equity capital market and government grants. The capital market is foreseen to be used as a source of liquidity when this is appropriate and the conditions in these markets are competitive.

The cash burn rate depends mainly on the level of activity in the development projects. The cost base has been reduced since 2022, mainly due to the focus on pre-clinical development and implemented cost reductions, slimming down both the operational- and executive teams. PCI Biotech has no external debt with financial covenants or material long-term debt.

The cash position at year-end 2023 is estimated to support operations for the next twelve months, with current plans. PCI Biotech's financial policy goal of a strategic reserve beyond the next twelve months is not secured by date of this report, but the current operations do not involve substantial long-term commitments for the Group, allowing flexibility for adjusting operational activities and the corresponding cash burn rate. The company will continue to explore financing and strategic opportunities to secure continued operations beyond the next twelve months from the date of this report, but no assurance can be made about PCI Biotech's ability to raise such financing.

GOING CONCERN

In accordance with § 3-3a of the Norwegian Accounting Act (NAA) it is confirmed that the conditions for assuming that the Group will continue as a going concern are present and that the financial statements have been prepared on the basis of this assumption. The Board of Directors refers to the document on corporate governance in the annual report relating to corporate governance (NAA § 3-3b) and corporate social responsibility (NAA § 3-3c).

SUBSEQUENT EVENTS

PCI Biotech is not aware of any subsequent events since year-end 2023 which are of material significance to the financial statements as of 31 December 2023.

OUTLOOK

PCI Biotech's proprietary photochemical technology platform is under development in two distinct programmes, with the opportunity to unlock the true potential of certain classes of innovative medicines and bring forward new technologies and innovative products.

The main priorities of PCI Biotech are to further develop the promising enabling technology for viral vector manufacturing, pre-clinical research for intratumoural immunotherapy, and manage alliance and partnering activities across all commercially interesting areas for the technology platform.

Oslo, 25 April 2024
Board of Directors and Chief Executive Officer,
PCI Biotech Holding ASA

Hans Peter Bøhn
Chair

Hilde Furberg
Director

Lars Viksmoen
Director

Ronny Skuggedal
CEO

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We confirm that the financial statements for the period 1 January to 31 December 2023, to the best of our knowledge, have been prepared in accordance with IFRS and that the accounts give a true and fair view of the assets, liabilities, financial position and results of operations, and that the information in the report includes a fair review of the development, performance and position of the Company and the Group, together with a description of the principal risks and uncertainties PCI Biotech faces.

Oslo, 25 April 2024
Board of Directors and Chief Executive Officer,
PCI Biotech Holding ASA

Hans Peter Bøhn
Chair

Hilde Furberg
Director

Lars Viksmoen
Director

Ronny Skuggedal
CEO

ANNUAL STATEMENT ON CORPORATE GOVERNANCE POLICY AND CORPORATE SOCIAL RESPONSIBILITY POLICY AND THE TRANSPARENCY ACT

PCI Biotech Holding ASA emphasises good corporate governance
The Norwegian Code of Practice for corporate governance is a guideline for listed companies to help regulate the division of roles between shareholders, the board of directors and executive management more comprehensively than is required by legislation.

PCI Biotech Holding ASA ("PCI Biotech" or "The Company") bases its policy for corporate governance on the Norwegian Code of Practice of 14 October 2021. Adherence to the code of practice is implemented on the basis of a "comply or explain principle".

The Board of Directors and management have resolved as a main principle to follow the recommendations of the Norwegian Corporate Governance Code ("the Code") to the extent not considered unreasonable due to the company size and stage of development. Explanations of non-conformance to the Code are provided if not fully implemented. PCI Biotech's compliance with the Code is described in this report and section numbers refer to the Code's chapters.

1. Implementation and reporting on corporate governance
PCI Biotech acknowledges the division of roles between shareholders, the Board of Directors, and the executive management team. PCI Biotech has implemented a sound corporate governance policy. Guidelines on corporate governance and statement of compliance with the Code is presented in the Company's annual report and website. The Company ensures that the policy is adopted by holding regular Board of Directors' meetings where the executive management team attends to present strategic, operational, and financial matters.

Corporate values are established with the purpose to establish a healthy corporate culture and preserve the Company's integrity by helping employees to comply with standards of good business conduct. Furthermore, the values are intended to be a tool for self-assessment and for further development of the Company's identity. Corporate values are important foundations for PCI Biotech's corporate governance. Ethical guidelines are also established and these guidelines are based on corporate values.

PCI Biotech adheres to the code of practice for corporate governance. The company has to date six deviations from the code and the reasons for the deviations and solutions selected are further explained under section 2.1, 6, 9 and 12.

2. Business
The objective and purpose of PCI Biotech's business are clearly defined and described in the articles of association. *"The Company's business activities shall include cancer treatment and drug delivery based on the PCI technology and other related activities, including participation in other companies with similar activities through equity, loan or by issue of guarantees."* The Company's articles of association are available at the Company's website and the Company's objectives and strategy are available in the annual report.

PCI Biotech has defined development programmes with clear objectives, strategies, and risk profiles for the company's business activities to enable PCI Biotech to create long-term value for its shareholders. The Board of Directors performs annual evaluations of the objectives, strategies, and risk profiles.

The company has implemented guidelines for how to integrate stakeholder considerations into its value creation in a sustainable manner, through corporate social responsibility and ethical guidelines.

2.1 Corporate social responsibility (CSR)

PCI Biotech is a Norwegian based company focusing on development and commercialisation of novel therapies and new technologies through its innovative photochemical technology platform. The PCI Biotech Group consists of 7 employees and the core competencies are possessed by these employees, while the group's other resources in research and development are mainly purchased from public and private research institutions and service providers across Europe and USA.

As of today, the Group has no sales or supply of services and a limited complexity in operations. The Group has established guidelines and policies in accordance with internal control policies for comparable businesses of similar size, complexity, and industry to fight corruption. This means that the group requires its directors and employees to demonstrate high ethical standards in business and interpersonal relationships. Other principles followed are prevention through awareness-raising, limitation of opportunities, high detection risk of, and zero tolerance for corruption.

The Group has established its own quality control system in line with authorities' requirements within the activities that the Group operates, in terms of production and storage of pharmaceutical products. The quality control procedures are based on the relevant activities in relation to the different phases of operation and the development of procedures is thus a dynamic process. The Group is concerned that staff have appropriate training and experience in their business areas and staff are regularly updated within their business fields.

The Group is concerned with animal welfare, human- and labour rights, social issues, and sustainable development. The Group's management conducts regular performance reviews and internal evaluations, and the Group adapts according to Norwegian law within the area. Preclinical research is subject to strict government regulation on animal welfare. The Group considers that animal welfare, human rights, labour rights, and social issues are well taken care of, both internally and among its subcontractors. Regarding sustainable development, please see section 2.2.

The Group has not identified any material issues based on the corporate social responsibility procedures (CSR) performed in 2023. The implementation of further detailed specific objectives, strategies or action plans related to CSR, beyond the ones described above, has not yet been prioritised, but will be developed along with the continuous development of PCI Biotech's operations.

Non-conformance with the recommendation: The Group's operations are of such character that it does not significantly affect the environment and the Group therefore believes it is not appropriate to establish specific guidelines, policies, procedures and standards in this area, but environmental issues are included in PCI Biotech's ethical guidelines and please also see the separate reporting regarding sustainable development in section 2.2.

2.2 Sustainable development

PCI Biotech is concerned with sustainability, but has not used any specific reporting standards or guidelines for sustainability reporting other than the Code and this section for sustainable development is considered an integrated part of the CSR reporting. In general PCI Biotech's strategy and operations are focused on human welfare through its vision of '*unlocking the potential of innovative products and medicines*'. PCI Biotech focuses its development on anti-cancer product- and technology candidates. This vision and focus may directly contribute to one of the UN's seventeen sustainable development goals, goal #3 'Good health and well-being'. All international anti-cancer development is strictly regulated regarding animal welfare. PCI Biotech have internal routines securing that the Group and service providers comply with all relevant standard in these regards.

The Group's operations are of such character that they do not significantly affect the environment beyond normal course of business for a small biotech company, nevertheless the Company strives to minimise our environmental footprint in daily operations. Travelling and the need for shipment of devices and materials for preclinical experiments are identified as the activities with the most environmental impact. To keep the environmental impact to a minimum, shipments are optimised in collaboration with our service providers and collaborators to reduce the number of shipments. External

meetings are evaluated for use of virtual meeting tools when appropriate, to limit travel to what is considered necessary from an operational and business development perspective.

2.3 Ethical guidelines
The ethical guidelines encompass the following elements: Core values, compliance with laws and regulations, working environment, interaction with different stakeholders, intragroup transactions, employee loyalty, conflicts of interest, confidentiality, environment, accounting, financial reporting, trading of Company shares, other employee activities and compliance with the ethical guidelines.

2.4 Equality and diversity
PCI Biotech's goal is to be a workplace with gender equality and where discrimination is not accepted. Respect for individuals is a cornerstone of our company values, accompanied by an including working environment. PCI Biotech strives to contribute to diversity and gender balance in recruitment processes, balanced with candidates' expertise and capacity. During 2023, there was no recruitment. PCI Biotech's total number of employees are 7, where of 3 are females and 4 are males. The management team consist of 2 male employees. The Board composition complies with minimum female representation for gender diversity, with 1 female and 2 male representatives.

2.5 Transparency Act
PCI Biotech strives to comply with the act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act). The Act shall promote enterprises' respect for fundamental human rights and decent working conditions and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions. PCI Biotech includes the Transparency Act in its corporate social responsibility work, and this section regarding transparency is considered an integrated part of the CSR reporting. To comply with the Transparency Act a statement that is to be published before 30th June 2023 is included under section 16 of this annual statement.

3. Equity and dividends
PCI Biotech's equity as of 31 December 2023 was NOK 39.0 million. The capital structure is regularly assessed in light of the Company's objectives, strategy, and risk profile. To tailor the capital structure to current operations the Group made a write-down of the share capital level during 2023 and the equity level is assessed as satisfactory per year-end 2023.

To date the Company has not distributed any dividends and this dividend policy will apply as long as PCI Biotech is in a research and development phase. The Board of Directors has no mandate to approve the distribution of dividend.

The Board of Directors has been authorised by the Company's General Meeting in May 2023 to increase the share capital by share issue of up to 2,790,000 shares in connection with the Company's employee incentive program and to issue shares in connection with private placements by an amount up to 10% of the share capital of the Company. The authorisations are valid to the next ordinary general meeting. Other than the above the Board of Directors has no general authorisation to issue shares.

4. Equal treatment of shareholders
PCI Biotech has only one class of shares and all shares have equal rights. Each share carries one vote. The Board of Directors and management are committed to treat all shareholders equally. The Company had no transactions in own shares during 2023.

In the event of the Board of Directors resolving to issue new shares and waive the pre-emptive rights of existing shareholders, the Board of Directors intends to comply with the recommendation of the Norwegian Code of Practice for Corporate Governance that the justification for such waiver is noted in the Stock Exchange announcement relating to such a share issue.

5. Shares and tradability
The shares in PCI Biotech are freely tradable with no form of restriction. No restrictions regarding voting, ownership or tradability are placed on the shares in the Company's Articles of Association.

6. General Meetings
The Board of Director's facilitate that as many shareholders as possible may exercise their rights by participating at the General Meeting and that the General Meeting is an effective forum for both the views of shareholders and the Board of Director's.

The Chair of the Board of Director's, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are present at the Annual General Meeting, along with the Group auditor. A representative from the Nomination Committee is encouraged to participate, if matters on the agenda are of relevance for such representation.

Shareholders who are unable to participate themselves may vote by proxy and a person can also be appointed to vote for the shareholders as a proxy. The Board of Directors may decide that shareholders may submit their votes in writing, including by use of electronic communication, in a period prior to the general meeting.

Notice of the meeting and relevant documents, including the proposal of the nomination committee, are made available on the company website three weeks in advance of the meeting. Notice of the meeting is sent to all shareholders individually, or to their depository banks, three weeks in advance of the meeting. The meeting notice includes information regarding shareholders' rights, guidelines for registering and voting at the meeting. The company provides information on the procedure for representation at the meeting through proxy, nominations of a person to vote on behalf of the shareholders and to the extent possible prepare a form which allows separate voting instructions for each matter, hereunder for individual candidates for appointment to the Group's governing bodies. The deadline for notice of attendance is set as close to the meeting as practically possible and in accordance with the provisions in the Articles of Association.

Non-conformance with the recommendation: PCI Biotech is a small company and has encouraged directors to attend the General Meeting. The entire Board has not usually attended the General Meeting as, thus far, the items on the agenda of the General Meeting have not required all directors to attend. The Chair of the Board is present, and other Board members participate on an ad hoc basis. From the Group's perspective, this is considered sufficient. The recommendation to implement routines to ensure an independent chairing of the meeting has not been applied, both for cost and convenience reasons based on the size of the company. From the Group's perspective, this is considered sufficient. The Nomination Committee do usually not attend the General Meeting.

7. Nomination Committee
The requirement for a Nomination Committee and its guidelines follows from article 6 of the Articles of Association. The Nomination Committee's duties are to propose candidates for election to the Board of Directors and to propose remuneration. The Nomination Committee is required to justify its recommendations and encouraged to interact with shareholders, the Board of Directors and the Chief Executive Officer (CEO) in its work. The Nomination Committee's members, including the chairperson, are elected by the General Meeting for two years at a time, unless otherwise resolved by the General Meeting and the General Meeting may adopt instructions for the Nomination Committee. The Nomination Committee shall consist of minimum two members who shall be shareholders or representatives for the shareholders. The remuneration to the members of the Nomination Committee is determined by the General Meeting.

The Nomination Committee ensures that shareholders' views are taken into account when qualified members are nominated to the governing bodies of PCI Biotech. Shareholders are encouraged to submit proposals to the Nomination Committee for candidates for election to the board of directors. Such proposals must be in writing and justified and be submitted minimum 2 months before the General Meeting if they are to be considered by the nomination committee.

None of the Committee's members represents PCI Biotech's management or Board and they are all considered to be independent of daily management and the Board. The Nomination Committee is considered to have a composition that reflects the common interests of the community of shareholders.

The nomination committee currently consists of the following two members: Jónas Einarsson (chairperson), and Erik Must. The current members have been elected by the general meeting with a term until the Company's ordinary general meeting in 2025. The Nomination Committee's contact details are available at PCI Biotech's website.

8. Board of Directors, composition and independence

The Board of Directors is composed to ensure that the Board of Directors can operate independently, attend the common interest for all shareholders and the Company's need for expertise, capacity and diversity. The shareholders elect between three and seven members to the Board of Directors, including the Chair and they are elected for one-year terms by the General Meeting. The Board of Directors is presented on the company website. All board members are considered to be independent from the Company's day-to-day management, main shareholders and material business connections. All board members are encouraged to be shareholders and their shareholdings are disclosed in the Annual Report.

9. Work of the Board of Directors

It is the responsibility of the Board of Directors to ensure that the Company has a well-functioning internal control environment in accordance with the regulations that apply to its activities and to supervise daily management and activities of the company in general. In addition, the Board of Directors is responsible for appointment of Chief Executive Officer (CEO) and convening and preparing for general meetings. The Board of Directors has implemented instructions for the Board and the executive management, with focus on allocation of internal responsibilities and duties. These instructions incudes handling of agreements with related parties, including whether an independent valuation must be obtained, and disclosure of such agreements in the annual directors' report. The objectives, responsibilities and functions of the Board of Directors and the CEO are in compliance with rules and standards applicable for the Company.

The Board of Directors should ensure that members of the Board and executive personnel make the Company aware of any material interests that they may have in items to be considered by the Board of Directors. The Board of Directors' consideration of material matters in which the Chair of the Board is, or has been, personally involved, shall be chaired by another member of the Board.

The Board of Directors adopts an annual plan for its work, which includes objectives, strategy and implementation. The CEO is responsible for keeping the Board of Directors informed about the company's activities, position, and financial and operational developments. The Board of Directors evaluates its performance and expertise annually and the evaluation is made available to the Nomination Committee. The Company has not established a separate Audit Committee in accordance with the exemption in the Norwegian Public Limited Liability Companies Act. The Company has not established a separate Remuneration Committee. The Board of Directors in its entirety serves as both Audit and Remuneration Committee.The Board conducted eleven meetings in 2023. Board members had the following attendance at these meetings:

Hans Peter Bøhn, 11/11
Hilde Furberg, 11/11
Christina Herder 4/4
Lars Viksmoen,11/11
Andrew Hughes 4/4

Non-conformance with the recommendation: PCI Biotech has not established separate Audit and Remuneration Committees. The Board of Directors believes that this is most appropriate given the Company's limited size and complexity. The Board of Directors will, depending on the Company's performance, consider appointing separate Audit and Remuneration Committees at a future date.

10. Risk management and internal control

It is the responsibility of the Board of Directors to ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Significant risks include strategic risks, market risks, financial risks, liquidity risks and operational risks including risks related to development of products. The internal control systems also include company values, code of ethics and corporate social responsibility. The Company's significant risk areas and internal control systems are assessed on an on-going basis and at least once a year by the Board of Directors.

Please also refer to The Board of Directors report, for a description of relevant risk factors.

11. Remuneration of the Board of Directors

The General Meeting determines the remuneration to the Board of Directors based on a proposal from the Nomination Committee. Remuneration reflects the Board of Directors responsibility, expertise, time commitment and the business complexity. The remuneration is not linked to the Company's performance, and no share options are granted to Directors. Detailed information on the remuneration of the Board of Directors can be found in the Annual Report.

Board members or companies to which they are connected should not undertake separate assignments for the Group in addition to the Board appointment. If they nevertheless do, the whole Board is to be informed. Fees for such assignments are to be approved by the Board. If remuneration has been paid above the normal Board fee, this is to be specified in the annual report.

12. Remuneration of executive personnel

The Board has established guidelines on the determination of salaries and other remuneration of executive management in accordance with § 6–16a of the Norwegian Public Companies Act. The remuneration guidelines shall be communicated to and is subject to advisory approval by the Annual General Meeting. The remuneration guidelines seek to contribute to the alignment of interests between the shareholders and executive management and sets out the main principles in determining the salary and other remuneration for the executive management. Performance-related remuneration is linked to long-term value creation for shareholders and is based on quantifiable factors that can be influenced by the executive management. A share option scheme is part of the remuneration policy, and the scheme is approved by the general meeting.

Non-conformance with the recommendation: The established guidelines for other performance-based remuneration of executive management do not set an absolute limit in terms of potential future value per awarded share option. As a corrective action share options awarded in 2022 and 2023 were awarded with a value cap of 20 times the strike price. Great care is taken by the BoD when awarding share options to executive management and based on all elements of the guidelines for performance-based remuneration, and the value cap on share options awarded in 2022 and 2023, the current guidelines are considered appropriate.

13. Information and communication

The Company presents its financial statements in accordance with IFRS, and procedures have been established to ensure compliance with IFRS interim and annual reporting requirements. The Company's management, the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for preparing the financial statements, and financial reports are approved by the Board of Directors prior to publication. PCI Biotech reports in accordance with the rules in the Norwegian Securities Trading Act, as well as with the requirements specified by the Oslo Børs for companies with listed shares.

The Group's report on corporate social responsibility is integrated into the annual report. The Board has set an IR policy for PCI Biotech's reporting of financial and other information. The Board has approved guidelines and procedures relating to the handling of insider information and trading in the company's shares.

The Company's guidelines for reporting of financial and other information are based on transparency and take into account the requirement for equal treatment of all participants in the securities market. The Company is committed to report financial results and other relevant information on an accurate and timely basis. The Company publishes a financial calendar on an annual basis, including dates for release of interim and annual reports and date for the Annual General Meeting. PCI Biotech considers it important to inform shareholders about the Group's development and economic and financial status. Management members are available for discussions with shareholders, other than through general meetings, to develop a balanced understanding of such shareholders' situation and focus, subject however to the provisions in legislation and regulations. The Chair of the Board ensures that shareholders' viewpoints are communicated to the entire Board.

14. Take-overs

The Board of Directors endorses the principles concerning equal treatment of all shareholders. In the event of a take-over bid, it is obliged to act in accordance with the requirements of Norwegian law and in accordance with the applicable principles for good corporate governance.

The Board of Directors will not hinder or obstruct takeover bids for PCI Biotech's activities or shares. The Board will ensure that shareholders are given sufficient information and time to form an opinion on an offer. If a takeover offer is received, the Board will issue a statement with a recommendation as to whether shareholders should or should not accept the offer.

A transaction that in fact is a business disposal shall be approved by a General Meeting.

15. Auditor

RSM Norge AS is the appointed auditor of PCI Biotech.

The auditor shall annually in writing confirm to the Board of Directors that he/she satisfies established requirements for independence and objectivity. The auditor participates at least one Board of Directors meeting per year, where he/she present auditors plan for the audit, the assessment of the Company's internal control and participate during the approval of the annual accounts. The auditor has a minimum of one meeting per year with the Board of Directors without the presence of the Executive Management. The Board of Directors has established separate guidelines for use of non-audit services. Fees paid to the external auditor for audit and non-audit services are reported in the Company's Annual Report, which are, in turn, approved by the Annual General Meeting. The auditor is requested to participate at the Annual General Meeting for consideration of the annual financial statement.

16. Statement of Transparency Act

PCI Biotech strives to comply with the act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act). The Act applies to larger enterprises and applies to PCI Biotech being a listed company. The Act shall promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

The enterprises shall carry out due diligence in accordance with the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises. Due diligence means, among other things, identifying and assessing actual and potential adverse impacts on fundamental human rights and decent working conditions that the enterprise has either caused or contributed toward, or that are directly linked with the enterprise's operations, products, or services via the supply chain or business partners.

Due diligence shall be carried out regularly and in proportion to the size of the enterprise, the nature of the enterprise, the context of its operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions.

Enterprises shall publish an account of due diligence and the account shall at least include:

a) a general description of the enterprise's structure, area of operations, guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions

b) information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through its due diligence

c) information regarding measures the enterprise has implemented or plans to implement to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures.

Duty to account for due diligence:

PCI Biotech confirms performance of due diligence in Q1 2024 in accordance with the above, and report the following:

a) PCI Biotech is a biopharmaceutical company. The nature of operations is to perform research and development with the aim to develop novel products and therapies through its photochemical technology platform. The Group is domiciled in Norway, located at Oslo Cancer Cluster Innovation Park, and consists of the parent company PCI Biotech Holding ASA and the wholly owned subsidiary PCI Biotech AS. The Group is in pre-clinical and pre-commercial phase and has 7 employees per year-end 2023. The Group has no sales or supply of goods or services and a limited complexity in its operations.

PCI Biotech's business relationships can be categorised as service providers of standard professional services (legal, intellectual property, business development, contract research organisations etc.), academic institutions (pre-clinical research) or life-science related professionals (biotech's, pharma, key opinion leaders etc.), and other suppliers of consumables. PCI Biotech's main consumables are materials for *in vitro* and *in vivo* preclinical research commonly available across European and US based suppliers.

The Group is concerned with human- and labour rights, social issues and sustainable development. Fundamental human rights and decent working conditions for employees are handled by compliance to standard Norwegian employment regulations, annual (minimum) individual employee meetings, established remuneration policy, regular workload reporting, regular management and employee assembly meetings, annual risk assessments, established EHS routines, onboarding and training

routines, whistle-blowing routines, and ethical guidelines. For external affairs the company has implemented corporate social responsibility guidelines and core values follows by the ethical guidelines.

b) The annual due diligence was performed in Q1 2024. The assessment approach and methodology were based on the Transparency Act, section 4. Duty to carry out due diligence. To tailor the due diligence process to PCI Biotech's size, nature and context of operations, and the severity and probability of adverse impacts on fundamental human rights and decent working conditions, a risk-based approach was applied. All suppliers were screened based upon product/service volume higher than NOK 0.1 million for the year of 2023 and expected future annual volumes, supplier/service provider category, and country of origin. Selected service providers were in addition approached for relevant information regarding their policy related to fundamental human rights and decent working conditions.

This risk-based due diligence did not result in identification of suppliers or business partners with underlying significant risks of severe adverse impacts on fundamental human rights and decent working conditions caused or contributed toward by PCI Biotech, or increased risk for potential adverse impacts during 2024. Based on this risk-based due diligence no further procedures toward PCI Biotech's supply chain and business partners were performed.

Internal affairs compliance with fundamental human rights and decent working conditions were secured based on review of the above-described internal control routines. The review did not identify any actual adverse impacts or significant risks of adverse impacts on fundamental human rights and decent working conditions caused by PCI Biotech's operations during 2023, or increased risk for potential adverse impacts during 2024.

c) PCI Biotech is concerned with human- and labour rights, and social issues. Beyond PCI Biotech's general corporate social responsibility guidelines, core values as stated in the ethical guidelines, and procedures according to the Transparency Act it is not regarded as necessary to implement specific guidelines, procedures, or measures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions caused by, or directly linked via, our supply chain or business partners. This assessment is based upon PCI Biotech's size, nature and context of operations, and the outcome of the two first due diligences performed in Q1 2023 and Q1 2024, all indicating low risk of severe adverse impacts on fundamental human rights and decent working conditions. PCI Biotech is prepared for implementation of such additional guidelines and procedures when deemed appropriate based upon the outcome of regular due diligence assessments or if there are changes to PCI Biotech's size, and nature and context of operations that negatively impact the potential severity and probability of adverse impacts.

PCI Biotech Holding ASA – financial statement

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023
(1.1 - 31.12)

Parent				Group	
2023	**2022**	*(figures in NOK 1,000)*	**Note**	**2023**	**2022**
-	-	Other income	*5,6*	2 990	4 750
-	**-**	**Total income**		**2 990**	**4 750**
-	-	Research and development	*7,8*	15 627	44 756
4 636	5 222	General and administrative	*7,8,9,10,14,23,24*	9 604	16 441
4 636	**5 222**	**Total operating expenses**		**25 231**	**61 197**
-4 636	**-5 222**	**Operating results**		**-22 241**	**-56 447**
5 078	1 797	Financial income	*11,15*	2 086	1 711
7	463 816	Financial expenses	*11,15,24*	160	359
5 071	**-462 020**	**Net financial results**		**1 926**	**1 352**
434	**-467 242**	**Profit/Loss before income tax**		**-20 315**	**-55 095**
-	-	Income tax	*12*	-	-
434	**-467 242**	**Net profit/loss for the year**		**-20 315**	**-55 095**
		Other comprehensive income, net of tax			
-	-	Items that will not be reclassified to income statement		-	-
-	-	Items that subsequently may be reclassified to income statement		-	-
434	**-467 242**	**Total comprehensive income for the year**		**-20 315**	**-55 095**
		Attributable to:			
		Equity holders of the Parent		**-20 315**	**-55 095**
		Loss per share basic and diluted (figures in NOK)	*13*	0.54	1.48

PCI Biotech Holding ASA
Statement of financial position
for the year ended 31 December 2023

Parent				Group	
2023	**2022**	**ASSETS**		**2023**	**2022**
		(figures in NOK 1,000)	**Note**		
		Non-current assets			
-	-	Property, plant and equipment	*14*	-	18
-	-	Right-of-use assets	*24*	297	705
75 660	69 157	Shares in subsidiary	*15*	-	-
75 660	**69 157**	**Total non-current assets**		**297**	**723**
		Current assets			
2 538	7 362	Receivables from group companies	*18*	-	-
14	23	Other current receivables	*18*	2 570	6 162
2 553	**7 386**	**Total receivables**	*17*	**2 570**	**6 162**
1 056	628	Cash and cash equivalents	*16,17,19*	41 184	56 596
3 609	**8 013**	**Total current assets**		**43 753**	**62 758**
79 269	**77 170**	**Total assets**		**44 050**	**63 482**

PCI Biotech Holding ASA
Statement of financial position
for the year ended 31 December 2023

Parent 2023	Parent 2022	EQUITY AND LIABILITIES (figures in NOK 1,000)	Note	Group 2023	Group 2022
		Equity			
1 119	111 979	Share capital	*20*	1 119	111 979
76 870	-	Other paid-in capital	*8*	37 923	-
434	-35 944	Retained earnings		-	-54 577
78 423	**76 034**	**Total equity**		**39 043**	**57 403**
		Liabilities			
		Non-current liabilities			
-	-	Other non-current liabilities	*16*	34	-
-	-	Non-current lease liabilities	*16, 24*	-	327
-	**-**	**Total non-current liabilities**		**34**	**327**
		Current liabilities			
11	6	Trade account payables		712	495
-	-	Current lease liabilities	*24*	319	443
100	140	Public duties payables		872	1 225
734	990	Other current liabilities	*22*	3 071	3 590
846	**1 136**	**Total current liabilities**	*16,21*	**4 974**	**5 752**
846	**1 136**	**Total liabilities**	*17*	**5 008**	**6 079**
79 269	**77 170**	**Total equity and liabilities**		**44 050**	**63 482**

Oslo, 25 April 2024
Board of Directors and Chief Executive Officer,
PCI Biotech Holding ASA

Hans Peter Bøhn
Chair

Lars Viksmoen
Director

Hilde Furberg
Director

Ronny Skuggedal
CEO

PCI Biotech Holding ASA - GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

(attributable to the equity holders of the parent)

(figures in NOK 1,000)	Note	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity 31 December 2021	*20*	**111 979**	**450 464**	**-**	**-448 650**	**113 792**
Loss for the period		-	-	-	-55 095	-55 095
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**-55 095**	**-55 095**
Share based payments	*8*	-	-	-	-1 294	-1 294
Allocation		-	-450 464	-	450 464	-
Equity 31 December 2022	*20*	**111 979**	**-**	**-**	**-54 577**	**57 403**
Loss for the period		-	-	-20 315	-	-20 315
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-20 315**	**-**	**-20 315**
Capital changes		-110 859	-	74 915	35 944	-
Share based payments	*8*	-	-	1 955	-	1 955
Allocation		-	-	-18 632	18 632	-
Equity 31 December 2023	*20*	**1 119**	**-**	**37 923**	**-**	**39 043**

PCI Biotech Holding ASA - PARENT
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

(figures in NOK 1,000)	Note	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity 31 December 2021	*20*	**111 979**	**361 148**	**31 626**	**39 818**	**544 570**
Profit for the period		-	-361 148	-31 626	-74 468	-467 242
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the period		**-**	**-361 148**	**-31 626**	**-74 468**	**-467 242**
Share based payments in subsidiary		-	-	-	-1 294	-1 294
Equity 31 December 2022	*20*	**111 979**	**-**	**-**	**-35 944**	**76 034**
Profit for the period		-	-	-	434	434
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income for the period		**-**	**-**	**-**	**434**	**434**
Capital changes		-110 859	-	74 915	35 944	-
Share based payments in subsidiary	*8*	-	-	1 955	-	1 955
Equity 31 December 2023	*20*	**1 119**	**-**	**76 870**	**434**	**78 423**

PCI Biotech Holding ASA
CASH FLOW STATEMENT
for the year ended 31 December 2023

Parent 2023	Parent 2022	*(figures in NOK 1,000)*	Note	Group 2023	Group 2022
434	-467 242	Profit/Loss before income tax		-20 315	-55 095
-	-	Depreciation and amortization	7,14	371	6 406
-	-	Interest paid on leases	24	47	78
-	463 740	Impairment investment in subsidiary		-	-
-4 548	-	Reversal of previous impairment investment in subsidiary		-	-
-	-	Share-based payments	8	1 955	-1 294
-	37	Currency gain (-) / loss (+) not related to operations	19	-	-198
9	10	Changes in accounts receivables		3 593	6 038
5	-13	Changes in account payables		217	-3 250
-296	-	Changes in other net operating assets and liabilities		-838	-11 725
-4 396	**-3 468**	**Cash flow from operating activities**		**-14 970**	**-59 042**
4 824	-22 343	Net transactions intragroup interest-bearing loan		-	-
4 824	**-22 343**	**Net cash flow from investing activities**		**-**	**-**
-	-	Payment principal portion of lease liability	24	-442	-678
-	**-**	**Net cash flow from financing activities**		**-442**	**-678**
428	**-25 811**	**Net changes in cash and cash equivalents**		**-15 412**	**-59 720**
-	-37	Exchange rate effect bank deposits in foreign currency	19	-	198
628	26 476	Cash and cash equivalents 1 January		56 596	116 118
1 056	**628**	**Cash and cash equivalents 31 December**	19	**41 184**	**56 596**
		Additional information on operational cash flow			
1	*33*	*Interest paid*		*1*	*49*
527	*1 796*	*Interest received*		*2 045*	*1 269*

PCI BIOTECH HOLDING ASA – ACCOUNTING PRINCIPLES 2023

1. Corporate information
The annual separate financial statement for 2023 for PCI Biotech Holding ASA (the Company) and the consolidated financial statement (the Group or PCI Biotech) was approved for publication by the Board of Directors on 25th April 2024.

PCI Biotech Holding ASA is a public listed company domiciled in Norway. The business of the Group is associated with research and development of pharmaceutical products and related technical equipment. The Company is listed on the Oslo Børs and the registered office address is Ullernchausséen 64, N-0379 Oslo**.**

2. Significant accounting policies

2.1 Basis of preparation
The Group and the Company's annual financial statement are prepared in accordance with IFRS Accounting Standards as adopted by the EU as per 31 December 2023.

The annual accounts for the Group and the Company have been prepared on the basis of historical cost. The financial income statement is presented by function of expense.

NOK (Norwegian kroner) is the functional currency for all companies within the Group. In the absence of any statement to the contrary, all financial information is reported in whole thousands. As a result of rounding adjustments, the figures in the financial statements may not add up to the totals. The Group's consolidated financial statements are presented in NOK, which is also the parent company's functional currency. Amounts in this report have been rounded off to the nearest thousand currency units, or in certain cases, the nearest currency unit.

2.2 Basis of consolidation
The consolidated financial statements comprise the financial statements of PCI Biotech Holding ASA and its wholly owned subsidiary PCI Biotech AS. The subsidiary is fully consolidated. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events under similar circumstances.

2.3 Summary of significant accounting policies
The accounting policies that are material to the consolidated entity are set out below.

a) Government grants

Government grants are presented as other income. Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

b) Taxes

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

c) Intangible assets - *Research and development costs, and patents and trademarks*

The Group has currently no development expenditure that qualifies for recognition as an asset under IAS 38. Research costs, including costs related to patents and trademarks, are expensed as incurred.

d) Financial instruments

Financial assets and liabilities at amortised cost are the most relevant category for the Group. The Group does not have financial assets or liabilities at fair value through profit and loss.

e) Share-based payments

Employees (including executive 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). The cost of equity-settled transactions is determined by the fair value at the date when the grant of share-options are made using the Black-Scholes valuation model.

Accounting policies only relevant for the Parent separate financial statement:

f) Investment in subsidiaries

Shares and investments intended for long-term ownership are reported in the Company's statement of financial position as non-current assets and valued at cost. The Company determines at each reporting date whether there is any objective indication that the investment in the subsidiary is impaired. In the impairment testing, the Parent company considers the observable market capitalisation of the PCI Biotech Group at Oslo Børs as a key indicator of the recoverable amount for its investment in the wholly-owned subsidiary, PCI Biotech AS.

2.4 Changes in accounting policies and disclosures

The accounting policies adopted for 2023 are consistent with those of the previous financial year.

3. Significant accounting estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of other revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Financial risk management and policies, Note 16 Financial risk.

In the process of applying the Group's accounting policies, management has made the following estimates and assumption, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- The fair value of employee options is calculated according to the Black-Scholes method. This method involves the use of estimates and discretionary assessments, as described in more detail in Note 8. The allocation of options to employees of subsidiary is made directly from the parent company and the financial presentation is correspondingly reported in the subsidiary.

- The Group has not recognised a deferred tax asset related to carry forward losses, as described in more detail in Note 12 Tax.

Significant accounting estimates and assumptions only relevant for the Parent
In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the separate financial statements for the Parent:

- PCI Biotech Holding ASA has in its separate financial statement performed an assessment of the carrying amount of the subsidiary PCI Biotech AS, see Note 11 Financial income and Note 15 Shares in subsidiaries for further information.

4. New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted for the annual reporting period ended 31 December 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

PCI BIOTECH HOLDING ASA - NOTES FINANCIAL STATEMENT 2023

5 OTHER INCOME

OTHER INCOME

(figures in NOK 1,000)	Group	
	2023	**2022**
SkatteFUNN	2 148	4 750
Grants from the Research Council of Norway	746	0
Other	96	0
Total other income	**2 990**	**4 750**

Government grants are recognised when 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 recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grants are disclosed as other income. R&D projects have been approved for SkatteFUNN for the period 2020 through 2022 and from 2023 through 2025. Grant receivables as of year-end are disclosed in Note 18 Receivables.

6 OPERATING SEGMENTS

The Group has only one operating segment, which is research and development. The accounting principles applied for operating segment and financial reporting purposes, are consistent. The Group had no revenues for the reporting periods. All non-current assets are geographically located to Norway.

7 STATEMENT OF COMPREHENSIVE INCOME ACCORDING TO CLASSIFICATION AND R&D EXPENSES BY CATEGORY

Operating costs according to classification.

(figures in NOK 1,000)		Group		Parent	
	Note	**2023**	**2022**	**2023**	**2022**
Salary expenses	8	10 910	21 968	1 260	1 382
Share option scheme, accounting effect	8	2 014	-1 153	0	0
R&D exclusive salary and other operating expenses		6 179	27 620	0	0
Depreciation and amortisation	14,24	371	6 406	0	0
Legal, audit, accounting, patents, and other fees*		3 818	4 152	2 105	2 517
Other operating expenses		1 940	2 205	1 272	1 324
Total operating expenses		**25 231**	**61 197**	**4 636**	**5 222**

*Other fees for the Parent company relates to management services performed by employees formally employed by the wholly-owned subsidiary, PCI Biotech AS.

Of the salary expenses NOK 5 806 relates to R&D activities (2022: NOK 11 526).

Research and development expenses by category:

	2023	**2022**
Clinical studies	0	32 442
Pre-clinical studies	9 613	7 257
CMC and equipment	2 172	2 100
Patents	3 642	2 958
Other expenses	200	0
Total	**15 627**	**44 756**

The Group has no development expenditure that qualifies for recognition of an asset under IAS 38 and intangible assets and all research expenditures are charged through the income statement, in line with previous years. A new batch of the product under development (fimaporfin) was produced in 2019 and an estimated cost value of fimaporfin in stock per year-end is NOK 2.5 million (2022: NOK 2.5 million).

8 SALARY EXPENSES AND OTHER REMUNERATION

(figures in NOK 1,000)	Note	Group		Parent	
		2023	**2022**	**2023**	**2022**
Wages and Board of Directors remuneration		8 604	16 927	1 158	1 235
Social security contributions		1 409	2 408	102	147
Share-based payments, incl social security		2 014	-1 153	0	0
Pension costs	9	784	2 276	0	0
Other expenses		112	357	0	0
Total salary expenses		**12 923**	**20 814**	**1 260**	**1 382**
No. of full-time equivalent positions		6.2	10.4	0.0	0.0

Share option programme for employees
Employees (including executive management) of the Group receive remuneration partly in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The employees are employed in the subsidiary, PCI Biotech AS, and the share-based payment is thus accounted for as a P&L effect in the Group accounts and an investment in subsidiary in the parent company accounts. Each share option gives the right to subscribe for or acquire one share upon PCI Biotech Holding ASA's choice. The Black-Scholes method is used for fair value assessment of the share options at grant date. Further details about the share option program can be found in the Group remuneration policy. A total number of 700 000 share options were granted in 2023, and 570 000 in 2022. The Board of Directors has not been granted any share options. See note 23 Related party transactions for further information.

Valuation method for fair value assessment of share options granted
The Black-Scholes method is used for fair value assessment of the share options at grant date. Volatility is calculated based on PCI Biotech's own stock market valuation. The exercise price is set at market terms, equal to the average volume weighted share price last five days of trade prior to grant date (5 days VWAP), and no premium for the share options are paid. The risk-free interest rate is based on Norwegian 3-5 years government bond yield. Each option program is assessed separately, and the fair value estimated at grant date is amortised over the vesting term. The share options granted in 2023 and 2022 are granted with a value cap of 20 times the strike price. If the value cap threshold is met, all share options will vest immediately and be available for exercise. The table below shows input values used in the fair value assessment model, and other relevant information.

Share options granted in 2023 and 2022	**September 2023**	**November 2022**
Number of share options granted	700 000	570 000
Dividend yield	0	0
Historical volatility (%)	109 %	161 %
Risk free interest rate (%)	3.96%	3.22 %
Expected share option lifetime (years)	5	4.8
Expected level of vesting	78%	87%
Strike price (5 days VWAP)	NOK 1.66	NOK 1.90
Fair value of all share options	NOK 0.8 million	NOK 0.9 million
Vesting term	3 years	3 years
Value cap	20x strike price	20x strike price

Authorisation from the annual general meeting
The general meeting held 25 May 2023 authorised the Board of Directors to grant the employees with a total of 2,790,000 share options and the authorisation applies for one year. 1,653,334 share options of the current authorisation have been granted by the Board of Directors at year-end 2023.

Share option scheme income statement effect and year-end balance sheet items

	2023	2022
Income statement effect	NOK -2.0 million	NOK 1.3 million
Other non-current liability	NOK 34 thousand	-

The net reversal of costs in 2022 was mainly due to organsational downsizing, resulting in a reduced expected number of future vested share options. The potential social security liability for future exercises is calculated based upon share options that are in-the-money per reporting date and recognised as a current- or non-current liability in the balance sheet depending on vesting date of the underlying share options.

For the parent company, PCI Biotech Holding ASA, a net amount of NOK 2.0 million for share based payments (2022: NOK -1.3 million) is recognised as adjustment of investment in subsidiary.

Share options outstanding at the end of the period have the following expiry date, exercise prices, and average remaining lifetime:

Expiry date	Exercise price in NOK per share	Number of share options		Average remaining lifetime (years)	
		2023	2022	2023	2022
2024 - Q3	25.78	150 000	150 000	0,7	1,7
2025 - Q3	50.36	130 000	130 000	1,7	2,7
2026 - Q3	19.41	136 667	150 000	2,7	3,7
2027 - Q3	1.90	556 667	570 000	3,7	4,7
2028 - Q3	1.66	680 000	0	4,7	-
Total		**1 653 334**	**1 000 000**		

Options granted to employees, average exercise price and transactions during the year is listed below:

	2023		2022	
	Number	Average exercise price in NOK per share	Number	Average exercise price in NOK per share
Outstanding at the beginning of the year	1 000 000	14.41	1 615 000	30.96
Granted during the year	700 000	1.66	570 000	1.90
Lapsed during the year	46 666	6.80	1 025 000	32.42
Exercised during the year	0	0	0	0
Expired during the year	0	0	160 000	21.48
Outstanding at year-end	1 653 334	9.23	1 000 000	14.41
Exercisable options at year-end	570 000	21.99	286 667	32.10

9 PENSION EXPENSES

(figures in NOK 1,000)	Group	
	2023	**2022**
Total pension cost from contribution schemes	784	2 276

The contribution pension scheme is in compliance with Norwegian public requirements and a total of 7 employees are included in the scheme at year-end 2023 (2022: 9 employees). The contributions are ranging from 7% to 21% of the employee's ordinary salary up to 12 times the basic amount (G) of the Norwegian National Insurance scheme.

10 AUDITORS FEE

AUDITOR FEES	Group		Parent	
(figures in NOK 1,000)	**2023**	**2022**	**2023**	**2022**
Statutory audit	326	374	261	296
Other assurance services	76	81	76	0
Total	**403**	**455**	**337**	**296**

11 FINANCIAL INCOME AND EXPENSES

(figures in NOK 1,000)	Group		Parent	
	2023	**2022**	**2023**	**2022**
Interest income	2 086	1 237	30	9
Interest income group company	0	0	499	1 786
Other financial income	0	474	4 548	1
Total financial income	**2 086**	**1 711**	**5 078**	**1 797**
Interest expense	112	49	7	33
Interest expense leasing	47	78	0	0
Other financial expense	0	232	0	463 783
Total financial expense	**160**	**359**	**7**	**463 816**

For 2022 NOK 0.1 million in other financial expense in Parent and NOK 0.2 million in other financial income in Group were related to accounting effects of cash deposits in Euro per year-end, resulting from converting these Euro cash positions into NOK as functional currency for the annual accounts. The effects are reduced over time, with no effect in 2023 due to general lower cash positions held in Euro.

In 2022 the parent company made a partial impairment of its investment in the wholly-owned subsidiary PCI Biotech AS. The NOK 463.7 million impairment is disclosed as financial expenses for the parent company. In 2023 NOK 4.5 million of the previous year's impairment is reversed and disclosed as other financial income.

12 TAX

(figures in NOK 1,000)	Group		Parent	
	2023	**2022**	**2023**	**2022**
Comprehensive income before tax	**-20 315**	**-55 095**	**434**	**-467 242**
Expected nominal rate of tax (2023: 22% / 2022: 22%)	-4 469	-12 121	96	-102 793
Permanent differences charged through P&L	-53	-1 332	-1 001	102 793
Deferred tax asset not recognised in the balance sheet	4 523	13 453	905	770
Total tax expense for the year	0	0	0	0

Specification of basis for deferred tax asset / liability

	Group		Parent	
Temporary differences:	**2023**	**2022**	**2023**	**2022**
Fixed assets	-3 529	-4 391	0	0
Right of use asset / lease liability	-22	-64	0	0
Social security liabilities share option scheme	-59	0	0	0
Tax loss carry forward	-727 662	-706 257	-58 595	-54 482
Temporary differences and tax loss carry forward	**-731 272**	**-710 713**	**-58 595**	**-54 482**
Deferred tax assets not recognised	-160 880	-156 357	-12 891	-11 986
Deferred tax assets recognised	0	0	0	0

The Group and Parent have no history of taxable profits and due to uncertainty of future utilisation, deferred tax assets have not been recognised in the balance sheets. The corporate tax rate in Norway was 22% in 2023 and 2022. The carry forward loss has no time limit according to current tax legislations.

13 EARNINGS PER SHARE

Earnings per share for the Group (diluted earnings per share) are calculated on the basis of the financial result after tax for the year (financial result after tax for the year adjusted for dilutive effects) divided by a weighted average number of shares outstanding for the year (weighted average number of outstanding shares for the year adjusted for dilutive effects). Dilution effect is weighted number of outstanding share options which are in-the-money during the year. Accretive effects are not taken into consideration. Earnings per share are not affected by the dilution effect if negative results in the period.

Earnings per share	**2023**	**2022**
Weighted average number of shares (in '000)	37 326	37 326
Net loss for the year	-20 315	-55 095
Earnings per share (NOK per share)	-0.54	-1.48

Dilution effect of in-the-money outstanding share options is not relevant as the result for the year is negative for 2023 and 2022.

14 FIXED ASSETS

(figures in NOK 1,000)	Group		
	Device	Office equipment	Total
Acquisition cost per 31 December 2022	**9 609**	**392**	**10 001**
Acquisition cost per 31 December 2023	**9 609**	**392**	**10 001**
Accumulated depreciation per 1 January 2022	**3 836**	**359**	**4 195**
Ordinary depreciation 2022	0	16	16
Impairment 2022	5 773	0	5 773
Accumulated depreciation per 31 December 2022	**9 609**	**375**	**9 984**
Ordinary depreciation 2023	0	18	18
Accumulated depreciation per 31 December 2023	**9 609**	**392**	**10 002**
Book value per 31 December 2022	0	18	18
Book value per 31 December 2023	**0**	**0**	**0**

The decision made in Q1 2022 to stop clinical development made the device (lasers) of no or low value and the carrying amount of NOK 5.8 million was depreciated in full in 2022.

15 SHARES IN SUBSIDIARIES – only relevant for the Parent company

Company	Year of acquisition	Share capital of company	Equity participation and share of voting rights	Carrying amount (NOK thousand)	Equity (NOK thousand)	Financial result (NOK thousand)
PCI Biotech AS, Oslo - Norway	2008					
Figures for 2023		323 260	100 %	75 660	36 260	-16 201
Figures for 2022		6 141 940	100 %	69 157	50 506	-51 594

In 2023 the share capital of PCI Biotech AS was written down by NOK 5.8 million and transferred to retained earnings. The write down was made to tailor the share capital to current operations.

In 2022 the share capital of PCI Biotech AS was increased by NOK 323 260, with a share premium of NOK 29 676 740, totalling to NOK 30 000 000. The share capital was increased by a contribution in kind of intercompany balances of NOK 30 million by PCI Biotech Holding ASA.

The impairment test performed as of 31 December 2022 resulted in an impairment of the carrying amount of NOK 463.7 million, which was disclosed as financial expenses for the parent company. The impairment test performed as of 31 December 2023 resulted in a NOK 4.5 million reversal of previous years impairment which is disclosed as financial income. The observable market value of PCI Biotech Group at Oslo Børs is assessed as a key indicator for recoverable amount in the impairment testing.

16 FINANCIAL RISK

This note describes the Group's various financial risks and the management of these. In addition, numerical tables for risk associated with financial risks are also presented.

(I) Organisation of financial risk management
PCI Biotech has an international business operation and is exposed to currency risk, interest risk, liquidity risk and credit risk. The Group has not utilised any derivatives or other financial instruments to reduce these risks during the accounting period. The responsibility for managing financial risk is at group level. The risk associated with centralised activities such as financing, interest rate and currency management is managed at group level. In addition, the group manages the risks associated with the business processes. The financial risk management is monitored by the Board of Directors.

Centralised risk management
PCI Biotech has a centralised risk management policy. The most important tasks within risk management are to ensure the Group's financial freedom to act both in a short- and long-term perspective, and to monitor and manage financial risk in cooperation with the individual units in the group.

Financial risk
This section describes the most important risk factors within each business area and the management of these. In this context, financial risk is understood as risk associated with financial instruments. These can either be hedging instruments for underlying risk or be considered themselves as a source of risk. Market risk is not hedged with financial instruments.

Research and development activities
PCI Biotech carries out research and development for new innovative medical products based on the company's patented technology. The currency risk in research and development is limited to the purchase of services, primarily related to pre-clinical studies. The Group's expenses are incurred in multiple currencies. The Group is therefore exposed to fluctuations in exchange rates and the risk is assessed on a regular basis. PCI Biotech is currently not using any financial hedging instruments.

(II) Classes of financial risk

Interest rate risk
Except for interest-bearing leasing liabilities, PCI Biotech does not have any interest-bearing debt, and the group's interest rate risk is primarily associated with the Group's cash positions and cash equivalents. This risk is managed at group level. The main strategy is to diversify the risk and invest in cash deposits with fixed or spot interest rates or money market funds with low risk, high liquidity and short duration. All funds are placed as cash deposits per year-end 2023 and 2022.

Interest rate sensitivity

		Effect on financial result			
		Group		Parent	
	Interest rate change	2023	2022	2023	2022
Bank deposits	+2%	0	1 132	0	13
	-2%	0	-1 132	0	-13
	+5%	1	2 830	0	31
	-5%	-1	-2 830	0	-31

Liquidity risk
The biotech industry is a resource demanding industry, and product development can be both labour and cash intensive. One of the main objectives of PCI Biotech's financial policy is to ensure that the Group has sufficient short- and long-term financial flexibility to achieve strategic and operational objectives. PCI Biotech's goal is to at least have sufficient funds to cover the expected capital need for the next 12 months, as well as a strategic reserve. The Group closely monitors cash flows based on short- and long-term forecasts.

PCI Biotech's most important sources of financing are future royalty and milestone payments associated with potential licensing agreements, government grants, and the capital market. PCI Biotech is a pre-commercial stage biotech, meaning that the Company mainly relies on the ability to

raise funds via the equity capital market and government grants. The capital market is foreseen to be used as a source of liquidity when this is appropriate and the conditions in these markets are competitive.

The cash burn rate depends mainly on the level of activity in the development projects. The cost base has been reduced since 2022, mainly due to the focus on pre-clinical development and implemented cost reductions, slimming down both the operational- and executive teams. PCI Biotech has no external debt with financial covenants or material long-term debt.

The cash position at year-end 2023 is estimated to support operations for the next twelve months, with current plans. PCI Biotech's financial policy goal of a strategic reserve beyond the next twelve months is not secured by date of this report, but the current operations do not involve substantial long-term commitments for the Group, allowing flexibility for adjusting operational activities and the corresponding cash burn rate. The company will continue to explore financing and strategic opportunities to secure continued operations beyond the next twelve months from the date of this report, but no assurance can be made about PCI Biotech's ability to raise such financing.

Group *(figures in NOK 1,000)*	**Remaining period**				
	Less than 1 month	**1-3 months**	**3-12 months**	**1-5 years**	**Total**
31.12.2023					
Other non-current liabilities	0	0	0	34	**34**
Trade accounts payables	712	0	0	0	**712**
Current lease liabilities	0	0	319	0	**319**
Public duties payables	641	96	136	0	**872**
Other current liabilities	262	957	1 853	0	**3 071**
Total liabilities	**1 615**	**1 052**	**2 307**	**34**	**5 008**
31.12.2022					
Non-current lease liabilities	0	0	0	327	**327**
Trade accounts payables	495	0	0	0	**495**
Current lease liabilities	0	0	443	0	**443**
Public duties payables	1 000	81	144	0	**1 225**
Other current liabilities	67	681	2 842	0	**3 590**
Total liabilities	**1 562**	**762**	**3 429**	**327**	**6 079**

Other non-current liabilities relate to estimated social securities for potential future share option exercises in the Group's remuneration incentive program.

Parent *(figures in NOK 1,000)*	**Remaining period**				
	Less than 1 month	**1-3 months**	**3-12 months**	**1-5 years**	**Total**
31.12.2023					
Trade accounts payables	11	0	0	0	**11**
Public duties payables	0	0	100	0	**100**
Other current liabilities	0	0	734	0	**734**
Total liabilities	**11**	**0**	**835**	**0**	**846**
31.12.2022					
Trade accounts payables	6	0	0	0	**6**
Public duties payables	0	0	140	0	**140**
Other current liabilities	0	0	990	0	**990**
Total liabilities	**6**	**0**	**1 130**	**0**	**1 136**

Credit risk
PCI Biotech has no sales or receivable balances based on sales and faces therefore no credit risk, and no bad debt provision has been recognised during 2023 or 2022. The majority of the Group's financial assets are cash and cash equivalents and these funds are placed in cash deposits in different banks with satisfactory credit ratings. The credit risk for these funds is assessed to be low and no impairment test are performed for 2023 or 2022.

Foreign currency risk
As NOK is the Group's functional currency, PCI Biotech is exposed to foreign currency risk associated with the Group's foreign net exchange rate exposure. The Group's expenses accrue in various currencies, primarily NOK and EUR. PCI Biotech is therefore exposed to fluctuations in foreign exchange rates. The Group evaluates whether measures should be taken to reduce the foreign currency risk through hedging for significant transactions and projects.

The following table details the Group's and Parent company's sensitivity to potential changes in the foreign currency exchange rate, with all other factors constant. The changes in exchange rates of +/10% is considered to be a reasonably possibly change. The calculation assumes an equal change in exchange rates against all relevant foreign currencies. The estimated effect on operating result is due to changes in value of monetary items in the balance sheet per year-end, with no effect on Other Comprehensive Income.

	Changes in exchange rates - Euro	**Effect on operating result** *(NOK 1,000)*	
		Parent	**Group**
2023	+/- 10 %	+/- 0	+/- 49
2022	+/- 10 %	+/- 0	+/- 29

17 CLASSIFICATIONS OF FINANCIAL ASSETS AND LIABILITIES

The Group´s financial assets are governmental grant receivables, and the Group's financial liabilities are accounts payables and other current liabilities. The Parent's financial assets also include receivables from the wholly owned subsidiary, PCI Biotech AS. All these financial assets and liabilities are classified as financial instruments at amortised costs, and no financial assets or liabilities are classified at fair value through profit and loss.

Financial assets and liabilities at amortised costs are measured at their nominal amount, as the nominal amount is assessed to be fair value due to the immaterial discounting effect for short-term maturities, except for lease liabilities which are measured and disclosed at amortised cost.

18 RECEIVABLES

Receivables are measured by the amortised cost method, but due to the assets being current receivables the non-discounted contractual payments are disclosed.

Other current receivables - specification
(Figures in NOK 1,000)

	Group		**Parent**	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
Recognised not received government grants	2 394	4 750	0	0
Prepaid payables	0	0	0	0
VAT receivables	168	561	14	23
Recognised, not received interest from bank	0	851	0	0
Other	8	0	0	0
Total other receivables	**2 570**	**6 162**	**14**	**23**

No credit losses allowance is recognised at year-end 2023 or 2022. The parent company supported its wholly owned subsidiary, PCI Biotech AS, with a capital increase of NOK 30 million in 2022 in addition to a loan balance of NOK 2.5 million per year end 2023 (2022: NOK 7.4 million).

19 CASH AND CASH EQUIVALENTS

(Figures in NOK 1,000)	Group		Parent	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
Cash and cash equivalents, restricted (1)	385	629	0	0
Cash and cash equivalents, non-restricted	40 798	55 967	1 056	628
Total	**41 184**	**56 596**	**1 056**	**628**

(1) Restricted cash and cash equivalents are security for the employees' withholding tax and bank deposits.

The carrying amount of cash and cash equivalents is approximately equal to fair value since these instruments have a short term to maturity. The cash and cash equivalents are primarily placed in cash deposits in NOK in different banks with satisfactory credit ratings. The credit risk for these funds is assessed to be low and no impairment test are performed for 2023 or 2022.

20 SHARE CAPITAL

	No. of shares	Nominal value per share in NOK	Share capital in NOK
Share capital as per 01.01.2022	**37 326 390**	**3.00**	**111 979 170**
Share changes in 2022	-	-	-
Share capital as per 31.12.2022	**37 326 390**	**3.00**	**111 979 170**
Write down 2023	-	-2.97	-110 859 379
Share capital as per 31.12.2023	**37 326 390**	**0.03**	**1 119 792**

Prior to the annual general meeting in May 2023 less than 50% of the Company's share capital was retained. The board therefore assessed its duty to act in accordance with section 3-5 of the Norwegian Public Limited Liability Company's Act. As proposed by the board, the annual general meeting on 25th May 2023 decided that a write-down of the share capital was to be carried out by way of a reduction of the nominal value of the Company's shares in order to establish a capital structure that is sound and reasonable for the business PCI Biotech currently operates. Pursuant to the completion and duly registered share capital write-down on 16 August 2023 more than 50% of the share capital is retained.

All shares have equal voting rights and otherwise have equal rights in the company and one share represents one voting right. Ordinary shares are classified as equity and only one class of shares exists. Expenses that are directly attributable to the issue of ordinary shares are disclosed as reduction of equity.

The annual general meeting in May 2023 authorised the board of directors to execute share capital increases by issuing up to 2,790,000 shares in connection with the company's employee share option program. The authorisation is valid for one year. In addition, the board of directors was authorised to execute share capital increases with up to NOK 12,034,000 in connection with private placements. The authorisation shall not be used to increase share capital by an amount in excess of 10% of the share capital, based on the share capital per date of the authorisation and potential share capital increases in relation to the employee share option program. The authorisation may be used for general corporate purposes and is valid for one year.

Ownership structure per 31 December 2023:

Name	No. of shares	Ownership
FONDSAVANSE AS	3 910 443	10.48 %
MP PENSJON PK	1 605 801	4.30 %
Nordnet Bank AB	903 444	2.42 %
GRESSLIEN, Odd R.	641 000	1.72 %
CLEARSTREAM BANKING S.A.	607 974	1.63 %
NORDNET LIVSFORSIKRING AS	531 359	1.42 %
ZHANG, Lin H.	523 000	1.40 %
RAVI INVESTERING AS	500 000	1.34 %
BNP Paribas	428 283	1.15 %
Jandersen Kapital AS	400 000	1.07 %
Total 10 largest shareholders	**10 051 304**	**26.93%**
Others	**27 275 086**	**73.07%**
Total	**37 326 390**	**100.00%**

Shares owned, directly or indirectly, by members of the board and executive management, and their personally related parties per 31.12.2023 and per 31.12.2022:

		Number of shares	
Name	**Position**	**31.12.2023**	**31.12.2022**
Hans Peter Bøhn	Chair	123 662	123 662
Lars Viksmoen	Board member	12 966	12 966
Christina Herder*	Board member	NA	10 000
Hilde Furberg (Borkenholm AS)**	Board member	8 000	8 000
Andrew Hughes*	Board member	NA	-
Anders Høgset	CSO	64 800	64 800
Ronny Skuggedal	CFO	55 000	55 000
Kristin Eivindvik***	CDO	NA	25 200
Total		**264 428**	**299 628**

*Christina Herder and Andrew Hughes ended their terms as board members in May 2023.
** Hilde Furberg's shares are owned via Borkenholm AS, which is a related party to Hilde Furberg.
*** Kristin Eivindvik was part of the management team until August 2023.

21 FINANCING STRUCTURE

Except for interest-bearing leasing debt the Group had no external interest-bearing debt as of year-end 2023 or 2022.

22 OTHER CURRENT LIABILITIES BY YEAR END

(Figures in NOK 1,000)	Group		Parent	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
Accruals for incurred external R&D expenses	840	550	0	0
Accruals for employee bonus, holiday payments, board remuneration etc.	2 231	2 820	734	990
Other accruals	0	220	0	0
Total other current liabilities	**3 071**	**3 590**	**734**	**990**

Other current liabilities are measured by the amortised cost method, but due to the liabilities being current liabilities the non-discounted contractual payments are disclosed. Other accruals per 31.12.2022 represent accruals related to the downsizing process.

23 RELATED PARTIES TRANSACTIONS

Figures for remuneration are expensed amounts in the financial year. All board remunerations are accounted for in the parent company.

Executive remuneration *(NOK 1,000)*	**2023**	**2022**
Management team remuneration	4 164	11 088
Board of Director's remuneration	1 158	1 235

The Board of Directors' remuneration consists only of board remuneration as approved by the annual general meeting. The Board of Director's was reduced from 5 to 3 persons at the annual general meeting in May 2023.

The management team was downsized in 2022 and 2023, from 7 to 2 persons to tailor management to current operations. The management team per year-end 2023 consists of a combined CEO and CFO position, and a CSO, totalling 2 persons. In relation to the downsizing in 2022, one member of the management team received termination payment accounting for 3 months additional notice period, and some employees outside of the management team received termination payment accounting for 1 month additional notice period. These two elements were considered temporary deviations from the current remuneration guidelines. Please refer to the 2023 and 2022 Remuneration Report for more information.

The senior executives participate in the Group's pension plan that is a defined contribution plan which entails payment of 7% to 21% of the employee's annual salary up to 12 times the basic National Insurance amount (G). The pension scheme also covers in the event of disability.

The CEO is entitled to six months' notice and has an agreement of additional 6 months' salary on certain terms. There are no agreements beyond the statutory requirements for other senior executives.

Senior executives have not received any remuneration or financial benefits from other companies in the Group other than those disclosed above. It is not given additional remuneration for special services outside the normal functions of a senior executive.

There are no loans or pledges to senior executives, board of directors, employees or other persons in elected corporate bodies. For more details about PCI Biotech's remuneration policy, please see the established guidelines on the determination of salaries and other remuneration of executive management in accordance with § 6–16a of the Norwegian Public Companies Act.

Senior executive's shareholdings in PCI Biotech Holding ASA are disclosed in note 20 Share capital.

Allocation, exercise and holdings of share options in the Company for senior executives are presented in the table below:

Overview share options, Senior executives	Total holdings 31.12.2022	Allocated	Lapsed	Exercised	Expired	Total holdings 31.12.2023	Average exercise price in NOK
Ronny Skuggedal, CEO / CFO	360 000	300 000	0	0	0	660 000	8.24
Anders Høgset, CSO	250 000	120 000	0	0	0	370 000	12.85
Kristin Eivindvik, former CDO*	110 000	20 000	46 667	0	0	83 333	NA
Total	**720 000**	**440 000**	**46 667**	**0**	**0**	**1 113 333**	

*CDO until August 2023

Other related parties:

Helpyou2 Ltd.
In 2022 the Group had regular business transactions with Helpyou2 Ltd. a UK based company owned by Prof. Andrew Hughes, then a Board Director in PCI Biotech Holding ASA. The services rendered concern agreed scientific consultancies by Prof. Hughes during that year. The services rendered were pre-approved by the Board of Directors and regular fee overviews were presented for the Board of Directors. For the agreed scientific consultancies, Helpyou2 Ltd. received NOK 15 thousand in fees for 2022, and no services were rendered for 2023. It is in management and the Board of Director's opinion that the 2022 service fee was based on 'arm's length' principles and the level of consultancy was not considered to constitute a threat to independence for the parties in 2022.

PCI Biotech AS:
The parent company, PCI Biotech Holding ASA, has no employees. The Group operations are managed through the wholly owned subsidiary PCI Biotech AS which has a management service agreement with the parent company, including services like management, offices, finance and investor relation functions for the Group. All transactions are performed at market terms.

The parent company has been charged for operations according to the service agreement of NOK 1.7 million in 2023 (2022: NOK 2.1 million). The parent company has charged PCI Biotech AS interest expenses for intercompany loans of NOK 0.5 million during 2023 (2022: NOK 1.8 million). Net current receivables from PCI Biotech AS at year-end 2023 were NOK 2.5 million (2022: NOK 7.4 million). In 2022 an intercompany loan to PCI Biotech AS of NOK 30 million was utilised as contribution in kind from PCI Biotech Holding ASA for a capital increase in PCI Biotech AS.

24 RIGHT-OF-USE USE ASSETS AND LEASE LIABILITIES

PCI Biotech has entered into a lease agreement with Oslo Cancer Cluster Incubator, Ullernchausséen 64 Oslo, Norway. The lease runs to 31 December 2024, with an option for 3 additional years. The lease agreement is subject to annual adjustment according to changes in the consumer price index. In December 2022 the lease office space was reduced, and the right to use asset and future lease obligations were reduced accordingly. Right-of-use assets and lease liabilities are measured according to the amortised cost model, applying an incremental borrowing rate of 12% (2022: 12%). Nominal amounts of minimum lease payment for the non-cancellable operating leases is NOK 0.5 million (non-discounted contractual payments) per year-end 2023 (2022: NOK 1.2 million).

Payments for the principal portion of the lease liabilities are not charged to profit and loss and will only have cash flow effects

Right-of-use asset - office lease	
Accumulated acquisition costs 01.01.2022	**3 682**
Disposals FY2022	-531
Accumulated acquisition costs 31.12.2022	**3 151**
Adjustments FY2023	-56
Accumulated acquisition costs 31.12.2023	**3 095**

Accumulated depreciation and impairment as of 01.01.2022	**1 829**
Depreciation FY 2022	618
Accumulated depreciation and impairment as of 31.12.2022	**2 447**
Depreciation FY 2023	352
Accumulated depreciation and impairment as of 31.12.2023	**2 799**

Total right-of-use assets – office lease as of 31.12.2022	**705**
Total right-of-use assets – office lease as of 31.12.2023	**297**
Lower of remaining lease term or economic life – 2022	2.0 years
Lower of remaining lease term or economic life - 2023	1.0 years
Depreciation method	Linear

Lease liabilities - office

Accumulated lease liabilities 01.01.2022	**1 906**
De-recognition during 2022	-531
Payments principal portion of the lease liability FY 2022	-682
Interest expenses on the lease liability FY 2022	76
Accumulated lease liabilities 31.12.22	**770**
De-recognition during 2023	-56
Payments principal portion of the lease liability FY 2023	-442
Interest expenses on the lease liability FY 2023	47
Total lease liabilities for office as of 31.12.2023	**319**
Whereof:	
Current lease liabilities < 1 year 2023 / 2022	319 / 443
Non-current lease liabilities > 1 year 2023 / 2022	0 / 327

The Group applies the short-term lease recognition exemption for leases related to office equipment and parking facilities at the office in Oslo. Lease payments for this category of leases are consequently charged directly through profit and loss.

Income statement effects leasing	**2023**	**2022**
Depreciation of right to use asset	-352	-618
Effect on Operating results net of tax	**-352**	**-618**
Interest expenses on the lease liabilities	-47	-76
Effect on Net financial result net of tax	**-47**	**-76**
Comprehensive income effect net of tax	**-400**	**-694**

The Group had total cash outflows related to leases of NOK 0.5 million in 2023 (2022: NOK 0.8 million).

25 SUBSEQUENT EVENTS

PCI Biotech is not aware of any other subsequent events since year-end 2023 which are of material significance to the financial statements as of 31 December 2023.

To the General Meeting of PCI Biotech Holding ASA

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Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PCI Biotech Holding ASA, showing a profit of TNOK 434 in the financial statement of the parent company and a loss of TNOK 20 315 in the financial statements of the group. The financial statement comprise:

- the financial statements of the parent company PCI Biotech Holding ASA (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and

- the consolidated financial statements of PCI Biotech Holding ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av / is a member of Den norske Revisorforening.

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 as required by 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 year from the election by the general meeting of the shareholders on 25 May 2023 for the accounting year 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Governance.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting 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 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 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. We 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.

- 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 a true and fair view.

- 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of PCI Biotech Holding ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name pcibiotechholdingasa-2023-12-31-en, have been prepared, in all material respects, in compliance with with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 25 April 2024
RSM Norge AS

Marthe Lise Drolsum
State Authorised Public Accountant

OTHER INFORMATION

DEFINITIONS AND GLOSSARY

CSR:	Corporate Social Responsibility
Fimaporfin:	Generic name of the photosensitiser active ingredient TPCS2a
IFRS:	International Financial Report Standards
NAA:	Norwegian Accounting Act
PCI:	Photochemical internalisation
PCL:	Photochemical lysis
PCIB:	PCI Biotech's ticker at Oslo Børs
R&D:	Research and Development

FINANCIAL CALENDAR

Ordinary annual general meeting	24 May 2024
First half 2024 interim report	28 August 2024

INVESTOR CONTACT

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FORWARD LOOKING STATEMENTS

This Report contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates. Forward-looking statements concern future circumstances and results and other statements that are not historical facts, and are sometimes identified by the words "believes", expects", "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Report, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that are expressed or implied by statements and information in the Report, including, among others, risks or uncertainties associated with the Company's business, segments, development, growth management, financing, market acceptance and relations with customers, and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environments, and fluctuations in currency exchange rates and interest rates. None of the Company or any of its subsidiaries or any such person's directors, employees or advisors provide any assurance that the assumptions underlying forward-looking statements expressed in this Report are free from errors nor does any of them accept any responsibility for the future accuracy of such forward-looking statements.

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