circio

Annual Report 2023

25 April 2024

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RNA therapeutics and cancer immunotherapy are some of the fastest growing fields in medicine

Immunotherapy has revolutionized cancer treatment over the past decade, Today, millions of patients achieve long-lasting benefit from cancer immunotherapy, which has grown into a market worth over USD 35bn in 2023.

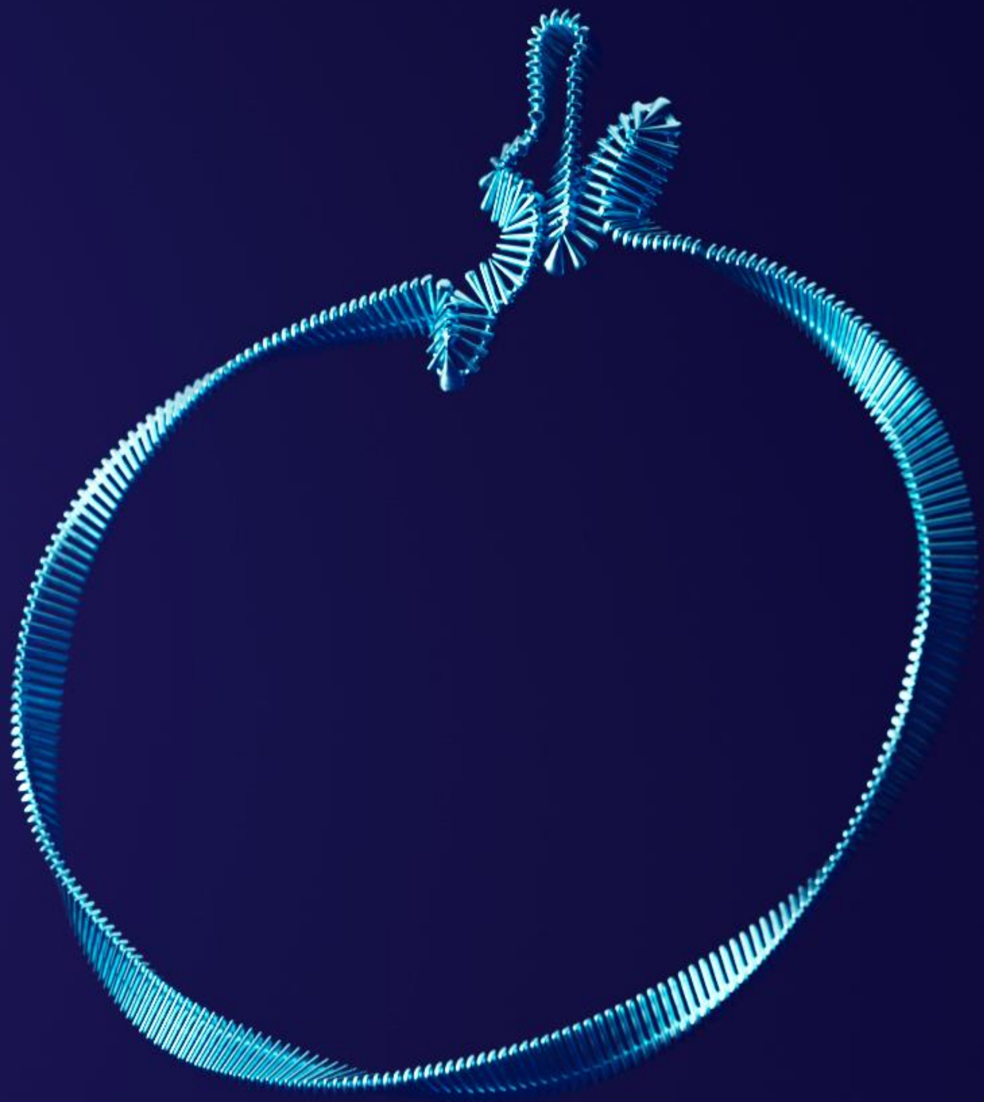
RNA therapeutics are on the same trajectory, with the first successful mRNA vaccines approved and broadly implemented for COVID-19 in 2021. mRNA vaccines are just the tip of the iceberg of the overall therapeutic potential of RNA in new disease areas to this new class of drugs. Circular RNA (circRNA) is emerging as one of the most promising RNA formats, and Circio´s powerful and differentiated circVec platform is uniquely positioned to unlock the potential of circRNA in gene therapy.

About Circio

Circio Holding ASA (OSE: CRNA) is a biotechnology company developing novel circular RNA gene therapies and immunotherapy medicines.

Circio has established a unique circular RNA (circRNA) platform for genetic medicine. The proprietary circVec technology is based on a modular genetic cassette design for efficient biogenesis of multifunctional circRNA from DNA and viral vectors, which can be deployed in multiple disease settings. The circVec platform has demonstrated enhanced and more durable protein expression than classic mRNA vector systems, and has the potential to become the new gold-standard for DNA and virus-based therapeutics in the future. The circRNA R&D activities are being conducted by the wholly owned subsidiary Circio AB based at the Karolinska Institute in Stockholm, Sweden.

In addition, Circio is developing a cancer vaccine, TG01, targeting KRAS driver mutations. TG01 is currently being tested in three clinical trials: RAS-mutated pancreatic cancer and lung and non-resectable pancreatic cancer in US, and multiple myeloma in Norway. These studies are being run through academic collaborative networks, supported by prestigious research grants from Innovation Norway and the Norwegian Research Council, creating read-outs and future optionality for the program at low cost to Circio.



CEO Statement

During 2023 we completed a turnaround to fully focus on accelerating the circVec platform, and firmly establish Circio as a leader in the emerging circular RNA space. With our circVec 2.1 design we have reached an important technical milestone, outcompeting conventional mRNA expression for reporter systems both in vitro and in vivo. We are committed to drive this unique and powerful technology forward, with the aim to and establish circVec as a new gold-standard expression system for gene therapy and beyond.

Leading with ´CIRC´ in Circio
Under the leadership of CTO and circRNA discoverer Dr Thomas Hansen and CSO Dr Victor Levitsky we have advanced our circVec system to generation 2.1, which has demonstrated up to 10x enhanced protein expression vs. mRNA in multiple settings. We have recently shown, in initial experiments, that this powerful advantage can be maintained in vivo in mouse models for up to four months , with statistically significant enhancement of protein expression from circVec. This feature is particularly important in gene therapy where low expression is a substantial hurdle for current approaches, and we are therefore selecting genetic medicine as the lead application for our initial circVec therapeutic candidates.

Still progressing in ´IO´
The TG01 cancer vaccine has returned to the clinic in an enhanced format. Armed with a more powerful adjuvant, the same as GSK incorporates in its highly successful shingles, malaria and RSV vaccines, improved dosing and multiple new combination therapies, creating a broad scope of development and future partnering opportunities for our mutant RAS TG01 program. During 2023, three collaborative studies with internationally renowned experts opened for enrolment, two in the USA and one in Norway. Consistent with our strategy of advancing TG01 through collaborative efforts at low cost to Circio, all of these studies are externally sponsored and involve multiple high-profile industry and academic partners. On April 17 2024, Circio terminated its agreement with IOVaxis to develop TG01 in China due to non-payment of license fees. This does not affect the three collaborative studies described above.

Financing to support near-term progress and deliver long-term success
Following the presentation of robust technical *in vitro* data showing statistically significant enhanced circVec vs mRNA reporter expression as well as encouraging and additionally supportive in vivo data in mouse models, on 17 April 2024 Circio announced a plan to raise around NOK 50-60m in gross proceeds from existing shareholders and new investors in a partially underwritten rights issue to be completed during Q2 2024. This will provide twelve months cash runway and enable Circio to deliver important pre-clinical milestones for its novel circVec gene therapy formats, further enhancing and expanding the platform towards circVec 3.0, and expand the intellectual property portfolio to protect both the technology and its applications.

Looking ahead
The circVec platform can be deployed for a variety of applications, and as we demonstrate this through our ongoing technical and *in vivo* experimental program, we believe multiple avenues to partnerships will become available. The techincal *in vivo* data package confirms the potential of the circVec platform, and we are now moving forward to validate these promising data in therapeutically relevant vector formats and disease models, with an AAV-based gene therapy for

AATD as the initial lead program. Based on our current data, plans and estimates, we aim to enter our first strategic partnership in early 2025 and select a lead therapeutic candidate for AATD by the middle of 2025.

The team and I are very excited to lead Circio forward to execute on the opportunities that lay ahead.

Dr. Erik Digman Wiklund
CEO Circio Group

Directors' Report

2023 was a challenging year for the biotech sector in general, and Circio was no exception. Despite strong clinical data and a robust development plan endorsed by both KOLs and regulatory authorities, it was not possible to secure the substantial funding required to bring the ONCOS-102 program forward on a path to registration. As such, we were regrettably forced to make the tough decision to halt ONCOS-102 development, and in parallel part with many talented and dedicated colleagues.

However, our agile and forward-looking management team were early to identify the substantial opportunity that lies in circular RNA. When we first announced our circRNA program in late 2021, few were aware of this novel RNA format. Today, circRNA has grown into one of the most promising therapeutic concepts in the industry, with substantial recent deals and financings. Circio is one of the early innovators in this emerging space and has in short time built the powerful and differentiated circVec platform, which has the potential to disrupt current gold-standard mRNA technology in the fields of genetic medicine and vaccines.

With a new strategy centered on building a next generation circRNA pipeline engine for gene therapy and vaccines, it was a natural step to rebrand and reposition the company. The new company name ´Circio´ clearly puts circRNA at the front and center of what we do, with the IO symbolizing our heritage in immunotherapy and continued commitment to our KRAS cancer vaccine program.

The new Circio requires a different toolbox, resource level and skillset. We have therefore substantially restructured the management team, board, organization and corporate set-up, and established an R&D hub at the Karolinska Institute campus in Stockholm. We have now put a strong foundation in place from which to build a successful RNA platform company with a rich and differentiated pipeline. For our shareholders, this has the advantage of a substantially reduced cost-base and a broadened set of opportunities for value creation through both in-house development and external partnerships.

We believe that we are well-positioned for the new Circio to be successful, both scientifically and commercially. The management team, led by CEO and circRNA co-discoverer Dr Erik Digman Wiklund, is forging ahead with several innovative gene therapy concepts, and we expect important pre-clinical validation, further platform enhancement and business development milestones to materialize during 2024-25. The intended rights issue aiming to raise around NOK 50-60 million by Q2 2024 will provide Circio with twelve months cash runway and enable us to deliver on these plans and create value for existing and new shareholders. However, should this financing not be forthcoming, we must be clear that we would face the risk that the company may not be a going concern, especially if the conditions necessary to call tranches of under the Atlas Agreement (see later) are not met. The Board of Directors is monitoring this situation closely with the management.

Strategy and strategic focus areas

Circio is a biotechnology company developing novel circular RNA and immunotherapy medicines, with the aim to become the leader in vector-delivered circRNA therapeutics for genetic medicine. In parallel, Circio intends to retain the value of its investments into the legacy mutant RAS program by seeking low-cost development opportunities through commercial and academic partnerships. The Group focuses its existing scientific and financial resources on accelerating the development of the proprietary circVec platform to capitalize on its significant early-mover advantage in the rapidly expanding fields of gene therapy and RNA therapeutics.

The Group's strategy is to:

- Build a platform-engine for novel genetic medicine product candidates based on circVec-delivery of circRNA;
- Further enhance and establish a robust IP portfolio protecting the design and applications of the circVec platform;
- Identify target diseases with high unmet medical need and develop and test therapeutic circVec candidates against these pre-clinically, with initial focus on AATD as the lead program;
- Establish pre-clinical validation of circVec for AAV gene therapy vectors and novel DNA delivery formats;
- Establish strategic partnerships to access complementary technologies that can broaden and/or enhance the potential use of circVec;
- Explore and validate other potential applications of circVec, such as for vaccines and oncology, and monetize these through external partnerships;

- Test the enhanced TG01 mutant RAS cancer vaccine in multiple cancer indications and treatment combinations, supported through external collaborations and grant funding

Pipeline and newsflow

Product candidate	Preclinical Discovery / *In vivo* PoC	Clinical Phase 1	Phase 2	Phase 3 / pivotal	Milestones
circVec circRNA vector platform	**Gene therapy** Rare disease				**1H 2024** *In vivo* proof-of-concept data
	Vaccines Infectious disease				**1H 2024** *In vivo* proof-of-concept data
TG01 (+QS-21) Mutant RAS cancer vaccine	Pancreatic cancer (post-surgery) TG01 +/- anti-PD-1	agenus	The University of Kansas Cancer Center		**1H 2024** Safety cohort data
	Multiple Myeloma TG01 monotherapy	Oslo University Hospital			**2H 2024** Interim clinical data
	Advanced pancreatic cancer & non-small cell lung cancer TG01 + daratumumab (anti-CD38) + nivolumab (anti-PD-1)		Georgetown University Bristol Myers Squibb	Janssen	**2H 2024** Safety cohort data

Trials run and financed by collaboration partners

Business and technology platforms

The Group develops novel circular RNA ("circRNA") and cancer immunotherapy medicines. The Group's mission is to create a novel targeted, multi-functional circRNA therapeutics. Circio has developed a differentiated, proprietary circRNA delivery platform named circVec. circVec is a DNA-based vector system designed and optimized for efficient intra-cellular circRNA biogenesis to drive robust and durable protein expression in patients. circVec has demonstrated statistically significant enhanced protein expression vs conventional mRNA-based systems both *in vitro* and *in vivo*. Circio is focusing on gene therapy as the primary application of the circVec technology, but is also exploring expansion of the circVec platform into oncology, vaccines and cell therapy applications.

In addition, Circio is developing a cancer vaccine, TG01, targeting driver mutations in the RAS-family of genes. TG01 is currently being tested in three clinical trials in in multiple myeloma, pancreatic and lung cancer in the USA and Norway financed through external industry and academic partnerships.

circRNA Platform

Circio is a leader in circRNA, a promising emerging class of novel RNA therapeutics. circRNA offers several advantages over mRNA, including substantially prolonged half-life and enhanced protein expression. circRNA co-discoverer and pioneer Dr Thomas B Hansen, CTO at Circio, is building the circVec platform technology together with an experienced scientific team located at the Karolinska Institute in Stockholm, Sweden.

Circio has a unique, proprietary platform technology for circRNA delivery, circVec. circVec is a vector system designed for efficient circRNA expression which has potential use in multiple disease areas. circVec offers several advantages over synthetic circRNA approaches, including durability, scalability and expression level, and has the potential to boost the potency of current gold-standard gene therapy approaches. To date, technical proof-of-concept (PoC) has been established for the circVec approach in multiple vector formats, demonstrating clear advantages over traditional mRNA-based expression systems. Key design features for optimal circRNA biogenesis and high level of protein expression have been identified and validated, and several patent applications covering the core elements of the circVec concept have been filed to protect this powerful platform technology.

Circio is aiming to further expand and enhance the circVec platform, and to demonstrate the benefit and versatility for several therapeutic applications in vivo during 2024. Following generation of robust, statistically significant technical proof-of-concept *in vivo*, Circio is now exploring the design and performance of circVec in relevant therapeutic vector formats and disease areas. The aim is to generate *in vivo* proof-of-concept in disease models within the next twelve months, and subsequently proceed towards selecting a lead candidate to bring forward towards clinical entry. Circio plans to develop future therapeutic circVec candidates both in house and through partnering with pharmaceutical companies.

Mutant KRAS platform

Oncogenic KRAS mutations drive around 30% of all cancers and are considered highly attractive targets in cancer drug development. TG01 has shown promising efficacy in previous clinical trials, including 6-month survival benefit over standard of care in surgically resected pancreatic cancer, and TG01 has attained Orphan Drug Designation in pancreatic cancer in both the USA and Europe.

TG01 is currently being tested in three externally sponsored clinical trials in RAS-mutated pancreatic cancer, lung cancer and multiple myeloma in the USA and Norway. These studies are being run through academic and industry collaborative networks, supported by prestigious research grants from Innovation Norway and the Norwegian Research Council, creating future optionality for the program at low cost to Circio.

Surgically resected pancreatic Cancer
In March 2023, the first patient was dosed in the USA with TG01 in the combination study with PD-1 checkpoint inhibitor (CPI) balstilimab in mutant RAS pancreatic cancer. Oncogenic RAS mutations are found in more than 90% of pancreatic cancer patients, but there are no approved therapies available against this important genetic driver. As such, there is a major unmet medical need for novel, effective agents to improve outcomes for pancreatic cancer patients.

The trial is led by gastrointestinal cancer expert Dr. Anup Kasi in a clinical collaboration between Kansas University Cancer Center (KUCC), Agenus and Circio, and was the first study to dose a patient with the TG01 vaccine enhanced by immune-stimulatory adjuvant QS-21 STIMULON™ from Agenus. In Dr. Kasi´s study, 24 pancreatic cancer patients who have detectable tumor DNA in the blood following surgery and follow-up treatment will be randomly allocated to either TG/QS-21 vaccination alone or vaccination combined with PD-1 CPI balstilimab. The aim is to evaluate whether mutant RAS T-cell responses generated by TG01, and further boosted by QS-21 STIMULON and balstilimab, may have the potential to eliminate remaining cancer cells to prolong time to relapse and extend patient survival.

Multiple Myeloma
The enhanced TG01 vaccine is also being tested in a phase 1 trial at Oslo University Hospital (OUS) evaluating TG01/QS-21 in RAS-mutated multiple myeloma (MM). Although 15-20% of multiple myeloma patients harbor RAS driver mutations, there are currently no available RAS-targeted treatment alternatives for this cancer indication, and the study thereby addresses a major unmet medical need.

The trial is sponsored and funded by OUS and supported by the research grants from Innovation Norway and the Norwegian Research Council. The trial is a collaboration between OUS, and Circio and is testing TG01 vaccination as a maintenance monotherapy in 20 KRAS or NRAS mutated MM patients who continue to have measurable disease after completion of SoC treatment. The study is led by multiple myeloma expert Dr. Fredrik Schjesvold. In December 2023, the trial passed the planned safety cohort review without any concerns, and the study is open for full enrollment of twenty patients in total.

Lung and Pancreatic Cancer
In November 2023, Circio announced a new study at Georgetown University in Washington D.C., USA, as part of a research collaboration agreement with Janssen and Bristol Myers Squibb (BMS) to test its drug candidate TG01 in a triple combination regimen with daratumumab (anti-CD38) and nivolumab (anti-PD1) in patients with RAS-mutated pancreatic and lung cancers. The study will be the first time TG01 is tested in a broader immunotherapy regimen designed to overcome resistance to anti-PD-1 checkpoint blockade.

The trial is sponsored by Georgetown University with funding from Janssen. The triple therapy combination will be tested in 54 patients in total, 27 immunotherapy-naïve KRAS-mutated patients with pancreatic cancer and 27 KRAS-mutated patients with NSCLC who have progressed on prior anti-PD1 therapy. The study opened in December 2023, and the first patient was dosed in early 2024.

IPR / Market exclusivity

Circio´s patent portfolio is designed to protect the technological platform and specific drug candidates and their therapeutic applications, and includes several families of patents and patent applications covering drug compositions and relevant combination therapies. Following successful pre-clinical circRNA generation and design research, patent applications covering critical aspects of the circVec platform and applications have been filed. Further development and optimization are continuously ongoing and new patent applications will be filed to broaden and strengthen the IP protection of the unique circVec platform.

Important events in 2023

- In February, agreed the terms and conditions for a convertible bond facility with Atlas Special Opportunities (“Atlas”) with the aim of securing financing of up to gross NOK 300 million over three years, subject to certain conditions.
- In March, the extraordinary general meeting (EGM) of Circio approved the Atlas agreement.
- In March, requested Atlas to subscribe and pay for the first tranche of convertible bonds with an aggregate principal amount equal to NOK 37,500,000.
- In March, dosed the first patient with cancer vaccine TG01 in the combination study with PD-1 checkpoint inhibitor (CPI) balstilimab in mutant RAS pancreatic cancer in the USA.
- In March, announced the circRNA platform to be the main focus of the company to capitalize on its early-mover advantage and globally competitive position. The development of ONCOS-102 was put on hold subject to further funding or partnering. Later it was communicated that development stopped.
- In April, the AGM approved to change the name of the company to Circio to reflect the strategic shift in the portfolio and the focus on the circVec circRNA platform.
- In April, presented circRNA R&D development in the poster “*circAde: a circRNA-based system for prolonged and more effective treatment* of cancer” at the AACR Annual Meeting in April 2023, in Orlando, USA.
- In June, dosed the first patient with cancer vaccine TG01 in the multiple myeloma study at Oslo University Hospital
- In June, Circio started the reorganization process to streamline operations and reduce costs to focus resources on developing the new circVec platform.
- In October, presented powerful circVec 2.0 generation expression data in the poster “circVec: a versatile circular RNA vector cassette for enhanced and durable intra-cellular protein expression” at the European Society of Gene and Cell Therapy (ESGCT) Annual Meeting in Brussels in October 2023.
- In November, announced a collaboration with Georgetown University, Janssen and BMS to test the combination of TG01 mutant RAS vaccination with daratumumab and nivolumab in immunotherapy resistant patients with RAS-mutated pancreatic and lung cancer.
- In November, announced that the European Patent Office (EPO) board of appeal has moved to revoke the EU Patent 3140320 “Peptide vaccine comprising mutant RAS peptide and chemotherapeutic agent”.
- In December, completed the planned safety cohort review in the TG01 study at Oslo University Hospital with no concerns reported, and the study opened for full enrollment.

Important events after balance sheet date

- In January 2024, it was announced that Business Finland has approved Circio’s application for a waiver in full of three R&D loans totaling EUR 6.2 million granted for the development of ONCOS-102. As a result, Circio’s equity will be increased by a corresponding amount.
- In March 2024, following the approval by the Chinese National Medical Products Administration (NMPA) of the investigational new drug (IND) application, IOVaxis exercised the option for an exclusive license to mutant RAS cancer vaccine TG01 in China. The parties agreed that IOVaxis will pay USD 300.000 of the USD 3.000.000 option fee to Circio immediately, and that the remaining payment to be due by 15 September 2024.
- In April 2024, announced that it has terminated TG01 cancer vaccine license option agreement with IOVaxis in China for non-payment. IOVaxis did not met the first financial payment milestone and Circio therefore decided to terminate the TG01 license agreement in China and the Group will now seek alternative partnering options in China for the TG01 program.
- In April 2024, announced that it is initiating a fundraising process with the intent to raise around NOK 50-60 million or more in gross proceeds from existing shareholders and new investors in a partially underwritten rights issue to be completed during Q2 2024. Existing convertible bond investor Atlas Capital Markets is supportive of, and intends to participate in, the intended fundraising. Members of Circio´s board and management have pre-committed to participate with around NOK 2 million, including NOK 500.000 by CEO Dr. Erik D Wiklund. Circio will update the market in due time when the structure and timing of the intended transaction have been determined.
- In April 2024, announced that it has established early technical in vivo proof-of-concept for its proprietary circVec circular RNA platform by demonstrating statistically significant improvement in durability over mRNA-based expression. The circVec technology has broad potential, particularly to enhance the potency and reduce cost of current gold-standard gene therapy, and the R&D strategy is centered on this rapidly expanding therapeutic area.

Key figures in the consolidated accounts

In February 2023, Circio announced that it has agreed the terms and conditions for an investment and subscription agreement for a convertible bond facility with Atlas Special Opportunities (the "Investment Agreement"), which will provide financing of up to gross NOK 300 million over three years. The Investment Agreement was approved at an extraordinary general meeting ("EGM") of Circio held in March 2023, and an amendment agreement was later approved at an EGM in September.

The financing agreement with Atlas was entered into to enable Circio to support and progress its two R&D programs until important data can be generated and other sources of financing become available:

- Platform development, generation of *in vitro* and *in vivo* proof-of-concept data, and filing of patent applications for Circio´s unique circRNA program, an area of rapidly growing interest among big pharma and biotech
- Supporting three clinical trials with the enhanced TG01/QS-21 KRAS cancer vaccine led by academic centers in Norway and the USA

The financing is made available to Circio through tranches of convertible bonds. For each tranche, Circio needs to demonstrate that it complies with all condition precedents which are a combination of legal, regulatory and financial conditions. The first tranche, with an aggregate nominal value of NOK 37.5 million, was exercised in March 2023. The second tranche of NOK 21.5 million, was exercised in August 2023 and issued in three installments of NOK 7.5 million, NOK 7 million and NOK 7 million, in September, October and December 2023 respectively. The cool down period after the second tranche ended on 1 March 2024.

If all condition precedents are met, it is at Circio' s discretion to decide when and how many tranches are called upon over the 3-year agreement period, thereby providing flexible access to capital. In the amended Investment Agreement approved at the EGM in September 2023, it was agreed to change the bond denomination to NOK 500,000 and Atlas was granted a one-time option to request convertible bonds in an amount of up to NOK 30 million, valid for a period of 24 months after approval in September 2023.

The convertible bonds are subscribed at 92 percent of nominal value of each convertible bond and would provide Circio with a total net amount of up to NOK 276 million in new capital. From these net proceeds, Circio needs to pay legal, administrative and other fees so that the net proceeds are slightly reduced. The bonds will not carry any interest and can be converted into shares at the discretion of Atlas, at a price determined as 100 percent of the average volume weighted share price (VWAP) of three of the last 15 trading days preceding the bond conversion request by Atlas. After conversion, Atlas may sell the Circio shares in the market subject to certain pre-defined restrictions. Circio retains the right to repurchase unconverted bonds at any time at 110 percent of nominal value.

Income statement (2022 figures in brackets)

In 2023 Circio had no core business revenue. Other revenue was NOK 0.1 million (NOK 10.0 million)

Total operating expenses for the full year 2023 amounted to NOK 101.0 million (NOK 503.6 million). The operating expenses are reported net of governmental grants which amounted to NOK 1.8 for the full year 2023 (NOK 4.8 million).

Research and development expenses were NOK 49.9 million (NOK 47.2 million) for the full year 2023. Research and development expenses were driven primarily by preparation costs for starting clinical trials and manufacturing of clinical supplies.

Payroll and other employee related costs were NOK 34.4 million for the full year 2023 (NOK 52.2 million). The decrease in personnel expenses is a reflection of the restructuring and reduction in team size. The full effect of these changes started to take effect in 4Q 2023 and will continue in 2024.

Other operating expenses amounted to NOK 14.5 million (NOK 11.5 million) for the full year 2023. The increase in operating expenses in 2023 compared to 2022 is mainly due to loss of sale of assets.

The Depreciation, amortizations and write downs amounted to NOK 1.8 million (NOK 392.7 million) for the full year 2023.

The operating loss for the full year of 2023 was NOK 100.5 million (NOK 493.6 million).

Net financial items amounted to a loss of NOK 10.2 million (loss of NOK 1.7 million) for the full year 2023, of which NOK 8.2 million relates to fees for the convertible loan facility and NOK 3.5 relates to interest expenses for the Business Finland loans.

Losses after tax for the full year were NOK 110.7 million (NOK 432.9 million).

Cash flow

Net cash flow from operating activities was negative NOK 89.2 million for the full year 2023 (negative NOK 108.8 million), mainly driven by activities in research and development.

Net cash flow from investing activities was positive NOK 2.9 million for the full year 2023 (negative NOK 4.9 million), mainly due to the sale of equipment.

Net cash flow from financing activities was NOK 41.9 million for the full year 2023 (negative NOK 4.3 million), mainly due to the convertible loan facility.

Cash and cash equivalents were NOK 22.3 million on 31 December 2023 compared to NOK 66.0 million on 31 December 2022.

Financial position

Total assets as of 31 December 2023 decreased to NOK 28.1 million from NOK 100.4 million on 31 December 2022 mainly due to lower cash balance from operational activities.

Total current assets amounted to NOK 28.1 million (NOK 94.1 million), of which cash and cash equivalents amounted to NOK 22.3 million (NOK 66.0 million).

Total non-current assets were NOK 0 million (NOK 6.3 million).

Shareholders' equity amounted to negative NOK 96.3 million at the end of 2023, decreased from NOK 2.6 million in 2022. The equity ratio amounted to negative 342.4 percent in 2023 compared to 2.56 percent in 2022.

Going concern

The financial statements for 2023 have been prepared under the going concern assumption, as stipulated in Section 3.3a of the Norwegian Accounting Act. As of 31 December 2023, the equity of the Company was less than 50% of the Company's share capital. Pursuant to section 3-

5 of the Norwegian Public Limited Liability Companies Act (the "Companies Act"), the board of directors has a duty to implement measures if the Company's equity is less than half of the share capital. Therefore, the board has assessed its duty in accordance with the Companies Act section 3-5.

The board is aware of the situation regarding insufficient equity and has implemented the necessary measures to turn the negative equity into positive. The granted waiver of the Business Finland loan will, when all conditions are fulfilled in second half of 2024, result in a corresponding increase in equity. Further, in April the Group announced the plan for an intended rights issue during the second quarter of 2024. These two measures, if successful, will turn the equity of the Group positive.

The Group intends to raise around NOK 50-60 million in Q2 2024. A process to undertake a partially underwritten rights issue was initiated on 17 April 2024 with Redeye as financial advisor. Atlas is supportive of and intends to participate in the financing and the members of the board and management have pre-committed to participate with approximately NOK 2 million in the fundraising. The rights issue will, if successful, provide Circio with a cash runway to Q2 2025. We believe this timeframe should enable delivery of major pre-clinical circVec milestones, including in vivo proof-of-concept for its lead AAV gene therapy program in AATD and generation of circVec platform data with the aim to put Circio in position to enter its first revenue-generating business development deal.

The Board and management therefore have a reasonable expectation that sufficient capital to ensure continued operations in the twelve months as of 31 December 2023 will be secured from existing shareholders and new investors, however, there is no guarantee that the planned rights issue transaction will be successfully completed. The rights issue will be subject to approval by the general assembly within 30 June 2024.

The convertible bond facility with Atlas, which provides the Group with access to up to gross NOK 300 million over three years will, if the rights issue is successfully completed, become a back-up financing facility only. If the rights issue should not be successful, Circio will enter into a dialogue with Atlas to access interim financing from the convertible facility until a new fundraising attempt can be initiated during 2H 2024. The Group's right to call on any subsequent tranches of bonds, and Atlas' obligation to subscribe and pay for such bonds, are conditional on meeting the conditions precedent set out in the Investment Agreement at the time of calling on a tranche. Currently, the conditions precedent related to the minimum market capitalization of Circio Holding ASA and the monthly trading value of Circio shares are not met. Consequently, there is no guarantee that the Group will be able to access additional funding from Atlas in a situation as described above.

The unknown outcome of the rights issue transaction, and uncertainty around access to further Atlas tranches, indicate that a material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going concern.

Risk factors and risk management

Circio is subject to several operational and financial risk factors and uncertainties which can affect parts or all activities of the group. The Group proactively manages such risks, and management and the Board of Directors regularly analyze operations and potential risk factors to take measures to reduce risk exposure.

Operational risk

Circio' s activity is research and development of novel pharmaceutical medicines. The development of pharmaceuticals goes through several preclinical and clinical stages before commercialization and there is a high risk of failure throughout the process.

In 2023, the Group changed its strategy to focus on circular RNA, a novel technology with great potential to create new drug treatments for patients. The technology is still at an early preclinical stage, where according to historic industry standards for drug discovery and development, there is more than 90% chance of failing. While the management and the Board of Directors believe that the Group has a strategy with a higher likelihood of success, there are many open questions and risks along each step of the drug development path, and not all are possible to predict or control and which may negatively affect the outcome of our drug development.

CircRNA in general, and the circVec vector system specifically, is a novel drug modality which has never been tested in humans. Results from the Group's preclinical and clinical trials will be essential to document its safety and efficacy. DNA and viral therapeutics have been tested in numerous clinical studies, and several viral drug products have been approved and are used in a range of indications, including cancer, gene therapy for rare disease and vaccines, where the Group is focusing its development. However, several safety risks still exist for the DNA and virally based vector formats being explored by the Group, and these need to be investigated to be excluded.

Generally, delays in experimental work with and for preclinical studies are not uncommon and add, delays, additional costs, and risk. DNA synthesis, manufacturing, and quality controls for Circio's experimental circVec platform are under development and unforeseen issues and delays could have an impact on ongoing and planned preclinical studies.

As Circio' s preclinical studies and clinical trials depend on both the performance, funding and technology from external partners for completion, uncertainties append to these partners' ability, capacity, availability and willingness to carry out the studies.

The research and development of novel pharmaceuticals is time consuming, costly and involves high risk, and as Circio depends on third parties to conduct several of its preclinical studies, delays or other unforeseen issues outside of Circio's control may occur. Such delays or issues may delay or increase the cost of preclinical and clinical studies and additional capital requirements might arise.

The group is also in early clinical development for the TG platform. While the results from earlier clinical trials with TG01 were promising, they may not be predictive of the results in later-stage clinical trials where the drug is tested in a larger group of patients. In order to increase the chances of therapeutic success, the Group has improved the formulation of TG01 and added a more potent adjuvant called QS-21 which is commercially validated in other vaccines. Changes in the standard of care from initiation to completion of a clinical trial is also a risk factor which may negatively affect the approval or commercial success of TG01.

Circio also conducts its clinical collaboration trials in combination with third party medicines. Limited access or any other constraints in terms of use of such products, including unexpected drug-drug interactions, may adversely impact the progress or clinical development of the trials and products.

The ongoing clinical collaboration trials include cancer patients. Circio puts great emphasis on the safety of these individuals in accordance with regulatory standards and framework for the development of pharmaceuticals. Recruitment of patients may be delayed due to patients' lack of willingness to participate, competing trials and doctors' divergent priorities.

The success of the Group will depend in part on Circio´s ability to protect its intellectual property and know-how. To date, Circio holds certain exclusive granted patent rights and has filed several patent applications, however, uncertainties related to predicting the scope and strength of the protection from its patent estate and the risk and challenges including patent invalidations that may be caused by third parties. The biopharmaceutical industry is characterized by intense competition and rapid innovation. The Group's competitors may be able to develop other compounds or drugs that are able to achieve similar or better results and/or file patents which will restrict Circio's freedom to operate and commercialize future medicine. Should that be the case, Circio will either challenge those patents or negotiate to take a license.

Financial risks

Active monitoring of risks related to financial developments or activities is secured through control of financial reporting. This is achieved through day-to-day follow-up by management, supervised by the Board of Directors, through periodical reporting and evaluation. Non-conformance and improvement opportunities are followed up and corrective measures implemented continuously.

Being an early phase research and development group, Circio is accumulating financial losses. Operating losses are expected to persist and grow during the research and development phases of the Groups' products, and cash generating operations are not expected until one or more of the group's products are commercialized in the far future, or licensed or sold earlier to pharmaceutical partner companies.

Funding of ongoing operations is and will depend on external sources for the foreseeable future, mainly equity contributions. Significant changes to financial market conditions can affect the climate and willingness for investor investments. The Group continuously faces the risk that adequate sources of funding may not be available when needed or may not be available at favorable terms.

The Group continuously works with potential investors and partners to obtain the required funding for its operations, and as announced on 17 April 2024, the Group intends to raise around NOK 50-60 million in Q2 2024 through a partially underwritten rights issue.

If the Group is unable to obtain adequate financing through the initiated rights issue process, or any other potential financing option, during Q2 2024, it may be forced to delay, reduce or terminate its R&D programs.

The convertible bond facility with Atlas, which will become a back-up financing option subsequent of a successful financing during Q2 2024, provides the Group with access to up to gross NOK 300 million over three years. The Group's right to call on any subsequent tranches of bonds, and Atlas' obligation to subscribe and pay for such bonds, are conditional on meeting the conditions precedent set out in the Investment Agreement at the time of calling on a tranche. Currently, the conditions precedent related to the minimum market capitalization of Circio Holding ASA and the monthly trading value of Circio shares are not met.

In any future situation where the Group would want to request additional funding under the Investment Agreement with Atlas and the conditions precedents are not met, the Group may not be able to obtain the requested funding from Atlas. In such a scenario, the Group will enter into negotiations with Atlas to address the issues and enable access to future tranches, for example by reducing the tranche size and/or implementing modifications to the Investment Agreement. While the company has been successful with this strategy in 2023, there is no guarantee that it will also work in 2024.

To maintain and expand the Group's base of potential investors and securing access to risk capital when needed, Circio´s management continuously presents and promotes Circio through investor road shows, 1-to-1 meetings and participation in industry- and investor seminars.

Future interest rate fluctuations may affect the Group's business, financial condition, results of operations, cash flows, time to market and prospects. Currently, the Group has no long-term debt. On 18 January 2024, the Company announced that the debt to Business Finland has been approved to be waived in full, subject to certain conditions expected to be fulfilled during first half of 2024. The debt to Business Finland is classified as short-term debt as per 31 December 2023.

Fluctuations in exchange rates affect the Group's cash flow and financial condition as many collaborators are being paid in foreign currencies. The currency exposure includes both transaction risk and risk related to paying operating expenses.

Transaction risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses. The group is mainly exposed to fluctuations in EUR, GBP, USD and CHF. Translation risk in the Group arises when amounts denominated in foreign currencies are converted to NOK, the Group's reporting and functional currency. In 2023, the Targovax Oy subsidiaries has EUR as its reporting and functional currency and the Circio AB entity has SEK as its reporting and functional currency.

Circio has costs and payments in several currencies, EUR, SEK and USD are the most prominent foreign currencies. Cash inflow takes place in NOK through capital increases. Circio manages currency risk by matching expected outflows with holdings in all major currencies.

Circio has signed a liability insurance which covers the CEO, the Board of Directors, management, and any other former or present employee with independent management responsibility in Circio Holding ASA and its subsidiaries. The insurance covers NOK 25,000,000 per claim and in total during the insurance period, world-wide including USA and Canada.

Market developments

Overall pharmaceutical market

The IQVIA Institute stated that the global pharmaceutical market in 2023 will be USD 1.5 trillion. Over the coming years the market is expected to grow by 4-5% CAGR. The U.S. share of the global pharma market is close to 50% at USD700 billion in 2023, while the European market represents USD225 billion, and the China pharmaceutical market is at USD 170 billion in 2023.

The cancer market

General

The global market for cancer medicines is expected to grow to USD 175 billion by 2025 according to Allied Marked Research The market for cancer immunotherapy was estimated to grow strongly with the introduction of new medicines and reach up to USD130 billion by 2025. Cancer immunotherapy already accounts for over 50% of the cancer medicine market and the share is projected to increase over the coming years.

Types of cancer treatment

The cancer therapy (oncology) market is highly diversified, complex and competitive but dominated by combination treatments which include checkpoint inhibitors (CPI) which target PD-1. The optimal cancer treatment should be selected depending on the type, stage and profile of the cancer, as well as the patient's overall physical condition. Traditionally, surgery, chemotherapy, radiation therapy and hormone therapy are among the most common treatments. However, new and innovative approaches like targeted therapies and CPI immunotherapy are highly utilized for the treatment of cancer.

Immunotherapy

Immunotherapy is a form of therapy designed to activate a patient's immune system to attack and kill cancer cells. The immune system can be utilized in several ways, but the most common is to stimulate or "boost" the immune response and to recognize cancer cells as bad or foreign cells which need to be removed. This can be achieved by giving CPI antibodies, immune activators or potentially in the future cancer vaccines such as TG-01 with adjuvants. Immunotherapy is now an important form of treatment in the fight against many types of cancer and there was positive news for cancer vaccines in clinical development in 2023.

Gene Therapy or Rare Diseases

The first gene therapy medicine was approved in 2018 by the FDA and since then the market has expanded steadily but slowly with new product approvals. Most gene therapies use adeno-associated viruses (AAV) for delivery, though other viruses are being tested and have been approved. The market for gene therapy is expected to grow from 18 - 28 % per year, fueled by novel medicines based on pioneering research and transformative innovations. With a growing understanding of genetics and advancements in technology, the potential for gene therapy to address rare diseases is becoming increasingly apparent and commercially attractive. The expansion to many rare diseases though is limited by the safety concerns and high manufacturing costs which are caused by the high viral load due to the low or temporary protein production from the transgene using linear mRNA; challenges which the Company´s circVec technology is designed to address.

The past years have seen a surge in investment and collaboration within the pharmaceutical and biotechnology sectors, driving forward the development of novel treatments for a wide array of rare genetic disorders. Regulatory agencies are actively engaging with stakeholders to streamline approval processes, and the FDA has publicly announced that accelerated drug approval could become the standard pathway to bring new gene or rare therapies to patients. While there is a range of market estimates for gene therapies, ranging from USD 18 to 30 billion in 2030, all are unified that gene therapy is a fast growing and expanding market with the need for new technologies and represents an enormous opportunity for small and innovative biotech companies.

Organization

The Group's management team at year-end consisted of Erik Digman Wiklund, CEO, Lubor Gaal, Chief Financial Officer, Victor Levitsky, Chief Scientific Officer, Thomas Birkballe Hansen, Chief Technology Officer and Ola Melin, Chief Operating Officer. In 2023, the management team was reorganized with Lone Ottesen, Ingunn Munch and Margrete Margrethe Sørgaard leaving to take up new external roles. In 4Q, the remaining management team and the administration team in Norway have taken a temporary pay reduction as a cost-saving initiative.

The Board of Directors held 17 meetings in 2023. All members of the Board of Directors are shareholder-elected. As a result of a change in strategic focus during 2023 and after discussions with the Nomination Committee, the three Directors Bente-Lill Romøren, Sonia Quaratino and Raphael Clynes tendered their resignations from Circio's Board in October 2023. At the end of 2023, the members of the Board of Directors were Damian Marron (Chairperson), Robert Burns, Diane Mellett and Thomas Falck.

Circio has offices in Oslo, Norway and in Hässelby, Sweden.

Corporate social responsibility

Circio Holding ASA is a biotechnology company developing novel circular RNA and immunotherapy medicines. Circio has established a unique circular RNA (circRNA) platform to develop novel circRNA medicines for rare disease, vaccines, and cancer. The proprietary circVec technology is based on a modular genetic cassette design for efficient biogenesis of multifunctional circRNA from DNA and viral vectors, which can be deployed for many purposes. The circVec platform has demonstrated enhanced and more durable protein expression than classic mRNA vector systems and has the potential to become the new gold-standard for DNA and virus-based therapeutics in the future. The circRNA R&D activities are being conducted by the wholly owned subsidiary Circio AB based at the Karolinska Institute in Stockholm, Sweden.

In addition, Circio is developing a cancer vaccine, TG01, targeting KRAS driver mutations. TG01 is currently being tested in two clinical trials in RAS-mutated pancreatic cancer and multiple myeloma in the USA and Norway. These studies are being run by academic investigators, supported by prestigious research grants from Innovation Norway and the Norwegian Research Council. We believe that creating value for patients, customers and society strengthens our business and provides value for shareholders, and that our commitment to corporate social responsibility will enhance this by building strong relationships with our stakeholders.

Circio has a set of Corporate Social Responsibility principles agreed by the Board of Directors on 20 December 2022. They consist of principles related to social commitment, business conduct, anti-corruption, human rights, employment without discrimination, labor rights and work conditions, whistleblowing and environmental responsibility. The complete content of the principles is published on the Group's website www.Circio.com.

Circio displays social commitment through its mission to extend and transform the lives of patients who have no or inadequate treatment options for their disease. This mission encompasses all activities from researching mechanisms to treat and developing medicines, to gain future approval by relevant authorities, working with patient organizations and hospitals and finally getting the products to the market.

Circio is subject to the Transparency Act, which entered into force on 1 July 2022.

In Circio, we work continuously to comply with human rights and to ensure that working conditions for all employees comply with human rights and dignity. Our Code of Conduct commits us to practice fair dealing, honesty transparency and integrity in every aspect in dealing with other employees, business relations and customers, the public, the business community, shareholders, suppliers, competitors and government authorities. The annual ESG Report, published 30 June 2023, includes assessment in compliance with the Transparency Act.

Working environment

Circio's policy is to promote equal human rights and opportunities and prevent discrimination because of gender, ethnicity, nationality, ancestry, color, or religion.

Circio is working actively to promote the anti-discrimination act in our business. The activities include recruitment, salary and working conditions, promotion, professional development, and protection against harassment. Circio aims to be a workplace where there is no discrimination due to disability.

As of 31st December 2023, Circio had a total of 14 employees, of which 5 were full-time employees. The group has a policy to outsource non-core operations and highly specialized services. The group has traditionally fostered an environment where the number of employed women and men is relatively equal. Due to the recent re-organization in 2023, there has been a temporary shift in gender equality, as only 25 percent of the Board members are women, and 0 percent of the senior management team. Going forward the Group will work on creating gender parity for board and management.

Working time arrangements at the group are independent of gender. Circio provides paid parental leave for both genders. Circio's workforce by gender and employment:

Workforce	Men	Women	Total
Total workforce[1]	8	6	14
Total workforce full-time employees	2	3	5
Total workforce part-time employees	6	3	9
Number of non-permanent employees	0	0	0

The working environment is measured on a regular basis through employee surveys. The last survey was in 2022, when 90 percent of the employees answered that they feel valued as a member of the organization and 90 percent of employees answered that they feel motivated in their work. 52% percent of Circio's workforce hold a master's degree and 43 percent hold a PhD. We will conduct a new survey in 2024 to measure the new working environment following the change in strategy and organization.

The Board of Directors considers the work environment within the group to be good. No accidents or injuries resulting in absence were registered in 2023. Absence due to illness in the group was 0.58 percent in 2023. Currently zero percent of the company's workforce is operating under a collective bargaining agreement. Due to Circio currently being a small company in terms of number of employees, the company is not obliged to have employee representatives or a health and safety representative. Circio has a health and safety management system and does not currently provide any general HSE training for its employees. To ensure safe handling of the viral product, Circio Quality Management System includes a SOP regarding safe biological sample handling. Employees in relevant roles are trained in using the SOP as part of their onboarding.

The Group's policy prohibits unlawful discrimination against employees, shareholders, Board members, customers, and suppliers on account of ethnic or national origin, age, sex or religion. Respect for the individual is the cornerstone of the Group's policy. All persons shall be treated with

[1] Including consultants

dignity and respect, and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities. The Group shall provide the necessary conditions for a safe, healthy and satisfactory working environment for all employees.

Employees shall not, under any circumstances, be subjected to harassment or other improper conduct.

Circio has not been subject to any legal proceedings regarding working environment or worker's rights in the reporting period.

External environment

Circio strives to minimize its impact on the environment, and its activities are subject to strict requirements in terms of quality, safety and impacts on personal health and the environment.

All production and distribution activities are outsourced, and when selecting suppliers, Circio evaluates each candidate's ethical and responsible business conduct including environment, health and safety policy.

The main source of climate emissions from Circio in 2023 was emissions from the use of electricity for Circio offices in Norway, Sweden and Finland and business travel. The company also has emissions from waste generated from Circio' offices and laboratory. The company has not identified any direct emissions from its business activities.

Governance and ethics

Ensuring good governance practices involves all people in Circio. This includes governance as documented in the guidelines for corporate governance, ethical conduct and anti-corruption based on the Circio values and respect for human rights. Circio supplier requirements in terms of adherence to our practices, guidelines and values are an integral part of all stages of the procurement process including selection and auditing.

Our corporate values set out our expectation for everyone to behave ethically in everything they do. Our values are trust, quality, teamwork, and innovation.

Circio considers solid corporate governance as a prerequisite to creating value for shareholders and gaining the confidence of investors. Circio will strive to comply with the generally accepted principles of good corporate governance through its internal controls and management structure. Circio believes that its current guidelines for corporate governance are in line with the latest version of the Norwegian Code of Practice for Corporate Governance, and a description of this is given at the end of the Annual report. A complete description of the recommendation is available at the Norwegian-Corporate Governance Board (NCGB) web page. For further details, please see the section entitled Corporate Governance in this Annual Report and on the group's homepage.

Shareholder information

At an Extraordinary General Meeting 27 September 2023, the General Meeting passed the resolution to consolidate the Company's share in the ratio of 30:1 (a reversed split). The nominal value was also adjusted to NOK 0.6. The numbers below reflect the changes throughout 2023.

As of 15 April 2024, there were 8 109 960 shares outstanding in Circio, distributed amongst 5 409 shareholders. The 20 largest shareholders control 33.1 percent of total shares outstanding.

The estimated share ownership situation on 15 April 2024

	Estimated	
Shareholder	Shares	Ownership
Høse AS	587 589	7.2 %
Nordnet Bank AB (nom.)	269 919	3.3 %
Bækkelaget Holding AS	200 018	2.5 %
Ole Andre Skotheim	178 452	2.2 %
Egil Pettersen	155 542	1.9 %
Arild Staxwold Skipperud	121 000	1.5 %
Trond Are Selsbak	116 900	1.4 %
Kjell Olav Lunde	111 111	1.4 %
NCS Energy Consultants AS AS	110 000	1.4 %
Brettel Økonomi AS	108 000	1.3 %
Nordnet Livsforsikring AS	100 504	1.2 %
Vaktmestergruppen AS	96 758	1.2 %
Danske Bank A/S (nom.)	78 353	1.0 %
Almir Ramic	72 696	0.9 %
Rune Ramsvik	70 000	0.9 %
Ragnvald Gabrielsen AS	65 197	0.8 %
Tor Westerheim	65 000	0.8 %
Granum & Co AS	62 560	0.8 %
Pettersen Gruppen AS	62 367	0.8 %
Dan-Rune Lie	52 500	0.6 %
20 largest shareholders	**2 684 466**	**33.1 %**
Other shareholders (5 389)	**5 425 494**	**66.9 %**
Total shareholders	**8 109 960**	**100.0 %**

As per 31 December 2023, key management and members of the Board holds a total of 21,122 shares in Circio Holding ASA, representing 0.3 percent of total shares outstanding.

During 2023 the Circio share was traded in the NOK 6 – 38.40 range. During 2023, 7.2 million shares were traded, with a total value of NOK 125 million. The closing price on 31 December 2023 was NOK 7.2 per share, corresponding to a market-value of NOK 53 million.

Remuneration to management

The remuneration of the management is intended to ensure the Group's continued ability to attract and retain the most qualified management team members and to provide a solid basis for succession planning.

The Compensation Committee submits recommendations on compensation policy and adjustments in remuneration of the management team members for the approval of the Board of Directors. The remuneration of the management team may consist of fixed salary and supplements, incentive programs, and pension schemes. Subject to individual agreement, members of the management team are also entitled to other fixed benefits.

The Remuneration Principles were adopted by the Annual General Meeting in April 2022. Information about the work in the Compensation Committee and applied compensation principles for the management team in 2022 and 2023 respectively are in the Compensation Report submitted in note 10 to the Annual Accounts.

In 4Q 2023, the management team agreed to a voluntary reduction in salary to 80% in order to invest more resources into R&D activities and to extend its cash runway. In addition, no bonus has been paid to the management for 2023. Instead, the board has agreed to make bonus payments after achieving business milestones which generate or secure cash payments to the Group such as new equity financing or upfront or milestone payments from business transaction of a significant minimum size.

The Remuneration Report for 2023 will be subject for approval in the Annual General Meeting in June 2024.

Financial results and allocation of profits in Circio Holding ASA

Circio Holding ASA is the holding company in the Circio group. Circio Holding ASA reported a loss before tax for the full year 2023 of NOK 45.4 million (NOK 790.3 million) of which NOK 8.2 million relates to fees for the convertible loan facility and 29.6 million relates to impairment of the receivable from its subsidiary Targovax Solutions AS. The impairment was done for accounting purposes.

Total cash amounted to NOK 13.0 million at the end of 2023 compared to NOK 2.5 million at the end of 2022.Equity at the end of 2023 amounted to negative NOK 28.4 million compared to NOK 1,4 million at the end of 2022. Circio Holding ASA intends to raise around NOK 50-60 million in a partially underwritten rights issue in Q2 2024 to further capitalize the holding company and any of its subsidiaries and to strengthen the share capital and liquidity of the Group. Hence, despite having lost more than half of the share capital, the Board has a reasonable expectation that Circio Holding ASAs equity and liquidity will become sufficient to secure its operations for the upcoming year. For further information, see the Going concern section above and Note 21 in the annual accounts for Circio Holding ASA.

The Board of Directors proposed that the loss for the full year 2023 of NOK 45.4 million for Circio Holding ASA is transferred to accumulated loss.

Outlook

Following the rebranding and restructuring of the company, Circio is now well-positioned to fully focus and deliver on the circVec circRNA platform and conduct pre-clinical testing of its novel gene therapy candidates. The cost-base has been substantially reduced and the lean organization has the capabilities and expertise to advance the circVec platform towards in vivo proof-of-concept and selection of a lead therapeutic candidate in AATD during 2025.

Assuming the intended financing is completed as planned during Q2 2024, the main R&D priority for the next twelve months is to establish a robust circVec in vivo gene therapy data package which will convince specialist investors and/or enable a business development transaction(s) which will bring revenues to the company. In parallel, the TG01 program is advancing in the clinic with limited financial resources provided by Circio. First data read-outs from the three ongoing clinical collaboration studies in the USA and Europe are expected from late 2024 and onwards.

Oslo, 25 April 2024
The Board of Directors of Circio Holding ASA

Damian Marron Chairperson of the Board	Thomas Falck Board member	Diane Mellett Board member

Erik Digman Wiklund
Chief Executive Officer

Responsibility Statement from the Board of Directors and the Managing Director

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position, and profit or loss of the entity and the group taken as a whole. In addition, in our opinion the Annual Report for Circio for 1 January to 31 December 2023 with the file name Circio Annual Report 2023-12-31 en.zip in all material aspects is prepared in accordance with ESEF Regulation. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 25 April 2024
The Board of Directors of Circio Holding ASA

Damian Marron
Chairperson of the Board

Thomas Falck
Board member

Diane Mellett
Board member

Erik Digman Wiklund
Chief Executive Officer

Management

The Group's management team consists of five individuals per 25 April 2024. Set out below are brief biographies of the members of Management. Holdings of shares and share options as of 25 April 2024 and includes close associates.

Dr Erik D Wiklund
CEO

Dr. Wiklund was hired as the Company's CFO in April 2017, and transitioned into the CBO role in October 2018. In October 2021 he was appointed CEO of Circio. Dr. Wiklund has deep scientific knowledge in RNA and cancer biology, and 13 years of industry experience in a variety of functions including R&D, finance and business development. Previous employment includes Algeta ASA, Aker Biomarine Antarctic AS, and management consulting experience from the Pharma & Health Care practice of McKinsey & Company.

Dr Wiklund holds a PhD in Molecular Biology from Aarhus University, Denmark, and the Garvan Institute of Medical Research, Sydney, Australia He is a Swedish and Norwegian citizen and resides in Norway.

Shares: 3 333
Share options: 59 999

Dr Lubor Gaal
CFO

Dr. Gaal was appointed CFO of Circio in February 2022. He has over 25 years of experience from big pharma and biotech companies in Europe and the USA. Most recently, Dr. Gaal was Managing Director at Locust Walk, a global life science boutique investment bank, overseeing European strategic transactions, including licensing, financings and M&A. Prior, he was Head of External Innovation and Licensing at Almirall and Head of Search and Evaluation Europe for Bristol-Myers Squibb.

Dr Gaal holds a Ph.D. in neuroscience from University of California, Berkeley, USA. He is a Belgian citizen and resides in Spain.

Shares: 0
Share options: 23 329

Dr Thomas Hansen
CTO

Dr. Hansen joined Circio in January 2021 and was appointed CTO in January 2024. Dr. Hansen brings 15 years of research experience in RNA biology and bioinformatics and co-discovered circular RNA. His work is widely renowned and cited, and he is considered a pioneer in the field of circular RNA. Before joining Circio, Dr. Hansen was a group leader and assistant professor at Aarhus University where he led a research team focusing on circular RNA biology and bioinformatics.

Dr Hansen holds a PhD in Molecular Biology and Bioinformatics from Aarhus University, Denmark. He is a Danish citizen and resides in Denmark.

Shares: 0
Share options: 16 658

Dr Victor Levitsky
CSO

Dr. Levitsky joined Circio as CSO in 2020 and brings extensive experience in academic research and pre-clinical drug development. Dr. Levitsky is an internationally recognized expert in immunology and oncology with 20 years of experience in academic research, including Associate Professor positions at the Karolinska Institute in Sweden and the Johns Hopkins University in the USA. Prior to joining Circio, Dr Levitsky was Tumor Immunology Leader at Roche and then Head of Oncology Research at Molecular Partners, Switzerland. He also served as Global Head of Oncology Integration at Servier, Paris, France.

Dr Levitsky is a medical doctor and holds a PhD in Virology from the Institute of Microbiology, Latvian Academy of Sciences, Riga, Latvia. He is a Swedish and Russian citizen and resides in Switzerland.

Shares: 333
Share options: 21 502

Mr Ola Melin
COO

Mr. Melin joined Circio in 2021 and was appointed COO in January 2024. He brings over 25 years of experience in biologics development, manufacturing, and drug supply. Most recently, Mr Melin was Director of Technical Operations at OxThera AB, with responsibility for clinical supply and establishing a commercial-ready manufacturing and supply process. Prior, he spent eighteen years in senior leadership roles at Biovitrum and Sobi AB, including as Head of External Manufacturing and Head of Product Supply. He started his career in process development at Pharmacia.

Mr. Melin has studied Chemical Engineering at Mälardalen University. He is a Swedish citizen and resides in Sweden.

Shares: 1 666
Share options: 24 185

Board of Directors

The Board of Directors consisted of four individuals as per 31 December 2023. Set out below are brief biographies of the members of Board. Holdings of shares, share options and RSUs as of 25 April 2024 and includes close associates. Robert Burns has transitioned to a Scientific Advisory Board role in April 2024 to ensure a compliant gender balance in the Board of Directors, and will remain a Board observer subject to the approval of the general assembly in second quarter 2024.

Damian Marron

Damian Marron is a non-executive director, corporate advisor and life science executive with a successful track record of value creation through public and venture capital financing, portfolio planning, M&A, licensing agreements as well as R&D collaborations. He has extensive experience bot as an executive, director and in advisory roles, and has specialized in immuno-oncology, cell therapy and orphan diseases. Mr. Marron is currently Director at Cantargia, a Swedish, listed, clinical stage oncology company and Resolys Bio Inc., a private, pre-clinical stage U.S. company. He is also Chair of the Board of Imophoron Ltd and of Indegra Therapeutics Ltd, private early stage UK companies and Head of Biopharma with Treehill Partners, a healthcare advisory firm.

Mr. Marron is a British and Irish citizen and resides in France.

Shares: 1833
Share options: 0

Robert Burns

Dr Robert Burns is a Director and an advisor to companies developing immune based therapies in cancer and autoimmune indications. He has 35 years of experience in building biotechnology companies.

Dr. Burns is currently chairman of Affibody AB in Sweden, a company developing novel therapies in autoimmune and inflammation indications, and was the chairman of Haemostatix before the acquisition by Ergomed plc.

Dr. Burns has extensive experience as a biotech entrepreneur and executive, and previously served as CEO of 4-Antibody AG, Affitech A/S (NASDAQ/OMX), and Celldex Therapeutics Inc (NASDAQ)

Dr Burns holds a PhD in Chemistry. He is a UK citizen and resides in the UK.

Shares: 9 958
Share options: 0

Diane Mellett

Diane Mellett is a consultant to a number of biotech and medical device companies. She is qualified in both U.S. and UK law and advises biotechnology companies in commercial contract and intellectual property matters.

Ms. Mellett was formerly General Counsel for Cambridge Antibody Technology (CAT) (LSE: NASDAQ) and led the secondary NASDAQ listing of that company as well as serving on the board of directors. During her time at CAT, she led a successful defense of a contractual dispute with Abbott Pharmaceuticals (now Abbvie) covering the company's major collaboration partnership regarding Humira®.

Ms. Mellett is a UK and Irish citizen and resides in France.

Shares: 4 098
Share options: 0

Thomas Falck

Thomas Falck is an experienced CEO, CFO, Board Chair and Non-Executive Director, Venture Capitalist & Growth Investor with demonstrated success in defining and delivering profitable growth while undertaking strategic and organizational change.

Mr. Falck has broad experience with private equity, venture capital, listed, and government owned entities. He holds an MBA from The Darden School, University of Virginia, and is a graduate of the Norwegian Naval Academy and the Norwegian Defense University College. He has also completed executive programs at Singularity University and Harvard Business School.

Mr Falck is a Norwegian citizen and resides in Norway.

Shares: 0
Share options: 0

Corporate Governance Report 2023

Corporate Governance Report

Circio Holding ASA (the “Company” and together with its subsidiaries, the “Group”) considers good corporate governance to be a prerequisite for value creation, trustworthiness and for access to capital.

In order to secure strong and sustainable corporate governance, it is important that the Group ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

The Norwegian Corporate Governance Board (NCGB or NUES) issues “The Norwegian Code of Practice for Corporate Governance” (the “Code of Practice”), most recently revised 14 October 2021, for companies listed on Oslo Stock Exchange and Oslo Axess. The Code of Practice is available at www.nues.no. The Code of Practice is based on a “comply or explain principle” whereby listed companies must comply with the Code of Practice or explain why they have chosen an alternative approach. How the Company has adapted to this Code of Practice is described in the Company’s Corporate Governance Policy. Each chapter represents the 15 topics in the Code of Practice. It starts with the recommendations, explains how the policy is followed by the Company, and finally concludes with any deviations from the Code of Practice.

1. Implementation and reporting on corporate governance

The Board of Directors must ensure that the company implements sound corporate governance.

The Board of Directors must provide a report on the company’s corporate governance in the directors' report or in a document that is referred to in the directors' report. The report on the company's corporate governance must cover every section of the Code of Practice.

If the company does not fully comply with the Code of Practice, the company must provide an explanation of the reason for the deviation and what solution it has selected.

The Board has decided that the Company will comply with the Norwegian Code of Practice. Compliance with the Code of Practice is described in the Board of Directors’ Report. Circio complies with the Code of Practice without any significant exceptions. One minor deviation has been accounted for below under chapter 6: General Meetings.

Deviations from the recommendation: None

2. Business

The company’s articles of association should clearly describe the business that the company shall operate.

The Board of Directors should define clear objectives, strategies and risk profiles for the company’s business activities such that the company creates value for shareholders in a sustainable manner. When carrying out this work, the Board of Directors should therefore take into account financial, social, and environmental considerations.

The Board of Directors should evaluate these objectives, strategies, and risk profiles at least yearly.

The Company’s Articles of Associations clearly describe the business of the Company and are available at www.circio.com. The Board of Directors leads the Company’s strategic planning and makes decisions that form a basis for the Company’s executive management to prepare and carry out investments and structural measures. The Company’s objectives, strategies and risk profiles are being evaluated yearly, and together with the Company’s Articles of Association, provides the information needed to help ensure that shareholders can anticipate the scope of the Company’s activities.

The Company has guidelines for how it integrates considerations related to stakeholders into its value creation. Corporate Social Responsibility principles were adopted by the Board of Directors on 20 December 2022 to ensure sound corporate social responsibility. The implementation of corporate social responsibility principles in the Group’s day-to-day operations, its business strategies and towards various stakeholders is further described in the Board of Directors report 2023.

Deviations from the recommendation: None

3. Equity and dividends

The Board of Directors should ensure that the company has a capital structure that is appropriate to the company's objectives, strategy, and risk profile.

The Board of Directors should establish and disclose a clear and predictable dividend policy.

The background to any proposal for the Board of Directors to be given a mandate to approve the distribution of dividends should be explained.

Mandates granted to the Board of Directors to increase the company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

The Board of Directors ensure the Company has a capital structure that is appropriate to the Company's objectives, strategy, NOK -96 million, which corresponds to an equity ratio of negative 342 percent. The Board of Directors regards the present equity structure as insufficient to meet the Company's objectives, strategy, and risk profile and has implemented measures to turn the equity positive. Moreover, for biotech companies at a relatively early stage, like Circio, access to debt is usually restricted and not available outside of government supported structures.

The Company's long-term objectives may include making distributions of net income in the form of dividends, but Circio has paid no dividend to date. The Group is focusing its resources on the development of its circVec platform and does not anticipate paying any cash dividend in the foreseeable future.

Mandates granted to the Board of Directors to increase the Company' s share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

In connection with the Company's share incentive arrangements and pursuant to the Section 10-14 of the Norwegian Limited Companies Act, the Board of Directors is granted an authorization to increase the Company's share capital by up to the lower of (a) NOK 2,700,000 and (b) 10% of the Company' s outstanding shares, options and RSUs. This applies until the Annual General Meeting in 2024.

For the period between the Annual General Meetings in 2024 and 2025, the Board of Directors proposes an authorization to increase the Company's share capital by up to 40 percent of outstanding shares and options and RSUs (i.e. fully diluted).

Deviations from the recommendation: *The Company have negative equity and t*he Board is aware of the situation and has implemented the necessary measures to turn the negative equity into positive, for further information *see Going Concern section in the Directors report.*

4. Equal treatment of shareholders

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the Board of Directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the company's shares, the company should consider other ways to ensure equal treatment of all shareholders.

Share issues without pre-emption rights for existing shareholders

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in the share capital shall be justified. Where the Board of Directors resolves to carry out a share issue without pre-emption rights for existing shareholders, then the justification will be publicly disclosed in an announcement issued in connection with the share issue.

Transactions with own shares

Any transactions the Company carries out in its own shares shall be carried out either through the Oslo Stock Exchange or at prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders. The Company has not conducted trades in its own shares.

Deviations from the recommendation: None

5. Share and negotiability

The company should not limit any party's ability to own, trade, or vote for shares in the company.

The company should provide an account of any restrictions on owning, trading, or voting for shares in the company.

The Company's constituting documents do not limit any party's ability to own, trade or vote for share in the Company. The Company's shares are freely transferable, subject to any restrictions that may exist under applicable securities laws.

Deviations from the recommendation: None

6. General meetings

The Board of Directors should ensure that the company's shareholders can participate in the general meeting.

The Board of Directors should ensure that:

- ***the resolutions and supporting information distributed are sufficiently detailed, comprehensive, and specific to allow shareholders to form a view on all matters to be considered at the meeting***
- ***any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible***
- ***the members of the Board of Directors and the chairman of the nomination committee attend the general meeting***
- ***the general meeting is able to elect an independent chairman for the general meeting***

Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting in person should be given the opportunity to vote. The company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders.

Exercising rights

The Board of Directors ensures that the Company's shareholders can participate in the general meeting given normal circumstances. The Board of Directors ensures that:

- the resolutions and supporting documentation, if any, are sufficiently detailed, comprehensive, and specific to allow shareholders to understand and form a view on matters that are to be considered at the General Meeting
- the registration deadline, if any, for shareholders to participate at the General Meeting is set as close as practically possible to the date of the General Meeting
- representatives of the Board and the chairperson of the Nomination Committee attend general meetings

Shareholders are able to vote on each individual matter, including on each individual candidate nominated for election.

Participation without being present

The Board of Directors will choose whether to hold a general meeting a physical or electronic meeting. If a general meeting is being held as a physical meeting, shareholders who cannot be present are given the opportunity to vote using proxies. The form of the proxy is designed to make voting on each individual matter possible. The Company nominates a person who can act as a proxy for shareholders.

Deviations from the recommendation: *The Company does not have an arrangement in place to ensure independent chairing of the General Meeting. However, the Board of Directors will on an ad hoc basis evaluate independent chairing when necessary. Historically, it has not been deemed necessary to have an independent chair.*

Although Circio encourages the members of the Board to attend the Annual General Meeting, their attendance is not always possible.

7. Nomination Committee

The company should have a nomination committee, and the nomination committee should be laid down in the company's articles of association. The general meeting should stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, and determine the committee's remuneration.

The nomination committee should have contact with shareholders, the Board of Directors, and the company's executive personnel as part of its work on proposing candidates for election to the board.

The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the Board of Directors and the executive personnel. The nomination committee should not include any executive personnel or any members of the company's Board of Directors.

The nomination committee's duties should be to propose candidates for election to the Board of Directors and nomination committee (and corporate assembly where appropriate) and to propose the fees to be paid to members of these bodies. The nomination committee should justify why it is proposing each candidate separately.

The company should provide information on the membership of the committee and any deadlines for proposing candidates.

The Company has a Nomination Committee, and the Nomination Committee is laid down in the Company's Articles of Association. The Company's General Meeting stipulates guidelines for the nomination committee, elects the members and the Chairperson of the Nomination Committee, and determines their remuneration. The current Nomination Committee was elected at the General Meeting 22 May 2023. The objectives, duties and functions of the Nomination Committee are described in the Company's "Charter for the Nomination Committee" which were adopted by the General Meeting 14 September 2015 and updated in December 2022.

All members of the Nomination Committee are independent of the Company's Board of Directors and executive management, and none are members of the Board of Directors. Neither the CEO nor others of the executive management team are members of the Nomination Committee.

The Nomination Committee shall contact the Company's largest shareholders, as registered in the VPS on 1 November each year, and request such shareholders to each propose a candidate to be appointed as a member of the Nomination Committee. If any candidates are proposed by such shareholders, the Nomination Committee shall include those candidates among the three candidates in the recommendation to the General Meeting for election of members to the Nomination Committee.

The Nomination Committee shall give recommendations for the election of shareholder elected members of the Board of Directors and the members of the Nomination Committee, and remuneration to the members of the Board of Directors and the members of the Nomination Committee.

The Nomination Committee shall justify why it is proposing each candidate separately.

Circio's shareholders are entitled to nominate candidates to the Board of Directors of Circio Holding ASA. Information on how to send input and proposals can be found on Circio's website in the section "Committee's composition" under "Investor Relations" and "Corporate Governance".

For information about the members of the Nomination Committee, please see "Committee composition" under "Corporate Governance" in the Investor section at www.Circio.com.

Deviations from the recommendation: None.

8. Board of Directors; composition and independence

The composition of the Board of Directors should ensure that the board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity, and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body.

The composition of the Board of Directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).

The Board of Directors should not include executive personnel. If the board does include executive personnel, the company should provide an explanation for this and implement consequential adjustments to the organization of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board, cf. Section 9 of the code of Practice.

The general meeting (or the corporate assembly where appropriate) should elect the chairman of the Board of Directors.

The term of office for members of the Board of Directors should not be longer than two years at a time.

The annual report should provide information to illustrate the expertise of the members of the Board of Directors, and information on their record of attendance at board meetings. In addition, the annual report should identify which members are considered to be independent.

Members of the Board of Directors should be encouraged to own shares in the company.

The Nomination Committee shall give weight to the proposed candidates' experience, qualifications, and their capacity to serve as officers of the Company in a satisfactory manner. Emphasis will also be given to ensuring reasonable representation in terms of gender, equality and background, and to ensuring the independence of members of the Company's Board.

The current Board of Directors was elected at the General Meeting 22 May 2023. As per 31 December 2023, the Board of Directors consists of four members, and currently has the following composition: Damian Marron (Chair), Robert Burns, Diane Mellett, Thomas Falck. As a result of a change in strategic focus during 2023 and after discussions with the Nomination Committee, the three Directors Bente-Lill Romøren, Sonia Quaratino and Raphael Clynes tendered their resignations from Circio's Board in October 2023, and Robert Burns resigned from the Board to transition to a Scientific Advisory Board (SAB) role in April 2025 to ensure a compliant gender balance in the Board of Directors; he will remain a Board observer.

For more information on each board member, please see section "Board of Directors".

Participation on Board of Directors meetings and Board committee meetings during 2023

Participation in meetings	Board Meetings	Audit Committee	Compensation committee	Governance Committee
Damian Marron	17	2	2	
Robert Burns	15		2	
Diane Mellett	15	3		1
Thomas Falck	15	3	2	

The composition of the Company's Board of Directors is considered to ensure that the shareholders' interests are maintained, and that the Company's need for a diversified and experienced Board of Directors with sufficient capacity is in place. The members of the Board of Directors represent a combination of expertise, capabilities and experience from the pharmaceutical industry and finance business.

The composition of the Board of Directors ensures that it can act independently of any special interests. All of the shareholder-elected members of the Board of Directors are independent of the Company's executive management and material business connections. In addition, all members of the Board of Directors are considered to be independent of the Company's major shareholder(s). A major shareholder means in this connection a shareholder that owns or controls 10 percent or more of the Company's shares or votes, and independence shall entail that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question.

The Board of Directors does not include executive management. The Chairperson of the Board of Directors is elected by the General Meeting.

The term of office for members of the Board of Directors is no longer than one year at the time. Members of the Board of Directors may be re-elected.

For further information about the members of the Board of Directors, including number of shares and who are considered independent, see Note 10 Related parties and Management in the Company's Annual Report, and the section "Board of Directors" in the Annual Report.

Deviations from the recommendation: None

9. The work of the Board of Directors

The Board of Directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

These instructions should state how the Board of Directors and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. The Board of Directors should also present any such agreements in their annual directors' report.

The Board of Directors should ensure that members of the Board of Directors 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.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters should be chaired by some other member of the board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire Board of Directors should not act as the company's audit committee. Smaller companies should give consideration to establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent of the company.

The Board of Directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the board who are independent of the company's executive personnel.

The Board of Directors should provide details in the annual report of any board committees appointed.

The Board of Directors should evaluate its performance and expertise annually.

General

The Board of Directors Handbook adopted by the Board of Directors on the 20 December 2022 includes a set of instructions and policies instructions/charters for its own work, as well as for the executive management, with particular emphasis on clear allocations of internal responsibilities and duties.

Agreements with related parties

The Board of Directors shall arrange for a valuation to be obtained from an independent third party in the event of a transaction between the Company and its related parties, e.g., shareholders, a shareholder's parent company, members of the Board of Directors, executive management or closely-related parties of any such parties. An independent valuation shall also be carried out in the event of transactions between companies within the same group where any of the companies involved have minority shareholders.

The Board of Directors ensures that members of the Board of Directors and executive management make the Company aware of any material interests that they may have in items to be considered by the Board of Directors. In order to ensure a more independent consideration of matters of a material character in which the chairperson of the board is, or has been, personally involved, the board's consideration of such matters will be chaired by some other member of the board.

The Board of Directors, working with the Corporate Governance Committee, carries out an annual evaluation of its own performance and expertise and presents the evaluation report to the Nomination Committee.

The Board of Directors has established three permanent Board Committees, which are described in further detail below. The current members of the committees were elected at the Board of Directors meeting in January 2024. The members of the committee are appointed for one year. These committees do not pass resolutions but supervise the work of the Company's management on behalf of the Board of Directors and prepare matters for Board of Directors consideration within their specialized areas. In this preparatory process, the committees have the opportunity to draw on company resources, and to seek advice and recommendations from sources outside the Company. The Board of Directors also establishes ad-hoc sub-committees as needed, e.g. research, development, finance, manufacturing and in connection with M&A activities.

Audit Committee

The members of the Audit Committee are Diane Mellett (chair), Damian Marron and Thomas Falck. The CFO acts as the committee's secretary. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of Executive Management. The mandate of the committee is set out in the Charter for the Audit Committee and is in brief as follows:

- Prepare for the Board of Directors a report describing its supervision of the financial reporting process, including review of implementation of accounting principles and policies.
- Monitor the effectiveness of the Company's internal control and risk management systems, noting any deficiencies and monitor management in remedying any such deficiencies.
- Have regular contact with the external auditor regarding the annual and consolidated accounts.
- Review and monitor the independence of the statutory auditor, ref. the Norwegian Auditors Act, chapter 4 and in particular whether services other than audits delivered by the statutory auditor or the audit firm are a threat against the statutory auditor's independence. The committee supervises implementation of and compliance with the Company's Ethics Code of Conduct and supervises the Company's compliance activities relating to corruption as further described in the provisions herein.

Three meetings were held in 2023.

Compensation committee

The members of the Compensation Committee are Thomas Falck (chair), Damian Marron and Robert Burns. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence, and all the committee members are considered to be independent of Executive Management. The mandate of the committee is set out in the Charter for the Compensation Committee and is in brief as follows:

- The role of the committee shall be to oversee the Group's compensation policy for its CEO, Management, employees, and consultants, recommend changes to the Group's compensation policy to the Board of Directors as and when appropriate and prepare matters for final decision by the Board of Directors. Recommendations and proposals for compensation to members of the Board of Directors shall be the responsibility of the Nomination Committee.

Two meetings were held in 2023.

Corporate Governance Committee

The members of the Corporate Governance Committee are Diane Mellett (chair) and Thomas Falck. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards to independence, and both committee members are considered to be independent of Executive Management. The mandate of the committee is set out in the Charter for the Governance Committee and is as follows:

- Develop and review the Groups policies and practices for corporate governance, and annually recommend changes to such policies and practices, if any, to the Board of Directors
- Lead the Board of Directors in its annual review of the Board of Directors' performance and its competence
- Monitor the functioning of the Board committees and sub-groups and make recommendations to the Board of Directors with regard to the composition of Board committees and sub-groups
- Lead the Board of Directors in its annual review of the CEO's performance

One meeting was held in 2023.

Deviations from the recommendation: None

10. Risk management and internal control

The Board of Directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities.

The Board of Directors should carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

To manage the Company specific risks and risk inherent in the industry, and to comply with international and national regulations, the Company have implemented a periodic review process to identify, analyze and handle the main risk factors facing the Group. The Audit Committee will periodically receive written reports, highlighting the main risks and proposed actions to address these as well as any significant weaknesses in the internal control regime.

Our aim is to have an annual review by the Board of Directors, of the Company's most important areas of exposure to risk and its internal control arrangements.

Risk Management is further described under "Directors' Report", in the Risk section.

Deviations from the recommendation: None

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors should reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities.

The remuneration of the Board of Directors should not be linked to the company's performance. The company should not grant share options to members of its board.

Members of the Board of Directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

The compensation of the Board of Directors and its sub-committees is decided by the Annual General Meeting, based on a recommendation from the Nomination Committee. Separate rates are set for the Board of Directors' chair and other members, respectively. Separate rates are also adopted for the Board of Directors' sub-committees, with similar differentiation between the Chair and the other members of each committee.

The Annual General Meeting 22 May 2023 decided to remunerate the Board of Directors with a combination of cash and Restricted Share Units (RSUs).

If the Board members choose to receive the Board remuneration in RSU's they must elect to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs. The total compensation, except for meeting compensation, to each member of the Board of Directors for 2022-2023 are described in Note 10 in the Annual Report.

The number of RSUs to be granted to a member of the Board of Directors is calculated as the non-cash compensation in NOK, divided by the market price for the Circio Holding ASA share. The market price is calculated as volume weighted average share price the 10 trading days prior to the grant date.

The cash compensation is not linked to the Company's performance or similar. None of the members of the Board of Directors has a pension plan or agreement concerning pay after termination of their office with the Company.

There are no plans to issue new options to the members of the Board of Directors going forward.

Information about all compensation paid to each member of the Board of Directors is presented in Note 10 of the consolidated financial statements in the Annual Report.

Deviations from the recommendation: None

12. Remuneration for executive personnel

The guidelines on the salary and other remuneration for executive personnel must be clear and easily understandable, and they must contribute to the company's commercial strategy, long-term interests, and financial viability.

The company's arrangements in respect of salary and other remuneration should help ensure the executive personnel and shareholders have convergent interests, and should be simple.

Performance related remuneration should be subject to an absolute limit.

The Board of Directors has established guidelines for the remuneration of executive management, and these guidelines shall be communicated to the Annual General Meeting. The guidelines were approved by the Annual General Meeting 20 April 2022 and will be considered and approved by the general meeting and in the event of any material changes and at least every fourth year. The guidelines set out the main principles in determining the salary and other remuneration of executive management. The Board of Director's guidelines on the remuneration of executive management are outlined in an appendix to the agenda for the Annual General Meeting.

Performance-related remuneration of the executive management in the form of share option grants, bonus programs or similar are linked to value creation for shareholders over time. Such arrangements' intention is to incentivize performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration is subject to an absolute limit (while there is no upside limit on granted share options nor on granted share units).

Information about all compensation paid to each member of the Executive Management is presented in Note 10 of the consolidated financial statements in the Annual Report.

Deviations from the recommendation: None

13. Information and communication

The Board of Directors should establish guidelines for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The Board of Directors should establish guidelines for the company's contact with shareholders other than through general meetings.

General information

The Company shall provide timely and precise information about the Company and its operations to its shareholders, the stock exchange when applicable and the financial markets in general. Such information will be given in the form of annual reports, semi-annual reports, press releases, notices to relevant marketplace exchange as well as investor presentations in accordance with what is deemed most suitable. The Company shall seek to clarify its long-term potential, including strategies, value drivers, and risk factors.

The Company's presentations are webcast directly and may be found on Circio's website, along with the quarterly and annual reports, under "Investor Relations".

Information to shareholders

The Company has procedures for establishing discussions with shareholders to enable the Company to develop a balanced understanding of the circumstances and focus of shareholders. Such discussions will always be in compliance with the principle of equal treatment of the Company's shareholders.

Deviations from the recommendation: None

14. Take-overs

The Board of Directors should establish guiding principles for how it will act in the event of a take-over bid. In a bid situation, the company's Board of Directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily.

The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board of Directors should not hinder or obstruct take-over bids for the company's activities or shares.

Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the company's shares, the company's Board of Directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid. If an offer is made for a company's shares, the company's Board of Directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation and should be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting (or the corporate assembly where relevant).

In the event of a take-over process, the Board of Directors and the Company's Executive Management each have an individual responsibility to ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board of Directors has a particular responsibility in ensuring that the shareholders have sufficient information and time to form a view on the offer.

The Board of Directors will not seek to hinder or obstruct any takeover bid for the Company's operations or shares. In the event of such a bid as discussed in section 14 of the Norwegian Code of Practice for Corporate Governance, the Board of Directors will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code of Practice. This includes obtaining a valuation from an independent expert. On this basis, the Board of Directors will make a recommendation as to whether or not the shareholders should accept the bid. There are no other written guidelines for procedures to be followed in the event of a takeover bid.

The Company has not found it appropriate to draw up any explicit basic principles for Circio's conduct in the event of a takeover bid, other than the actions described above. The Board of Directors otherwise concurs with what is stated in the Code of Practice regarding this issue.

Deviations from the recommendation: None

15. Auditor

The Board of Directors should ensure that the auditor submits the main features of the plan for the audit of the company to the audit committee annually.

The Board of Directors should invite the auditor to meetings that deal with the annual accounts. At these meetings the auditor should report on any material changes in the company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company. The Board of Directors should at least once a year review the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement. The Board of Directors should establish guidelines in respect of the use of the auditor by the company's executive management for services other than the audit.

The Board of Directors ensures that the auditor submits the main features of the plan for the audit of the Company to the Audit Committee annually.

The Board of Directors invites the auditor to meetings that deal with the annual accounts, so the auditor can report on any changes in the company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all matters on which there has been disagreement between the auditor and the executive management of the company.

The Board of Directors once a year reviews the Company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

At least once a year, the Audit Committee will meet with the auditor to consider the auditor's views on the Group's accounting principles, risk areas and internal control procedures.

The Audit Committee receives an annual summary from the external auditor of services other than auditing that have been provided to the Company. The Company has established guidelines for the management's use of the external auditor for services other than auditing.

The auditor's fees, presented in Note 10 of the consolidated financial statements in the Annual Report, have stated for the relevant categories of auditing and other services. The auditor's fee is determined at the Annual General Meeting.

Accounts and notes

Consolidated statement of profit or loss

Amounts in NOK thousands except per share data	*Note*	2023	2022
Other revenues	6	123	10 002
Total revenue		**123**	**10 002**
Research and development expenses	7,8	-49 890	-47 228
Payroll and related expenses	7,8,9,10,11	-34 442	-52 238
Other operating expenses	7,8,12	-14 522	-11 454
Depreciation, amortizations and write downs	15,16,17	-1 773	-392 673
Total operating expenses		**-100 626**	**-503 593**
Operating profit/loss (-)		**-100 503**	**-493 591**
Finance income	13	1 541	3 360
Finance expense	13,21	-11 774	-5 097
Net finance income (expense)		**-10 233**	**-1 737**
Loss before income tax		**-110 736**	**-495 328**
Income tax income/(expense)	14	-	62 430
Loss for the period		**-110 736**	**-432 898**
Earnings/loss (-) per share			
Basic and dilutive earnings/loss (-) per share	**20**	**-16.33**	**-2.30**

Consolidated Statement of comprehensive income

Amounts in NOK thousands except per	*Note*	2023	2022
Income/loss (-) for the period		-110 736	-432 898
Items that may be reclassified to profit or			
Exchange differences arising from the translation of foreign operations		-4 183	13 626
Total comprehensive income/loss (-) for the period		**-114 919**	**-419 273**

Consolidated statement of financial position

Amounts in NOK thousands	*Note*	31.12.2023	31.12.2022
ASSETS			
Intangible assets	15	13	22
Property, plant, and equipment	16	-	5 035
Right-of-use assets	17	-	1 246
Total non-current assets		**13**	**6 302**
Receivables	13,18	5 872	28 097
Cash and cash equivalents	19	22 250	66 015
Total current assets		**28 122**	**94 112**
TOTAL ASSETS		**28 135**	**100 414**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	20	4 484	18 847
Share premium reserve		-	-
Other reserves		-	63 780
Retained earnings		-140 248	-123 672
Translation differences		39 427	43 611
Total equity		**-96 336**	**2 566**
Non-current liabilities			
Interest-bearing liabilities	21	-	57 433
Deferred tax	14	-	-
Lease liabilities	17	-	-
Total non-current liabilities		**-**	**57 433**

Amounts in NOK thousands	*Note*	31.12.2023	31.12.2022
Current liabilities			
Convertible bond	23	44 500	-
Interest-bearing liabilities	21,22	66 153	4 531
Short-term lease liabilities	17,22	-	1 455
Trade payables	22	3 450	11 383
Accrued public charges	22	1 673	3 074
Other current liabilities	22	8 696	19 971
Total current liabilities		**124 471**	**40 415**
TOTAL EQUITY AND LIABILITIES		**28 135**	**100 414**

Oslo, 25 April 2024
The Board of Directors of Circio Holding ASA

Damian Marron Chairperson of the Board	Thomas Falck Board member	Diane Mellett Board member

Erik Digman Wiklund
Chief Executive Officer

Consolidated statement of changes in equity

Amounts in NOK thousands	*Note*	Share capital	Share premium	Other reserves	Translation differences	Retained earnings (accumulated	Total equity
Balance at 31 December 2021		**18 833**		**59 620**	**29 985**	**309 289**	**417 726**
Loss for the period						-432 898	-432 898
Exchange differences arising from the translation of foreign operations					13 626	-	13 626
Other comprehensive income/loss, net of tax							-
Total comprehensive income for the period					**13 626**	**-432 898**	**-419 273**
Transaction costs – Acquisition of a subsidiary			-20				-20
Share issuance, employee share options & RSU’s	20	15	5				20
Transaction costs – Share based payments			-47				-47
Recognition of share-based payments & RSU's	11			4 160			4 160
Reclassification of Share premium			62			-62	-
Balance at 31 December 2022		**18 847**	**-**	**63 780**	**43 611**	**-123 672**	**2 566**
Loss for the period						-110 736	-110 736
Exchange differences arising from the translation of foreign operations					-4 183	-	-4 183
Other comprehensive income/loss, net of tax					-	-	-
Total comprehensive income for the period					**-4 183**	**-110 736**	**-114 919**
Share issuance, employee share options & RSU’s	20	10					10
Transaction costs – Share based payments							-
Recognition of share-based payments & RSU's	11			1 523			1 523
Share issuance - Convertible bonds		2 820	11 680				14 500
Transaction cost - Convertible bonds			-17				-17
Capital decrease - Reverse split		-17 193		-7 810		25 003	-
Reclassification of Other reserves				-57 493		57 493	-
Reclassification of Share premium			-11 664			11 664	-
Balance at 31 December 2023		**4 484**	**-**	**-**	**39 427**	**-140 248**	**-96 336**

Consolidated statement of cash flow

Amounts in NOK thousands	*Note*	**2023**	**2022**
Cash flow from operating activities			
Loss before income tax		-110 736	-495 328
Adjustments for:			
Finance income	13	-1 541	-3 360
Finance expense	13	11 774	5 097
Interest received	13	658	536
Other finance income/expense	13	-427	-247
Share option and RSU expense	11	1 523	4 160
Depreciation, amortizations and write downs	16,17	1 773	392 673
Change in receivables	18	28 225	-18 890
Change in other current liabilities	22	-20 446	6 517
Net cash flow from /(used in) operating activities		**-89 196**	**-108 841**
Cash flow from investing activities			
Purchases of property, plant, and equipment (PPE)	16	-193	-4 935
Purchases of intangible assets	15	-	-24
Sale of assets	16	3 140	-
Net cash received from/(paid in) investing activities		**2 947**	**-4 959**
Cash flow from financing activities			
Repayment of borrowings	21	-2 712	-2 086
Repayment of lease liabilities	17	-1 496	-1 515
Interest paid	13	-244	-680
Payment for share issue cost – Rights issue, Private Placement and repair offering		-	-20
Proceeds from convertible bond	23	59 000	-
Payment - convertible bond fees	23	-12 630	-
Proceeds from exercise of share options & RSUs	20	10	20
Payment for share issue cost – share options & RSUs		-	-47
Net cash generated from financing activities		**41 929**	**-4 328**
Net increase/(decrease) in cash and cash equivalents		-44 321	-118 129
Net exchange gain/loss on cash and cash equivalents		555	2 462
Cash and cash equivalents at beginning of period		**66 015**	**181 682**

Cash and cash equivalents at end of period	**19**	**22 250**	**66 015**

1. General information

Circio ("the Company") and its subsidiaries (together the Group) is a biotechnology company developing novel circular RNA and immunotherapy medicines.

The Group has established a unique circular RNA (circRNA) platform to develop novel circRNA medicines for rare disease, vaccines, and cancer. The proprietary circVec technology is based on a modular genetic cassette design for efficient biogenesis of multifunctional circRNA from DNA and viral vectors, which can be deployed for many purposes. The circVec platform has demonstrated enhanced and more durable protein expression than classic mRNA vector systems and has the potential to become the new gold-standard for DNA and virus-based therapeutics in the future. The circRNA R&D activities are being conducted by the wholly owned subsidiary Circio AB based atthe Karolinska Institute in Stockholm, Sweden.

In addition, the Group is developing a cancer vaccine, TG01, targeting KRAS driver mutations. TG01 is currently being tested in three clinical trials: RAS-mutated pancreatic and lung cancer and lung and non-resectable pancreatic cancer in the USA, and multiple myeloma in Norway. These studies are being run through academic collaborative networks, supported by prestigious research grants from Innovation Norway and the Norwegian Research Council, creating read-outs and future optionality for the program at low cost to Circio.

The Company is a Norwegian public limited liability company listed on the Oslo Stock Exchange in Norway. On 1 January the Company changed office location from Vollsveien 19, 1366 Lysaker, Norway to St. Olavs Plass 5, 0165 Oslo, Norway. The change of address in the Articles of association is awaiting approval by the Annual General Meeting in June 2024.

These financial statements have been approved for issue by the Board of Directors on 25 April 2024 and are subject to approval by the Annual General Meeting in June 2024.

2. Summary of material accounting principles

The principal accounting policies applied in the preparation of these consolidated financial statements are described in the respective note, or if not, set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Amounts are in thousand Norwegian kroner unless stated otherwise.

Functional currency

The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognized continuously in the accounting period.

Presentation currency

The Group’s presentation currency is NOK. This is also the parent company’s functional currency. The statement of financial position figures of entities with a different functional currency are translated at the exchange rate prevailing at the end of the reporting period for balance sheet items, including goodwill, and the exchange rate at the date of the transaction for profit or loss items. The monthly average exchange rates are used as an approximation of the transaction exchange rate where the rate at the date of transaction is not available. Exchange differences are recognized in other comprehensive income (“OCI”).

When investments in foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary attributable to the equity holders of the parent are recognized in the statement of comprehensive income. When a loss of control, significant influence or joint control is present the accumulated exchange differences related to investments allocated to controlled interests is recognized in profit or loss.

When a partial disposal of a subsidiary (not loss of control) is present the proportionate share of the accumulated exchange differences is allocated to non-controlling interests.

2.1 Basis for preparation of the annual accounts

The consolidated financial statements of Circio Holding ASA have been prepared in accordance with IFRS ® Accounting Standards (IFRS) as adopted by the European Union, as well as Norwegian disclose requirements listed in the Norwegian Accounting Act.

The consolidated financial statements are based on historical cost.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

2.2 Accounting principles

Foreign exchange

The Group record transactions at initial recognition based on the exchange rate at the date of the transaction. If the exchange rate at the date of transaction is not available, average monthly exchange rate in the month of transaction is used. The date of a transaction is the date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards. However, if exchange rates fluctuate significantly, the use of the average rate for a period may be inappropriate and an exchange rate closer to transaction date is used.

Any exchange differences are recognized in statement of profit or loss under financial items in the period in which they arise.

2.3 Adoption of new and revised IFRS standards

Standards and interpretations affecting amounts reported in the current period

All relevant new and revised IFRSs and IFRIC interpretations that are mandatory for periods commencing 1 January 2023 and earlier have been adopted for all periods presented in these financial statements.

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

Insurance contracts – Amendments to IFRS 17

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

Definition of Accounting Estimates – Amendments to IAS 8

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules (top-up tax).

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

None of the other new standards, revised standards, amended standards or interpretations have a material impact on the Group's overall results and financial position.

Standards and interpretations in issue but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. As of 31 December 2023, Targovax Solutions AS located in Oslo Norway, Targovax OY, located in Espoo, Finland, and Circio AB located in Stockholm, Sweden is 100% owned and controlled subsidiaries by Circio Holding ASA.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

Exposure, or rights, to variable returns from its involvement with the investee

The ability to use its power over the investee to affect its returns

In general, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

The contractual arrangement(s) with the other vote holders of the investee

Rights arising from other contractual arrangements

The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it ceases to recognize the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in statement of profit or loss. Any investment retained is recognized at fair value.

2.5 Business combinations and intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

Intangible assets comprising the patented technology were recognized at fair value at the date of acquisition of Targovax OY (previous Oncos Therapeutics OY) July 2015. Until the development of the patented technology is finalized no amortization is recorded and the carrying amount will be tested for impairment at least once a year, or more often if there are indicators of impairment.

When finalized, the patented technology will be amortized by the straight-line method over the estimated useful life.

2.6 Going concern

The Group works continuously to ensure financial flexibility in the short and long-term to achieve its strategic and operational objectives. To date, the Group has financed its operations through private placements, grants, repair offerings and the initial public offering in connection with the listing of the company's shares on Oslo Stock Exchange in 2016.

In April 2024, the Group intends to raise around NOK 50-60 million in Q2 2024. A process to undertake a partially underwritten rights issue was initiated on 17 April 2024 with Redeye as financial advisor. Atlas is supportive of and intends to participate in the financing and the members of the board and management have pre-committed to participate with around NOK 2 million in the fundraising. The rights issue will, if successful, provide Circio with a cash runway to Q2 2025 and enable delivery of major pre-clinical circVec milestones, including in vivo proof-of-concept for its lead AAV gene therapy program in AATD and generation of circVec platform data with the aim to put Circio in position to enter its first revenue-generating business development deal.

The Board and management therefore has a reasonable expectation that sufficient capital to ensure continued operations in the twelve months as of 31 December 2023 will be secured from existing shareholders and new investors, however, there is no guarantee that the planned rights issue transaction will be successfully completed. The rights issue will be subject to approval by the general assembly within 30 June 2024.

The convertible bond facility with Atlas, which provides the Group with access to up to gross NOK 300 million over three years will, if the rights issue is successfully completed, become a back-up financing facility only. If the rights issue should not be successful, Circio will enter into a dialogue with Atlas to access interim financing from the convertible facility until a new fundraising attempt can be initiated during 2H 2024. The Group's right to call on any subsequent tranches of bonds, and Atlas' obligation to subscribe and pay for such bonds, are conditional on meeting the conditions precedent set out in the Investment Agreement at the time of calling on a tranche. Currently, the conditions precedent related to the minimum market capitalization of Circio Holding ASA and the monthly trading value of Circio shares are not met. Consequently, there is no guarantee that the Group will be able to access additional funding from Atlas in a situation as described above.

The unknown outcome of the rights issue transaction, and uncertainty around access to further Atlas tranches, indicate that a material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going concern.

3. Important accounting estimates and discretionary assessments.

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of intangible assets

Where a finite useful life of the acquired intangible asset cannot be determined, the asset is not subject to amortization, but is tested when indication, or at least annually for impairment. Acquired intangible assets will not be subject to amortization until market authorization is obtained with the regulatory authorities and the intangible assets are available for use. After market authorization, the intangible assets will be amortized using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Due to the Group's prioritization of resources toward its circRNA platform announced in March 2023, the acquired intangible assets related to development of the ONCOS-102 platform recognized in the consolidated statement of financial position, were impaired from 391 MNOK to zero as per 31 December 2022. This is further described in Note 15.

Estimated value of share-based payments

At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity. The estimated turnover rate for unvested share options is 0 percent for all share option plans. See Note 11 Share-based compensation.

Deferred tax asset

A deferred tax asset shall be recognized for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

The Group cannot prove probable future taxable income large enough to justify recognizing a deferred tax asset in the balance sheet. However, this assumption must be continually assessed, and changes could lead to a significant asset being recognized in the future. This assumption requires significant management judgment. See Note 14 Taxes.

4. Segments

The Group's activities during 2023 have been to continue the development and implementation of a strategy with the aim of developing highly targeted immunotherapy treatments for cancer patients.

In addition to the R&D activities in Norway and Finland, the Group established a Swedish company Circio AB in 2022. Circio AB's focus on establishing a cutting-edge circular RNA (circRNA) platform with the aim to develop novel clinical candidates for in-house development, as well as to forge early partnerships to broaden and accelerate the circRNA pipeline development.

For management purposes, the Group is organized as one business unit and the internal reporting is structured in accordance with this. The Group is thus currently organized in one operating segment.

5. Financial instruments and risk management objectives and policies

The Group's financial assets and liabilities comprise cash at bank and cash equivalents, receivables and trade creditors that originate from its operations. All financial assets and liabilities are carried at amortized cost. All financial assets and liabilities, other than the long-term leasing liabilities and debt to Business Finland, are short-term and their carrying value approximates fair value.

The Group does currently not use financial derivatives to manage financial risk such as interest rate risk and currency risk. The Group is subject to market risk, credit risk and liquidity risk.

Market risk

Interest rate fluctuations could in the future materially and adversely affect the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

Currently, the Group has no long-term debt as the the debt to Business Finland has been approved to be waived in full, subject to certain conditions expected to be fulfilled during first half of 2024. The debt to Business Finland carries an annual interest equal to the European Central Bank ' s steering rate less 3 percentage points, but in no event less than 1%. The current interest is 1% per annum. For further information see Note 21 Interest-bearing debt.

The Group may in the future be exposed to interest rate risk primarily in relation to any future interest-bearing debt issued at floating interest rates and to variations in interest rates of bank deposits. Consequently, movements in interest rates could have a material and adverse effect on the Group's business, financial condition, results of operations, cash flows, time to market and prospects.

The Group is not sensitive to a change in interest rates on interest-bearing borrowings, the debt to Business Finland, unless the European Central Bank's steering rate increases above 4 %. Hence the Group's profit or loss statement, statement of financial position and the Group's cash flow is not sensitive to 1% change in interest rates on interest-bearing borrowings.

The following table demonstrates the Group's sensitivity to a 1 percent point change in interest rates on cash and cash equivalents at 31 December 2023 and 2022:

	2023		2022	
Amounts in NOK thousands	1% point increase	1% point decrease	1% point increase	1% point decrease
Loss before income tax effect	223	--223	660	-660

Foreign currency risk

Fluctuations in exchange rates could affect the Group's cash flow and financial condition.

The Group has currency exposure to both transaction risk and translation risk related to its operating expenses. Transaction risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is different from the Group's presentation currency. The Group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from research expenses. The Group is mainly exposed to fluctuations in EUR, USD, GBP, CHF and SEK. Circio hedges foreign currency by aligning the cash positions with future expected currency outflows. The Group does not have derivatives for hedge accounting at year-end.

The following tables demonstrate the Group's currency rate sensitivity on monetary assets and liabilities in the loss before income tax and other comprehensive income at 31 December 2023 and 2022:

Group's sensitivity to a 10% increase/decrease in EUR against NOK:

	2023		2022	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	115	-115	515	-515
Other comprehensive income	-6 663	6 663	-4 540	4 540

Group ' s sensitivity to a 10% increase/decrease in USD against NOK:

	2023		2022	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease

Loss before income tax effect	-18	18	91	-91
Other comprehensive income	-	-	-	-

Group's sensitivity to a 10% increase/decrease in GBP against NOK:

	2023		2022	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-55	55	-70	-70
Other comprehensive income	-	-	-	-

Group's sensitivity to a 10% increase/decrease in CHF against NOK:

	2023		2022	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-39	39	-60	-60
Other comprehensive income	-	-	-	-

Group's sensitivity to a 10% increase/decrease in SEK against NOK:

	2023		2022	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	57	-57	-30	30
Other comprehensive income	-148	148	42	-42

Credit risk

Credit risk is the risk of a counterparty defaulting. The Group has limited credit risk. Outstanding receivables are limited and primarily prepayments of fees related to the convertible bond agreement. No impairment has been recognized. The carrying value of the assets represents the Group's maximum exposure to credit risk.

Cash and cash equivalents:

	2023		2022		Rating
Amounts in NOK thousands	Amount	In %	Amount	In %	S&P
Cash at bank:	**21 900**	**98%**	**35 374**	**100%**	
Nordea Bank abp	21 716	98%	21 915	93%	AA-
Danske Bank A/S	-	0%	5	0%	A-
DNB Bank ASA	183	1%	13 453	6%	AA-
Money market funds:	**350**	**2%**	**30 641**	**0%**	
Nordea Likviditet III	350	2%	30 641	0%	
Total	**22 250**	**100%**	**66 015**	**100%**	

Fair value of financial instruments

The carrying value of receivables, cash and cash equivalents, borrowings and other trade payables are assessed to approximate fair value.

	2023		2022	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	5 872	5 872	28 097	28 097
Cash and cash equivalents	22 250	22 250	66 015	66 015
Total financial assets	**28 122**	**28 122**	**94 112**	**94 112**
Interest-bearing borrowings	66 153	66 153	61 964	61 964
Convertible bond	44 500	44 500	-	-
Lease liabilities	-	-	1 455	1 455
Trade payables	3 450	3 450	11 383	11 383
Total financial liabilities	**114 102**	**114 102**	**74 803**	**74 803**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices including Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs in asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 31 December 2023:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	66 153	66 153
Convertible bond	-	-	44 500	44 500
Total financial instruments at fair value	-	-	**110 653**	**110 653**

As at 31 December 2022:

Amounts in NOK thousands	Level 1	Level 2	Level 3	Total
Interest-bearing borrowings	-	-	61 964	61 964
Total financial instruments at fair value	-	-	**61 964**	**61 964**

Liquidity risk

The Group manages liquidity risk by estimating and monitoring cash and liquidity needs on an on-going basis and maintaining adequate reserves and banking facilities. The rights issue, as described in Note 2.6 Going concern, will, if successful, provide the Group with sufficient cash to meet its obligations as of 31 December 2023 and related to planned activities in the next 12 months. The Group has entered into an investment agreement with Atlas Special Opportunities, which can give access to future financing by the issuance of convertible bonds with a nominal value of up to NOK 300 million over three years. Currently, certain agreed conditions precedents required for the Group to draw on this facility under the existing agreement are not met, hence the Board and management will enter into a dialogue with Atlas to access additional financing from the convertible facility if needed in the future. If the planned rights issue is successfully completed, the convertible bond facility will become a back-up financing facility only.

The following tables analyses the Group's current and non-current financial liabilities, at 31 December 2023 and 2022 respectively, into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the tables are the financial undiscounted cash flows.

On 18 January 2024, the Company announced that the debt to Business Finland has been approved to be waived in full, subject to certain conditions expected to be fulfilled during first half of 2024.

At 31 December 2023

(Amounts in NOK thousands)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing borrowings[1]	2 464	3 078	65 408	-	-	70 950
Convertible bond	-	44 500	-	-	-	44 500
Lease liabilities	-	-	-	-	-	-
Trade payables	-	3 450	-	-	-	3 450
Accrued public charges	-	1 673	-	-	-	1 673
Other current liabilities	-	8 696	-	-	-	8 696
Total	**2 464**	**61 397**	**65 408**	**-**	**-**	**129 269**

1 Interest-bearing borrowings comprise loans from Business Finland and includes future interest payments, see note 24 Events after the reporting date.

At 31 December 2022

(Amounts in NOK thousands)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing borrowings[1]	-	2 906	2 305	39 459	26 463	71 133
Lease liabilities	-	401	1 107	-	-	1 508
Trade payables	-	11 383	-	-	-	11 383
Accrued public charges	-	3 074	-	-	-	3 074
Other current liabilities	-	19 971	-	-	-	19 909
Total	**-**	**37 736**	**3 412**	**39 459**	**26 463**	**107 070**

1 Interest-bearing borrowings comprise loans from Business Finland and includes future interest payments.

6. Revenue recognition

Revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is presented net of value added tax.

Amounts in NOK thousands	**2023**	**2022**
Other revenue	123	10 002
Total operating revenue	**123**	**10 002**

The Group's products are still in the research and development phase, and it has no revenue from sales of products yet.

In November 2022, Hubro Therapeutics AS acquired Circio's GM-CSF process development and production project. Under the agreement, Hubro paid Circio NOK 10 million for the acquisition of the GM-CSF project, 50% was paid in the fourth quarter 2022 and 50% was paid in the second quarter 2023. Circio retains conditional buy-back and supply options, and a share in gross proceeds in the event of a re-sale of the asset within a time-limited period.

7. Research and development expenses

Expenditure on research and development activities is recognized as an expense in the period in which it is incurred. Internal and external research and development costs related to the Group's development of new products are recognized in the statement of profit or loss in the year incurred unless it meets the asset recognition criteria of IAS 38 "Intangible Assets".

Uncertainties related to the regulatory approval process and results from ongoing clinical trials generally indicate that the criteria for asset recognition is not met until the time when the marketing authorization is obtained from regulatory authorities. This assessment requires significant management discretion and estimations.

The following table gives an overview of the Group's research and development expenditures compared to the total operating expenses:

	2023		**2022**	
Amounts in NOK thousands	Total	Of which R&D	Total	Of which R&D
R&D expenses	49 890	49 890	47 228	47 228
Payroll and related expenses	34 442	18 215	52 238	26 399
Other operating expenses	14 522	201	11 454	246
Depreciation, amortizations and write downs	1 773	-	392 673	-
Total	**100 626**	**68 305**	**503 593**	**73 873**

The following research and development expenditures have been expensed:

Amounts in NOK thousands	**2023**	**2022**
R&D related consultancy and other expenses	40 268	27 202
Cost of manufacturing for R&D	9 423	20 307
Patent expenses	1 920	3 479
Government grants	-1 722	-3 759
Total research and development expenses	**49 890**	**47 228**

8. Government grants

Government grants are recognized at the value of the contributions at the transaction date. Grants are not recognized until it is probable that the conditions attached to the contribution will be achieved. The grant is recognized in the statement of profit or loss in the same period as the related costs and are presented net.

Government grants are normally related to either reimbursements of employee costs and classified as a reduction of Payroll and related expenses or related to other operating activities and thus classified as a reduction of Research and development expenses or Other operating expenses.

Government grants have been recognized in statement of profit or loss as a reduction of the related expense with the following amounts:

Amounts in NOK thousands	2023	2022
Research and development expenses	1 722	3 759
Payroll and related expenses	108	1 021
Other operating expenses	-	35
Total grants	**1 830**	**4 815**

The Group is awarded research grants of NOK 9.8 million from the Research Council of Norway and NOK 8.2 million from Innovation Norway, towards product and clinical development for the TG mutant KRAS cancer vaccine program. These grants are for the period 2022-2025.

For the full year 2023 the Group has recognized NOK 1.8 million related to the grant from the Research Council of Norway. Prepayments from the Research Council of Norway was NOK 2.7 million during 2023.

Specification of grants receivables:

Amounts in NOK thousands	2023	2022
Grants from SkatteFUNN	-	2 970
Grants from Research Council of Norway	-895	934
Total grants receivable	**-895**	**3 904**

9. Payroll and related expenses

Payroll and related expenses are recognized in the statement of profit or loss in the period in which the related costs are incurred or services are provided.

Defined contribution plans

Targovax Solutions AS has a defined contribution pension plan as required by the Norwegian Law and as well an applicable contribution pension plan as required by Finnish Law and Swedish law for all employees employed in Targovax OY and Circio AB. These pension plans apply to all employees of the Group respectively. Currently, members of the Management Team with residence outside Norway, Finland and Sweden are not part of the company's respective national pension plans. The company pays these executives an annual amount in addition to base salary in lieu of their participation in a company scheme. For defined contribution pension plans, contributions are paid to pension insurance plans and charged to the statement of profit or loss in the period to which the contributions relate.

Bonus scheme

In 2018 Circio implemented a bonus system covering all employees.

The Group recognizes a liability and an expense for bonuses based on a short-term incentive plan for employees linked to achievement of corporate objectives as well as individual objectives determined by the Board. See note 10 Related parties and Management.

Total payroll and related expenses for the Group are:

Amounts in NOK thousands	2023	2022
Salaries and bonus	25 977	40 911
Employer's national insurance contributions	3 567	4 984
Share-based compensation [1)]	1 523	4 160
Pension expenses – defined contribution plan	2 843	2 518
Other	640	686
Governmental grants	-108	-1 021
Total payroll and related expenses	**34 442**	**52 238**
1) Share-based compensation has no cash effect.		
Number of employees calculated on a full-time basis as at end of period	9,0	20,9
Number of employees as at end of period	11	21

10. Related parties and Management

Circio Compensation Report

This report describes the compensation programs for Circio. It is intended to describe programs for senior executives and to explain how they were compensated in 2023 and will be in 2024. See Note 9 Payroll and related expenses and Note 11 Share-based compensation for accounting principles for payroll and related expenses and equity-settled share-based payments.

Section 1: Introduction by the Compensation Committee

2023 was a challenging year for the biotech sector in general, and Circio was no exception. Despite strong clinical data and a robust development plan endorsed by both key opinion leaders (KOLs) and regulatory authorities, it was not possible to secure the substantial funding required to bring the ONCOS-102 program forward on a path to registration. As such, we were regrettably forced to make the tough decision to halt ONCOS-102 development, and subsequently adapt the organization accordingly. After discussions with the Nomination Committee, the three Directors Bente-Lill Romøren, Sonia Quaratino and Raphael Clynes tendered their resignations from Circio's Board, The management team has been restructured to reflect our new pre-clinical circRNA focus, with Thomas Hansen being promoted to CTO and Ola Melin to COO whilst the heads of clinical development and regulatory affairs left Circio for external opportunities. The remaining management team took on a temporary pay reduction as a further cost-saving initiative. In parallel, the CMC and clinical teams have been substantially reduced, whilst building up our scientific group in Stockholm. We now believe we have established a right-sized and highly skilled team, under the management of CEO Erik Digman Wiklund, to bring the company forward to a successful future.

In order to implement the new circRNA-focused strategy and build shareholder value over time, Circio needs to be able to retain the existing team and attract new experienced and qualified key individuals. The Company's total compensation philosophy reflects this in that equity and retention incentives play an important role in compensating, motivating, and retaining the employees. Moreover, the Remuneration Committee believes that it is essential that a substantial part of management's compensation is aligned with the interests of Circio's shareholders. The equity incentive is an important motivator of Circio's organization, in particular key employees, to deliver the milestones that will advance Circio and underpin long-term value creation. In order to make this journey successful, it is of crucial importance for Circio to be able to attract and retain senior and talented individuals that are willing to build lasting careers with the Company.

During the year the Remuneration Committee engaged closely with management to ensure essential means and tactics necessary to fulfil the needs of the Company and retain key employees, balanced against the challenging situation the company has been in following the discontinuation of the lead ONCOS-102 program. The Remuneration Committee believes that the compensation policy supports and fulfil the essential needs of sustainable engagement and long-term value creation of the Company

The Remuneration Committee will continue to measure and monitor the effectiveness of the compensation policies and return with further amendments when needed.

Thomas Falck, Robert Burns, and Damian Marron
Circio Compensation Committee, 25 April 2024

Section 2 – Compensation Committee activity

The Compensation Committee

The Board of Directors, with the assistance of the Compensation Committee, presented to the Annual General Meeting 2022 the compensation principles for Circio. The Compensation Committee is of the view that compensation practices must support the strategic aims of the business and enable the recruitment, motivation, and retention of senior executives as well as other key employees. Circio's practices must take into account the views of regulatory and governance bodies and the expectations of shareholders and the wider employee population. The Board of Directors approves the total compensation of the CEO, which is communicated to the shareholders through the Annual General Meeting. The Board of Directors has final approval of the compensation of the Management Team, upon recommendation of the CEO and the Compensation Committee.

Compensation Committee activity

The CEO attended selected meetings of the Compensation Committee, providing input and assisting with specific queries. The CEO did not participate in conversations regarding his own level of compensation.

The committee covered the following matters during the year:
Review of the overall compensation strategy and policies

Review of the compensation levels and structure for each member of the management team

Review of the market competitive positioning of the compensation for each member of the management team

Recommendation on the base salary increase of the CEO and a review of recommendations made by the CEO for the organization

Assessment of fulfilment of objectives for 2023 and on resulting cash bonuses

Recommendation on the grant of employee share options

Recommendation on corporate objectives for 2024

Section 3 – Overview of the compensation policy

The compensation policy

The compensation policy applied in 2023 and 2022 is as follows:

Principle	Summary
Market competitive compensation	Circio offers competitive reward opportunities on a level adequate to enable the company to attract, retain, and motivate the talent needed to achieve our vision and business objectives. We balance the need to provide market competitive levels of reward against a desire to be cost-effective when determining reasonable and responsible reward outcomes.
Pay for performance and commitment	An appropriate proportion of the reward package is performance-based for top executives to ensure reward is linked to the achievement of key financial and non-financial objectives with a balance of short and long-term performance components - with priority being given to securing the long-term commitment of key employees.
Transparency	Compensation programs are designed and communicated in a manner that reinforces the linkage between business objectives, our vision, and culture.
Business alignment and consistency	Compensation decisions are made within an international framework to ensure local practices are aligned and consistent with our principles and policies. Compensation practices will remain flexible enough to evolve as the business priorities of Circio change.
Shareholder alignment	Compensation programs will align the interests of all employees in driving long-term value creation for our shareholders. Circio will share the success of the company wherever possible with its employees.

Element	Applied in 2023	Proposed for 2024
Base salary	✓	✓
Short term incentive for top executives: Annual cash bonus	÷	✓
Short term incentive for all employees: Annual cash bonus	✓	✓
Long term incentive for all employees: Share options	÷	✓
Benefits	✓	✓
Pension	✓	✓
Equity as part of Board fee	✓	✓

Section 4 – Compensation policy for each element

The policy for each element of the compensation offered to our employees is described below and is laid down in the Circio's Remuneration principles as approved by the Annual General Meeting in 2022.

Base salary

Base salaries for individual members of the management team are reviewed annually by the committee. The salaries are set by taking into consideration the scope of the role, the level of experience of the individual, the geographical location of the role, internal relativity, and external economic environment.

The overall performance rating, employee potential, and current compensation market competitiveness will be combined to assess any proposed salary revision.

Short term incentives: annual bonus

The corporate objectives are set by the Board and determined for and agreed with the CEO. The bonus of the CEO is determined by achievements of corporate objectives. Other management/employee bonuses are based on the achievement of the corporate objectives as well as individual objectives.

The level of performance achieved and the amount of bonus to be awarded individual members of the Management Team is reviewed by the committee, in discussion with the CEO, and approved by the Board.

Due to the challenging biotech funding environment, the Board of Directors made the strategic decision to discontinue the clinical phase 2 stage ONCOS-102 program and prioritize resources towards accelerating the innovative and differentiated circRNA platform. As a consequence of this difficult decision, the company undertook a corporate and organizational restructuring to adapt to the new pre-clinical R&D strategy, including a 40% overall reduction of the work force. In addition, to further manage payroll costs during this transition, no cash bonus recognized to any of the members of the Executive Management for 2023.

Target bonus percentages	2023 (% of base salary)	2024 (% of base salary)
Erik Digman Wiklund (Chief Executive Officer)	50%	50%
Lubor Gaal (Chief Financial Officer)	35%	35%
Victor Levitsky (Chief Scientific Officer)	30%	30%
Thomas B Hansen (Chief Technology Officer)	20%	20%
Ola Melin (Chief Operation Officer)	20%	20%

The Committee may, at its discretion, review the operation of the annual bonus plan and make recommendations to the Board for approval. Any review will take into account the overall impact of the compensation package, the mix between fixed and variable pay, and the balance between short and long-term performance measurement.

In 2018 Circio implemented a bonus system covering all employees who are not part of the management team. The criteria are the same as for the management team; based on the achievement of the corporate objectives as well as individual objectives.

Long-term incentives

The Committee's proposal for 2024 long-term incentives and the policy applied in 2023 are described below.

Long term incentives proposal for 2024

Eligibility

New employees and consultants are eligible for option grants upon joining the company. Employees and consultants will be eligible for an annual option award on a discretionary basis, taking into account overall performance, work responsibility, importance of retention, organization level, and position.

The Board of Directors will exercise discretion as to who will receive an equity award in any given year, based on recommendations made by the Compensation Committee.

The Board of Directors intends to grant awards under the plan, alongside the existing option plan, on an annual basis.

Board members are not eligible to participate.

Grant size and exercise price

The Compensation Committee shall recommend to the Board the size of the overall option grant. The grant schedule will be determined, and reviewed, on the basis of market competitiveness of the equity component of the compensation package and the overall size of the available share pool approved by shareholders.

Share option grants will not be subject to any performance-based vesting conditions.

The exercise price is determined at grant and reflects the share price on the day of the grant.

Long-term incentives in 2023

In 2023, Circio granted share options under the current share option plan only to new employees.

The share option grants are not subject to any performance-based vesting conditions. Under the current plan, share options have been granted to employees upon joining the company. Additional grants may be awarded to employees on a discretionary basis taking into account the number of options held, overall performance, competitiveness of terms, work responsibility, importance of retention, organization level, and position.

Employee vesting schedule

Granted share options vest over a four-year period as follows: 25 percent of the options vest on the first anniversary of the grant date; and the remaining 75 percent of the options vest in equal monthly tranches over the next 36 months. Most options expire seven years after the grant date.

In the case of termination of employment, the employee will not vest further share options beyond notice of termination, unless the employee continues as a consultant to the company. Unless special circumstances dictate otherwise, the terminated employee can, as a general rule, exercise vested share options for a maximum period of six to twelve months after termination.

In the event of a Take-over or a Statutory Merger all unvested options shall vest if, within 24 months following the completion of such trade sale or merger, the option holder's employment is terminated by the Group.

Limits

The Board of Circio seeks authorization from shareholders at the Annual General Meeting to issue a maximum number of share options in total for all grants. This authorization is sought every year and at the Annual General Meeting in May 2023, the Board was authorized to increase the Group's share capital in connection with share incentive arrangements to employees and consultants by up to the lower of (a) NOK 2 700 000 and (b) 10% of the Company's outstanding shares, options and RSUs. The authorization to increase the share capital covers:

Already granted options, vested as well as unvested; and

Planned future grants of options

At the end of 2023, 267 230 share options were outstanding, of which 175 851 were vested and exercisable at year-end 2023. Current Management Team members held 145 673 share options, 38 693 options were held by other employees and the remaining 82 864 by previous employees.

Circio has never and does not plan to grant options to Board members.

Pension

Targovax Solutions AS has a defined contribution pension plan as required by the Norwegian Law, and as required by Swedish Law for all employees employed in Circio AB. These pension plans apply to all employees of Targovax Solutions AS and Circio AB respectively.

Currently, members of the Management Team with residence outside Norway and Sweden are not part of the company's respective national pension plans. The company pays these executives an annual amount in addition to base salary in lieu of their participation in a company scheme.

Other benefits

Benefits to the Management Team may comprise certain other items such as healthcare, accident insurance, etc. on customary terms.

Severance payment

Erik Digman Wiklund (CEO is entitled to severance pay equal to 12 months' salary in the event of termination of employment. Apart from this, no employee, including any member of Management, has entered into employment agreements which provide for any special benefits upon termination.

Statement for 2023

The Board of Directors complies with the decision made at Circio Holding ASA's Ordinary General Meeting on 20 April 2022 to approve of the Board of Directors' statement concerning principles for Management compensation pursuant to Norwegian Public Limited Companies Act section 6–16a. The principles for 2023 were identical to the principles listed above.

Section 5 – Compensation tables for 2023 and 2022

Remunerations and other benefits in 2023:

Amounts in NOK thousands	**Fixed annual fee as at 31 Dec 2023**	**Earned fees in cash in 2023**	**Earned fees in RSU's in 2023**	**Earned committee meetings fee per 31.12.2023**	**Exercise of share options/RSUs**	**Total remuneration earned in 2023**
Board of Directors of Circio Holding ASA:						
Damian Marron, Chairperson of the Board	532	355	177	20	37	589
Thomas Falck, Board member	317	180	137	40		357
Robert Burns, Board member	317	317	-	20	15	352
Diane Mellett, Board member	317	137	180	40	14	371
Sonia Quaratino, Board member	223	74	149		3	223
Bente-Lill Bjerkelund Romøren, Board	223	180	43	40		263
Raphael Clynes, Board member	223	31	192			223
Eva-Lotta Allan, Board member	93	62	31			96
Total Board of Directors [1,2]	**2 246**	**1 336**	**910**	**160**	**69**	**2 474**

1) Eva-Lotta Allan resigned from the Board at the AGM 2023, and Bente-Lill Bjerkelund, Raphael Clynes and Sonia Quaratino resigned from the board 17 October 2023.
2) The Board members may choose to receive their Board fee either in RSUs or in cash. Please see the table for holding of RSUs for further details on the Board related remuneration.

Amounts in NOK thousands	Fixed annual salary as at 31 Dec 2023	Earned salaries in 2023	Bonus earned in 2023	Pension expenses in 2023	Benefits in kind in 2023	Exercise of share options/RSUs	Total remuneration in 2023
Management team:							
Erik Digman Wiklund, Chief Executive Officer	2 588	2 490	0	100	13	-	2 604
Lubor Gaal, Chief Financial Officer[1]	2 837	2 683	-	0	192	-	2 875
Victor Levitsky, Chief Scientific Officer[2]	3 104	623	0	0	167	-	790
Thomas B. Hansen, Chief Technology[3]	1 816	1 863	-	109	0	-	1 972
Ola Melin, Chief Operating Officer[4]	1 538	1 520	-	404	42	-	1 966
Total Management Team [5,6,7]	**11 883**	**9 180**	**0**	**613**	**414**	**0**	**10 207**

1) Fixed annual salary is the annual salary in EUR multiplied by the average exchange rate throughout the year. Lubor Gaal works 80% for Targovax and its subsidiaries as per 31.12.2023.
2) Fixed annual salary is the annual salary in CHF multiplied by the average exchange rate throughout the year. Victor Levitsky is working 20% for Targovax and its subsidiaries as per 31.12.2023.
3) Fixed annual salary is the annual salary in DKK multiplied by the average exchange rate throughout the year. Thomas Birkballe Hansen joined the management team 1 January 2023. Thomas Birkballe Hansen is working 80% for Targovax and its subsidiaries as per 31.12.2023.
4) Fixed annual salary is the annual salary in SEK multiplied by the average exchange rate throughout the year. Ola Melin works 80% for Targovax and its subsidiaries as per 31.12.2023.
5) Lone Ottesen resigned from her position as CDO 14 August 2023. During 2023 her remuneration consisted of TNOK 2 948 in salary and TNOK 282 in pension.
6) Ingunn Munch Lindvig resigned from her position as VP Regulatory Affairs on 9 June 2023. During 2023 her remuneration consisted of TNOK 1 006 in salary and TNOK 46 pension and TNOK 8 in benefits in kind.
7) Margrethe Sørgaard joined the management team 1 June 2023 and resigned from her position as VP & Head of Clinical Development 30 November 2023. During 2023 her remuneration consisted of TNOK 1 528 in salary and TNOK 96 pension and TNOK 14 in benefits in kind.

All amounts in the tables exclude National Insurance Contribution.

In 2023, the annual general meeting of the Company resolved that all current board members shall receive NOK 320 000 and the Chairperson of the Board NOK 535 000 for the period from the annual general meeting in 2023 and until the annual general meeting in 2024. If the current board members have served for a shorter period than since the annual general meeting in 2023, the remuneration shall be pro rata adjusted down (based on the number of days served compared to the full period). The members of the board of directors may choose to receive their remuneration, or parts thereof, in the form of restricted stock units (RSUs). The remuneration in cash shall be payable immediately after the annual general meeting in 2024. Members of board committees shall receive an additional remuneration of NOK 4 000 per committee meeting, however not less than NOK 20 000 for the period and the chairpersons of such committees shall receive remuneration of NOK 8 000 per meeting, however not less than NOK 40 000 for the period.

In 2023 NOK 1.0 million was recognized as expense for Board remunerations in RSUs.
The Group has not recognized any expense in provision for bonuses to the Management Team as per 31 December 2023.

The Group has recognized as expense NOK 1.7 million in share-based compensation for the year 2023 to the Management Team as per 31 December 2023. There are no outstanding loans or guarantees made to the Board of Directors or the Management Team at 31 December 2023.

Remunerations and other benefits in 2022:

Amounts in NOK thousands	Fixed annual fee as at 31 Dec 2022	Earned fees in cash in 2022	Earned fees in RSU's in 2022	Earned committee meetings fee per 31.12.2022	Exercise of share options/RSUs	Total remuneration earned in 2022
Board of Directors of Circio Holding ASA:						
Damian Marron, Chairperson of the Board	522	348	174	40		562
Bente-Lill Bjerkelund Romøren, Board	307	277	30	40		347
Robert Burns, Board member	307	217	90	20	129	456
Eva-Lotta Allan, Board member	307	205	102	20	52	368
Diane Mellett, Board member	307	175	132	40	8	353
Sonia Quaratino, Board member	307	102	205			307
Thomas Falck, Board member	217	72	144	40		257
Raphael Clynes, Board member	217	72	144			217
Total Board of Directors [1,2]	**2 671**	**1 648**	**1 023**	**208**	**188**	**2 926**

1) Johan Christenson and Per Samuelsson was replaced by Thomas Falck and Raphael Clynes at the AGM 2022.
2) The Board members may choose to receive their Board fee either in RSUs or in cash. Please see the table for holding of RSUs for further details on the Board related remuneration.

Amounts in NOK thousands	Fixed annual salary as at 31 Dec 2022	Earned salaries in 2022	Bonus earned in 2022	Pension expenses in 2022	Benefits in kind in 2022	Exercise of share options/RSUs	Total remuneration in 2022
Management team:							
Erik Digman Wiklund, Chief Executive Officer	2 500	2 550	1 125	103	13	-	3 792
Lubor Gaal, Chief Financial Officer[1]	2 523	2 028	599	0	142	-	2 769
Lone Ottesen, Chief Medical Officer[2]	2 809	2 826	801	388	134	-	4 149
Victor Levitsky, Chief Scientific Officer[3]	514	510	198	0	141	-	849
Ingunn Munch Lindvig, VP & Head of Regulatory	1 515	1 561	288	103	14	-	1 966
Ola Melin, VP & Head of Manufacturing	1 469	1 392	278	460	36	-	2 165
Total Management Team [4]	**11 330**	**10 867**	**3 289**	**1 054**	**481**	**-**	**15 691**

1) Lubor Gaal joined Circio 7 March 2022. Fixed annual salary is the annual salary in EUR multiplied by the average exchange rate throughout the year.
2) Fixed annual salary is the annual salary in GBP multiplied by the average exchange rate throughout the year.
3) Victor Levitsky is working 20% for Circio as per 31.12.2022.
4) Øystein Soug resigned from his position as Special Advisor and Interim CFO on 30 April 2022. During 2022 his remuneration consisted of TNOK 3 426 in salary, TNOK 246 in earned bonus, TNOK 33 in pension and TNOK 18 in benefits in kind.

All amounts in the tables exclude National Insurance Contribution.

In 2022, the annual general meeting of the Company resolved that all current board members shall receive NOK 310 000 and the Chairperson of the Board NOK 525 000 for the period from the annual general meeting in 2022 and until the annual general meeting in 2023. If the current board members have served for a shorter period than since the annual general meeting in 2022, the remuneration shall be pro rata adjusted down (based on the number of days served compared to the full period). The members of the board of directors may choose to receive their remuneration, or parts thereof, in the form of restricted stock units (RSUs). The remuneration in cash shall be payable immediately after the annual general meeting in 2023. Members of board committees shall receive an additional remuneration of NOK 4 000 per committee meeting, however not less than NOK 20 000 for the period and the chairpersons of such committees shall receive remuneration of NOK 8 000 per meeting, however not less than NOK 40 000 for the period.

In 2022 NOK 0.9 million was recognized as expense for Board remunerations in RSUs.

The Group has recognized as expense NOK 3.5 million, excluding National Insurance Contribution, in provision for bonuses to the Management Team as per 31 December 2022.

The Group has recognized as expense NOK 3.3 million in share-based compensation for the year 2022 to the Management Team as per 31 December 2022. There are no outstanding loans or guarantees made to the Board of Directors or the Management Team at 31 December 2022.

Holding of shares, options for shares and RSUs, including those of close associates, as at 31 December 2023:

To comply with minimum share price obligations for companies listed on the Oslo Stock Exchange, pursuant to which the market value for listed shares shall not be lower than NOK 1 for a period of longer than six months, the General Meeting decided in an Extraordinary General Meeting in September 2023 that the Circio Holding ASA shares were consolidated in the ratio of 30:1 (reverse split), whereby 30 existing shares, each with a nominal value of NOK 0.1, shall be consolidated to one share with nominal value NOK 3. The share split was completed on 3rd October 2023.

	Holding shares as at 31 Dec 2023	% ownership 31 Dec 2023	Granted options 2023	Forfeited options 2023	Expired options 2023	Exercised options 2023	Modified options due to share split	Holding of options as at 31 Dec 2023	Granted RSUs 2023[1]	Exercised RSUs 2023	Modified RSUs due to share split	Holding of RSUs as at 31 Dec 2023
Board of Directors of Circio Holding ASA:												
Damian Marron, Chairperson of the	1822	0,02 %						-	302 670	-55 588	-387 087	13 348
Thomas Falck, Board member								-	181 037		-286 609	9 884
Robert Burns, Board member	9 958	0,13 %						-	-	-23 307	-41 635	1 436
Diane Mellett, Board member	4 098	0,05 %						-	362 072	-20 870	-450 912	15 548
Total Board of Directors[2,3]	**15 878**	**0,20 %**						**0**	**845 779**	**-99 765**	**-1 166 243**	**40 216**
Management team:												
Erik Digman Wiklund, Chief Executive Officer[4]	3 333	0,04 %					-1 740 001	59 999				
Lubor Gaal, Chief Financial Officer		0,00 %					-676 671	23 329				
Victor Levitsky, Chief Scientific Officer	333	0,00 %					-623 498	21 502				
Thomas B Hansen, Chief Technology							-483 342	16 658				
Ola Melin, Chief Operating Officer	1 667	0,02 %					-700 815	24 185				
Total Management [5,6,7]	**5 333**	**0,07 %**	**0**	**0**	**0**	**0**	**-4 224 327**	**145 673**				
Total	**21 211**	**0,27 %**	**0**	**0**	**0**	**0**	**-4 224 327**	**145 673**	**845 779**	**-99 765**	**- 1 166 243**	**40 216**

1) Granted RSUs to the Board of Directors are a part of the yearly Board remuneration fee which the Board members can select either to receive in cash or in RSUs.
2) Eva-Lotta Allan, left the Board of Circio May 2023. Per 31.12.2023 she held no options, 2 149 RSUs and 3 296 shares.
3) Bente-Lill Bjerkelund Romøren, Raphael Clynes and Sonia Quaratino resigned from the Board of Circio 17 October 2023 due to the reorganization of the Company. Per 31.12.2023 Bente-Lill B. Romøren held no options, 6514 RSUs and 1 185 shares, Raphael Clynes held no options, 21 953 RSUs and no shares and Sonia Quaratino held no options, 16 875 RSUs and no shares
4) The shares are held through Digman AS
5) Ingunn Munch Lindvig resigned from her position as VP Regulatory Affairs on 9 June 2023. Per 31.12.23 she held 4 906 options and 333 shares.
6) Lone Ottesen resigned from her position as CMO on 13 August 2023. Per 31.12.23 she held 6 999 options and 917 shares.
7) Margrethe Sørgaard joined the management team 1 June 2023 and resigned from her position as VP & Head of Clinical Development 30 November 2023. Per 31.12.23 she held 1 083 options and no shares.

Holding of shares, options for shares and RSUs, including those of close associates, as at 31 December 2022:

	Holding shares as at 31 Dec 2022	% ownership 31 Dec 2022	Expired options 2022	Exercised options 2022	Granted options 2022	Holding of options as at 31 Dec 2022	Exercised RSUs 2022	Granted RSUs 2022[1]	Holding of RSUs as at 31 Dec 2022
Board of Directors of Circio Holding ASA:									
Damian Marron, Chairperson of the Board	-							109 365	153 353
Bente-Lill Bjerkelund Romøren, Board member	35 577	0.02 %						2 996	14 357
Raphael Clynes, Board member	-							115 456	115 456
Sonia Quaratino, Board member	-							121 448	144 170
Thomas Falck, Board member	-							115 456	115 456
Robert Burns, Board member	275 454	0.15%					-88 351	32 295	66 378
Eva-Lotta Allan, Board member	94 859	0.05%					-40 811	68 493	68 493
Diane Mellett, Board member	102 078	0.05%					-6 049	73 086	125 258
Total Board of Directors[2]	**507 968**						**-135 211**	**638 595**	**802 921**
Management team:									
Erik Digman Wiklund, Chief Executive Officer[3]	100 000	0.05%			600 000	1 800 000			
Lubor Gaal, Chief Financial Officer	-				700 000	700 000			
Lone Ottesen, Chief Medical Officer	47 000	0.02%			400 000	890 000			
Victor Levitsky, Chief Scientific Officer	10 000	0.01%			100 000	645 000			
Ola Melin, Head of Manufacturing	50 000	0.03%			400 000	725 000			
Ingunn Munch Lindvig, VP Regulatory Affairs	10 000	0.01%			400 000	792 000			
Total Management [4,5]	**217 000**	**0.12%**			**2 600 000**	**5 552 000**			
Total	**724 968**	**0.38%**			**2 600 000**	**5 552 000**	**-135 211**	**638 595**	**802 921**

1) Granted RSUs to the Board of Directors are a part of the yearly Board remuneration fee which the Board members can select either to receive in cash or in RSUs.
2) Per Samuelsson and Johan Christenson left the Board of Circio April 2022. Neither held any options nor RSUs in the Company. They are partners at HealthCap, which owns 12 458 375 shares at 31.12.2022.
3) The shares are held through Digman AS
4) Magnus Jåderberg, resigned from his position as CMO on 15 February 2022. Per 31.12.22 he holds 775 900 options and 20 000 shares.
5) Øystein Soug, resigned from his position as Interim CFO on 30 April 2022. Per 31.12.22 he holds 929 375 options and 320 000 shares. The shares are held through Abakus Invest AS

Total outstanding options for shares by range of exercise price at 31 December 2023:

Exercise price in NOK	34.5	45.9	65.4-66.15	180-182	214.8-289	497.7	617.4	Total
Management team:								
Erik Digman Wiklund, CEO	20 012		6 671	12 670	10 658	4 994	4 994	59 999
Lubor Gaal, CFO	13 341	9 988						23 329
Victor Levitsky, CSO	3 317		1 491		16 694			21 502
Thomas B Hansen. CTO	13 341		3 317					16 658
Ola Melin, COO	13 341		2 497	8 347				24 185
Total Management [1,2]	**63 352**	**9 988**	**13 976**	**21 017**	**27 352**	**4 994**	**4 994**	**145 673**

1) Ingunn Munch Lindvig resigned from her position as VP Regulatory Affairs on 9 June 2023. As of 31.12.23 she held 1 303 options for shares of exercise price 65.40, 793 between 155.57-167.7 and 2 810 at 288.3.
2) Lone Ottesen resigned from her position as CMO on 13 August 2023. As of 31.12.23 she held 1 652 options for shares of exercise price 65.4 and 5 347 at 237.9.
3) Margrethe Sørgaard joined the management team 1 June 2023 and resigned from her position as VP & Head of Clinical Development 30 November 2023. As of 31.12.23 she held 654 options for shares of exercise price 65.4 and 429 at 202.2.

Total outstanding options for shares by range of exercise price at 31 December 2022:

Exercise price in NOK	1.15	1.53	2.18	5.19-5.59	6.00-6.06	7.16-8.72	9.61	16.59	20.58	Total
Management team:										
Erik Digman Wiklund, CEO	600 000		200 000		380 000	130 000	190 000	150 000	150 000	1 800 000
Lubor Gaal, CFO	400 000	300 000								700 000
Victor Levitsky, CSO	100 000		45 000			250 000	250 000			645 000
Lone Ottesen, CMO	400 000		140 000			350 000				890 000
Ingunn Munch Lindvig, VP & Head of RA	400 000		125 000	27 000	90 000		150 000			792 000
Ola Melin, COO	400 000		75 000		250 000					725 000
Total Management [1,2]	**2 300 000**	**300 000**	**585 000**	**27 000**	**720 000**	**730 000**	**590 000**	**150 000**	**150 000**	**5 552 000**

1) Magnus Jäderberg resigned from his position as Chief Medical Officer on 15 February 2022. As of 31.12.2022 he holds 46 875 options for shares of exercise price 6.00, 222 290 between 7.16-11.81, 250 000 between 16.59-21.38 and 256 735 at 24.42
2) Øystein Soug resigned from his position as interim CFO on 30 April 2022. As of 31.12.2022 he holds 87 500 options for shares of exercise price 6,00, 371 875 between 7.16-9.61and 470 000 between 16.59-21.38.

Related party transactions

The Company entered into a consulting agreement with Levitski V-Biopharm Consulting, a Zurich based company, in April 2020. Levitski V-Biopharm Consulting is a related party of Victor Levitsky, who is a member of Circio Management Team, Chief Scientific Officer as from April 2020. Levitski V-Biopharm Consulting is entitled to a consultancy fee of CHF 27,887 per month for a 100% position. Viktor Levitsky reduced his position from 100% to 20% as of 1 November 2021.

The Company entered into a consulting agreement with BioPharma Drug Licensing Group SL, a Barcelona based company, in February 2022. BioPharma Drug Licensing Group SL is a related party of Lubor Gaal, who is a member of Circio Management Team, Chief Financial Officer as from March 2022. BioPharma Drug Licensing Group SL is entitled to a consultancy fee of EUR 22,100 per month for a 100% position as CFO and EUR 7,000 per month for a 100% consultant providing analyst services.

Related party transactions:

	2023		**2022**	
Amounts in NOK thousands	Revenue (expense)	Receivable (Payable) at 31 December	Revenue (expense)	Receivable (Payable) at 31 December
Levitski V-Biopharm Consulting	-1 001	-	-1 124	-
BioPharma Drug Licensing Group	-3 754	-257	-2 169	-

Remuneration to the statutory auditor (excl. VAT)

Amounts in NOK thousands	**2023**	**2022**
Statutory audit	1 085	847
Other attestation services	120	-
Tax services	-	-
Other services	7	-
Total	**1 213**	**847**

11. Share-based compensation

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, based on the Company's estimate of equity instruments that will eventually vest. The total amount to be expensed is determined by reference to the fair value of the options granted excluding the impact of any non-market service and performance vesting conditions. The grant date fair value of the options granted is recognized as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (vesting period).

The fair value of the options granted is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate.

Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are recognized as share capital (nominal value) and share premium reserve.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in statement of profit or loss, with a corresponding adjustment to equity. Changes to the estimates may significantly influence the expense recognized during a period.

Share options

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) in Circio Holding ASA.

At the Annual General Meeting (AGM) in May 2023 the Board of Directors was authorized to increase the Group's share capital in connection with share incentive arrangements by up to the lower of NOK 2 700 000 and b) 10% of the Company's outstanding shares, options and RSUs. This authorization replaces the previous authorizations to increase the share capital by up to the lower of NOK 2 600 000 and b) 10% of the Company's outstanding shares, options and RSUs given to the Board of Directors at the AGM held in April 2022.

The Company has granted share options under its long-term incentive program (the "LTI Option Program"). The Option Program applies to the Management Team as well to employees in general. Certain former employees and former board members have also been granted options under the LTI Option Program.

Additionally, the Company has in the past granted options as payment for inventions (the "IPR Option Program").

Each share option converts into one ordinary share of the Company on exercise. Options may be exercised at any time from the date of vesting until expiry. The options generally vest over a period of four years: 25 percent of the options vest on the first anniversary of the grant date and the remaining 75 percent of the options vest in equal monthly tranches over the next 36 months. Options expire seven years after the grant date.

In general, the exercise price of the options is set at the fair value of the shares at grant date.

Certain former employees and former board members have also been granted options under the LTI Option Program as replacement for historical option holdings.

There were granted 30 000 share options during 2023 and 4 555 000 share options during 2022.

At an Extraordinary General Meeting 27 September 2023, the General Meeting passed the resolution to consolidate the Company's share in the ratio of 30:1 (a reversed split), hence a modification of negative 7 761 511 share options. The nominal value was also adjusted to NOK 0.6. As of 31 December 2023, there are in total 267 230 (10 781 275 at 31 December 2022) outstanding options under the LTI Option Program.

Fair value of the options has been calculated at grant date. The fair value of the options was calculated using the Black-Scholes model. The expected volatility for options issued in 2023 and 2022 is estimated at average of 75,17% and 81,06 %%, based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2023 and 2022 is 3,52% and 2,87%.

The following table shows the changes In outstanding options In 2023 and 2022:

	2023		2022	
	No. of options	Weighted avg. exercise price (in NOK)	No. of options	Weighted avg. exercise price (in NOK)
Outstanding at 1 January	10 781 275	10.13	7 743 106	10.13
Granted during the period	30 000	0.83	4 555 000	1.20
Exercised during the period	-	-	-11 981	0.51
Forfeited	-2 537 409	2.57	-586 050	7.87
Expired	-245 125	7.79	-918 800	14.61
Modifications due to share split Oct 2023	**-7 761 511**	**214.85**	**-**	**-**
Outstanding no. of options at end of period	**267 230**	**214.83**	**10 781 275**	**6.11**

1) See Note 10 Related parties and Management for further information on granted share options to Management Team.

The average fair value of options granted in 2023 was 0.42 per share and 0.68 per share in 2022. The weighted- average assumptions used to determine the Black Scholes fair value of options granted in 2023 and 2022 were:

Amounts in NOK thousands	2023	2022
Volatility (%)	75.17	81.06
Expected life (in years)	3.66	3.66
Risk-free interest rate (%)	3.52	2.87
Share price (NOK)	0.42	1.19
Exercise price (NOK)	24.90	1.20

The expensed share options, NOK 0.5 million in 2023 (Targovax Solutions AS: NOK 0.4 million, Targovax OY: negative NOK 0.4 million and Circio AB: NOK 0.5 million) and NOK 3.3 million in 2022 (Targovax Solutions AS: NOK 3.3 million, Targovax OY: NOK 0.5 million and Circio AB: NOK 13 thousand), includes management estimate for employee turnover. The estimated turnover rate used for the year 2023 and 2022 was 14.41% and 10%.

At 31 December 2023, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

	Outstanding options				Vested outstanding		
Exercise price	**Outstanding options per 12/31/2023**	**Weighted average remaining contractual life**	**Weighted average remaining years until vesting**	**Weighted average exercise price**	**Vested outstanding per 12/31/2023**	**Weighted average exercise price**	**Weighted average remaining life vested**
0.00-35.00	83 478	5.98	1.14	34.38	20 634	34.49	0.00
35.00-46.00	10 473	5.21	0.63	45.69	4 537	45.74	0.00
46.00-67.00	26 400	3.56	0.36	65.39	17 115	65.31	0.00
67.00-180.00	16 351	1.54	0.00	175.89	16 351	175.89	0.00
180.00-220.00	32 642	2.91	0.21	196.80	24 986	201.63	0.00
220.00-289.00	45 531	2.37	0.06	276.19	39 873	275.16	0.00
289.00-500.00	22 305	0.71	0.00	469.91	22 305	469.91	0.00
500.00-	30 050	0.19	0.00	664.78	30 050	664.78	0.00
Total	**267 230**	**3.36**	**0.45**	**214.83**	**175 851**	**292.18**	**0.00**

At 31 December 2022, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

	Outstanding options				Vested outstanding		
Exercise price	**Outstanding options per 12/31/2022**	**Weighted average remaining contractual life**	**Weighted average remaining years until vesting**	**Weighted average exercise price**	**Vested outstanding per 12/31/2022**	**Weighted average exercise price**	**Weighted average remaining life vested**
0.00-1.15	4 110 000	6.97	2.13	1.15	-	-	-
1.16-1.53	315 000	6.21	1.36	1.52	-	-	-
1.54-2.18	1 155 000	5.99	1.14	2.17	285 000	2.18	5.98
2.19-6.06	1 201 375	4.46	0.55	5.64	638 510	5.91	3.58
6.07-7.00	95 000	5.27	0.69	6.70	39 888	6.67	5.13
7.01-9.70	2 331 165	3.78	0.36	8.70	1 514 538	8.54	3.09
9.71-21.00	822 000	1.11	0.00	15.56	822 000	16.56	1.11
21.01-25.65	751 735	0.75	0.00	22.48	751 735	22.48	0.75
Total	**10 781 275**	**4.98**	**1.12**	**6.11**	**4 051 671**	**11.87**	**2.56**

From 1 January 2024 to 25 April 2024, no share options were granted to members of management or to other employees of the Group.

Restricted Stock Units

The Board of Directors may choose to receive their remuneration, or parts thereof, in the form of restricted stock units (RSUs). If the Board members choose to receive the Board remuneration in RSUs they must choose to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs.

The number of RSUs to be granted to the members of the Board of Directors is calculated as the NOK amount of the RSU opted portion of total compensation to the Board member, divided by the market price of the Circio Holding ASA share. The market price is calculated as the volume weighted average share price the 10 trading days prior to the grant date. The RSUs will be non-transferrable and each RSU will give the right and obligation to acquire shares in Circio Holding ASA (at nominal value) subject to satisfaction of the applicable vesting conditions. When the RSUs have vested, the participant must during the following three-year period select when to take delivery of the shares.

The total compensation to each member of the Board of Directors for the period between the AGM 2023-2024 has been set out in the minutes from the Annual General Meeting 22 May 2023. The Annual General Meeting 22 May 2023 decided to remunerate the Board of Directors for the period between the AGM 2023 to the AGM 2024 with a combination of cash and Restricted Stock Units (RSUs), hence at the AGM 22 May 2023, additional 1 931 997 RSUs were granted to the Board of Directors.

The average fair value of RSUs granted in 2023 was 0.61 per share and 1.75 per share in 2022. The weighted- average assumptions used to determine the Black Scholes fair value of RSUs granted in 2023 and 2022 were:

Amounts in NOK thousands	**2023**	**2022**
Volatility (%)	92.97	84.30
Expected life (in years)	1	1
Risk-free interest rate (%)	3.65	1.56
Share price (NOK)	0.61	1.75
Exercise price (NOK)	0.60	0.10

The expensed RSUs in 2023 and 2022 was NOK 1.0 million and NOK 0.9 million. A total of 87 707 RSUs was outstanding at 31 December 2023.

The following table shows the changes in outstanding RSUs in 2023 and 2022:

	2023		**2022**	
	No. of RSU's	Weighted avg. exercise price (in NOK)	No. of RSU's	Weighted avg. exercise price (in NOK)
Outstanding at 1 January	802 921	0.10	299 537	0.10
Granted during the period	1 931 997	0.10	638 595	0.10
Exercised during the period	-103 789	0.10	-135 211	0.10
Modifications	-2 543 422	0.60		
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding no. of Restricted Stock Units at end of period	**87 707**	**0.60**	**802 921**	**0.10**

From 1 January 2024 to 25 April 2024 no RSUs have been granted to Board of Directors.

12. Other operating expenses

Expenditure on Other operating expenses is recognized in the statement of profit or loss as an expense in the period in which it is incurred.

Amounts in NOK thousands	2023	2022
Consultancy, advisors' expenses and IR	5 372	5 020
Travel expenses	1 223	1 605
Facilities expenses	898	565
IT services and IT-related accessories	1 965	1 706
Conferences and training	434	382
Other	4 629	2 211
Government Grants	-	-35
Total operating expenses	**14 522**	**11 454**

13. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Group´s financial assets are: trade receivables, governmental grant receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Groups financial assets at amortised cost includes trade receivables, governmental grant receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    - the Group has transferred substantially all the risks and rewards of the asset, or
    - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial assets at amortized cost

Currently, all the Group's financial assets are categorized as receivables. As at 31 December 2023 and 2022 the Group have TNOK 108 and TNOK 6250 in trade receivables, TNOK negative 895 and TNOK 3 904 in government grant receivables and the Group have TNOK 0 and TNOK 1 261 in short-term deposits. The Group has currently not recognized any non-current financial assets.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

The conversion right of convertible bonds has been measured to have zero value at initial recognition and will be reevaluated annually at subsequent measurement according to under IFRS 9 as long as the conversion right exists.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Liabilities at amortized cost (Loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. See note 21 Interest-bearing debt and 22 Current liabilities for information about Business Finland loans.

Finance income and expense

All finance income and finance expense, except for foreign exchange income/expense, are related to financial assets and financial liabilities carried at amortized cost. Finance income consists of interest income and foreign exchange gain. Finance expense mainly consist of interest expense and exchange loss.

Finance income is:

Amounts in NOK thousands	**2023**	**2022**
Interest income on bank deposit	347	211
Interest income on Money Market fund, Nordea Likviditet III	309	325
Interest income on tax repaid	2	-
Net currency gain - bank and other operating items	884	2823
Other finance income	-	-
Total finance income	**1 541**	**3 360**

Finance expense is:

Amounts in NOK thousands	**2023**	**2022**
Interest expense – Business Finland Loan	3 512	4 613
Interest expense on lease liabilities	18	229
Other interest expense	27	152
Other finance expense	8 217	103
Total finance expense	**11 774**	**5 097**

14. Tax

Income tax expense comprise current income tax (tax payable) and deferred tax. Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available so temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The tax losses can be carried forward indefinitely in Norway and Sweden and in Finland it can be carried forward and offset against taxable income in ten years for tax purposes. The Group considers that a deferred tax asset related to accumulated tax losses cannot be recognized in the statement of financial position until the product under development has been approved for marketing by the relevant authorities. This assumption is continually assessed, and changes could lead to significant deferred tax asset being recognized in the future. This assumption requires significant management judgment.

The Group is in the research phase of its product development and has incurred significant tax losses related to its operations. Circio Holding ASA has a total tax loss carried forward of NOK 18 million at 31 December 2023 (31 December 2022: NOK 529 million). Targovax Solutions AS has a total tax carried forward of NOK 594 million (31 December 2022: NOK 568 million). Circio AB has a total tax loss carried forward of NOK 22 million at 31 December 2023 (31 December 2022: NOK 6 million). The research and development expenses in Targovax Oy is fiscally capitalized for tax purposes resulting in a temporary difference of NOK 418 million at 31 December 2023 and NOK 390 million at 31 December 2022.

Accumulated tax losses from Targovax OY's operations amounts to EUR 19.8 million as of 31 December 2023 and EUR 22.1 million as of 31 December 2022. With a current tax rate in Finland of 20%, the corresponding deferred tax asset is EUR 4.0 million as at 31 December 2023 and EUR 4.4 million as at 31 December 2022. Targovax OY has not recognized any deferred taxes under FGAAP. Tax losses in Finland can be carried forward and offset against taxable income in ten years for tax purposes. Targovax OY has not generated taxable income in prior years and is not expected to generate taxable income in the nearest future. Due to the uncertainty for future taxable profit within the ten years limitation of use, the company has assessed that it cannot be considered as probable that future taxable profit can be used against the tax losses carried forward.

However, the Group has recognized a deferred tax liability on temporary differences on the acquired intangible assets, per 31 December 2021 this amount of NOK 59.3 million. As the intangible asset were impaired in full per 31 December 2022, the recognized deferred tax liability as per 31 December 2022 of NOK 60.4 million was derecognized.

The tax effects of temporary differences and tax losses carried forward at 31 December are as follows:

Amounts in NOK thousands	2023	2022
Intangible and fixed assets	-11	-1 108
Capitalized R&D for tax purposes	-417 521	-390 329
Leasing	-	-180
Borrowings	3 649	5 991
Share options and RSUs	-37	-89
Financial instruments	37	25
Tax loss carried forward	-855 544	-810 664
Temporary differences and tax losses carried forward at 31.12	-1 269 426	-1 196 354
Temporary differences and tax losses carried forward at 31.12 not recognized	1 269 426	1 196 354
Deferred tax asset (22%/20%) not recognized	**279 274**	**263 198**
Deferred tax asset 31.12	**-**	**-**
Recognized temporary differences at 31.12	-	-
Deferred tax liability 31.12	**-**	**-**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the domestic tax rate applicable to profits of the consolidated entities as follows:

Amounts in NOK thousands	2023	2022
Loss before income tax	**-110 736**	**-495 328**
Tax calculated at domestic rate (22%) / (22%)	-24 362	-108 972
Tax effect permanent differences	-440	-844
Tax effect of change in tax rates	-	-
Change in deferred tax asset not recognized	23 668	163 258
Effect on different tax rates in countries in which the Group operates	1 134	8 987
Other	-	-
Tax income / expense (-)	**0**	**62 430**

15. Intangible assets and impairment test

Intangible assets

Intangible assets that relate to intellectual property rights acquired through licensing or assigning patents and know-how are carried at historical cost less accumulated amortization, where the useful life is finite, and the asset is likely to generate economic benefits exceeding costs. Where a finite useful life of the acquired intangible asset cannot be determined, the asset is not subject to amortization, but is when indication, or at least tested annually for impairment. Acquired intangible assets will not be subject to amortization until market authorization is obtained with the regulatory authorities and the intangible assets are available for use. Amortization on items of Intangible assets will be amortized using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Research costs are recognized in the statement of profit or loss as incurred. Internal development costs related to the Group's development of products are recognized in the statement of profit or loss in the year in which they are incurred unless they meet the recognition criteria of IAS 38, "Intangible assets." Uncertainties related to the regulatory approval process and other factors generally means that the criteria are not met until the time when the marketing authorization is obtained with the regulatory authorities.

Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets consist of:

Patents and license fees with estimated useful live of 10 years

Capitalized value related to the acquisition of Oncos Therapeutics OY, not subject to amortization before market authorization is obtained, fully impaired for accounting purposes in 2022.

Amounts in NOK thousands	**Patents and licence fees**	**Oncos Therapeutics OY acqusition**	**Total**
Cost:			
2022			
Opening balance	-	371 727	371 727
Additions	24	-	24
Exchange differences	-	19 538	19 538
At 31 December 2022	24	391 265	391 572
2023			
Opening balance	24	391 265	391 572
Additions	-	-	-
Exchange differences	-	-	-
At 31 December 2023	24	391 265	391 572
Accumulated depreciation and impairment:			
2022			
Opening balance	-	-	-
Depreciation and impairment	3	391 265	391 268
At 31 December 2022	3	391 265	391 268
2023			
Opening balance	3	391 265	-
Depreciation and impairment	8	-	391 268
At 31 December 2023	11	391 265	391 268
Carrying amount:			
At 31 December 2022	**22**	**-**	**22**
At 31 December 2023	**13**	**-**	**13**

The main part of the intangible assets is derived from the acquisition of Oncos Therapeutics OY which was completed in July 2015 and related to the development of ONCOS-102, which is a virus-based immunotherapy platform.

Intangible assets are tested for impairment at least annually, or when there are indications of impairment.

The value of the intangible assets is estimated using a model of discounted cash flows. As the valuation is sensitive to the outcome of a set of assumptions, the result from the valuation is limited to only ensure sufficient certainty for the recognized amount in the financial statement and is not considered as a complete valuation of the full potential of ONCOS-102.

A discounted cash flow model is in its nature uncertain, especially for an early-stage compound like ONCOS-102. Key model assumptions are based on parameters observed in the market today, as well as management's own predictions and financial forecasts.

ONCOS-102 has been tested for impairment in those cancer indications with the most mature path-to-market outlook and strategy, of which checkpoint inhibitor refractory melanoma is considered the indication with the shortest path-to-market. ONCOS-102 has shown strong data in phase 1 and a scientifically solid and differentiated phase 2 development plan has been established, endorsed by international cancer experts, partners, and regulators. However, in order to conserve capital, the company has made the decision to only proceed with the phase 2 program once a partnership and / or additional financing has been secured. The recognized intangible asset related to the acquisition of Oncos Therapeutics OY of NOK 391 million was therefore fully impaired as at 31 December 2022.

16. Property, plant and equipment

Property, Plant and equipment (non-current assets) are carried at cost less accumulated depreciation and accumulated impairment losses. Acquisition cost includes expenditures that are directly attributable to the acquisition of the individual item. Other non-current assets are depreciated on a straight-line basis over the expected useful life of the asset. If significant individual parts of the assets have different useful lives, they are recognized and depreciated separately. Depreciation commences when the assets are ready for their intended use.

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

Property, plant and equipment consist of:

Office equipment with estimated useful life of 5 years. No impairment losses have been recognized.

Bioreactor with estimated useful life of 10 years. No impairment losses have been recognized.

Amounts in NOK thousands	**Machinery and equipment**	**Furniture, fittings**	**Total**
Cost			
2022			
Opening balance	-	2 077	2 077
Additions	4 935	-	4 935
Exchange differences	77	4	81
At 31 December 2022	5 012	2 080	7 092
2023			
Opening balance	5 012	2 080	7 092
Additions	193	-	193
Disposals	-5 166	-44	-5 211
Exchange differences	438	6	443
At 31 December 2023	476	2 042	2 518
Accumulated depreciation and impairment			
2022			
Opening balance	-	1 966	1 966
Depreciation and impairment charge	42	50	92
At 31 December 2022	42	2 016	2 058
2023			
Opening balance	42	2 016	2 058
Depreciation and impairment charge	434	26	460
At 31 December 2023	476	2 042	2 518
Carrying amount:			
At 31 December 2022	4 970	65	5 035
At 31 December 2023	-	-	-

17. Leases

Accounting policies

Identifying a lease

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

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the right to direct he use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

Separating components in the lease contract

For contracts that constitutes, or contains a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. If an observable stand-alone price is not readily available, the Group estimates this price by maximising the use of observable information.

Recognition of leases and exemptions

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

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognizes the lease payments as Other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability

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

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group do not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. Instead, the Group recognizes these costs in profit or loss in the period in which the event or condition that triggers those payments occurs.

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

Group presents its lease liabilities as separate line items in the statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Group

- An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The Group applies the depreciation requirements in IAS 16 *Property, Plant and Equipment* in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group has elected to not apply the revaluation model for its right of use asset for leased buildings.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Group presents it's right-of-use assets as separate line items in the consolidated statement of financial position. However, all the Groups lease agreements are terminated as of 31 December 2023, hence no lease assets nor lease liabilities in the statement of financial position at end of 2023.

Right-of-use assets

The Group leases offices and other facilities, machinery and equipment. The Group's right-of-use assets are categorized and presented in the table below:

Right-of use assets *Amounts in NOK thousands*	**Buildings**	**Total**
Acquisition cost 1 January 2022	**4 678**	**4 678**
Addition of right-of use assets	0	0
Disposals		
Acquisition cost 31 December 2022	**4 678**	**4 678**
Accumulated depreciation and impairment 1 January 2022	**2 134**	**2 134**
Depreciation	1 313	1 313
Disposals	-	-
Currency exchange differences	-15	-15
Accumulated depreciation and impairment 31 December 2022	**3 432**	**3 432**
Carrying amount of right-of-use assets 31 December 2022	**1 246**	**1 246**
Acquisition cost 1 January 2023	**4 678**	**4 678**
Addition of right-of use assets	0	0
Disposals		
Acquisition cost 31 December 2023	**4 678**	**4 678**
Accumulated depreciation and impairment 1 January 2023	**3 432**	**3 432**
Depreciation	1265	1265
Disposals	-	-
Currency exchange differences	-19	-19
Accumulated depreciation and impairment 31 December 2023	**4 678**	**4 678**
Carrying amount of right-of-use assets 31 December 2023	**0**	**0**
Remaining lease term	0 year	

Lease liabilities

Summary of the lease liabilities	**Total**
Amounts in NOK thousands	
Total lease liabilities at 01.01.2022	**2 725**
New lease liabilities recognized in the year	-
Disposal of lease liabilities	-
Cash payments for the principal portion of the lease liability	-1 515
Cash payments for the interest portion of the lease liability	-
Interest expense on lease liabilities	229
Currency exchange differences	17
Total lease liabilities at 31 December 2022	**1 455**
Total lease liabilities at 01.01.2023	**1 455**
New lease liabilities recognized in the year	-
Disposal of lease liabilities	-
Cash payments for the principal portion of the lease liability	-1 492
Cash payments for the interest portion of the lease liability	-
Interest expense on lease liabilities	18
Currency exchange differences	19
Total lease liabilities at 31 December 2023	**-**

Summary of other lease expenses recognized in profit or loss

Amounts in NOK thousands	2023	2022
Variable lease payments expensed in the period	-	-
Operating expenses in the period related to short-term leases	114	50
Operating expenses in the period related to low value assets	-	-
Total lease expenses included in other operating expenses	**114**	**50**

Please see note 22. Current liabilities for current lease liabilities and Statement of cash flow for cash outflow for leases.

The leases do not contain any restrictions on the Group's dividend policy or financing. The Group does not have significant residual value guarantees related to its leases to disclose. The Group has not been granted any rent concessions due to the COVID-19 pandemic in 2023 or 2022.

18. Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional. Loans and receivables carried at amortized cost are recognized at the transaction price plus direct transaction expenses. The Group's Financial asset receivables mainly comprise short-term deposits for office leases and receivable from government grants in the Statement of financial position, see Note 8 Government grants for further information of the recognition of grants in the statement of profit or loss. Other receivables comprise VAT receivables and prepaid expenses.

Amounts in NOK thousands	**2023**	**2022**
Trade receivables	108	6 250
Receivable government grants	-895	3 904
Short-term deposits	-	1 216
Financial asset receivables	**-787**	**11 370**
Other receivables	6 659	16 728
Total receivables	**5 872**	**28 097**

19. Cash and cash equivalents

Cash and short-term deposits in the Statement of financial position comprise cash at bank and other short-term highly liquid investments with original maturities of three months or less.

Amounts in NOK thousands	2023	2022
Bank deposits	21 900	35 374
Money Market fund, Nordea Likviditet III	350	30 641
Total cash and cash equivalents	**22 250**	**66 015**

Restricted cash specification:

Amounts in NOK thousands	2023	2022
Income tax withholding from employee	1 436	1 832
Rent deposits [1]	-	952
Other[1]	-	264
Total restricted cash	1 436	3 048

1 Classified as Receivables.

20. Share capital and shareholder information

At the extraordinary general meeting (EGM) in March 2023, the EGM approved the convertible bond facility with Atlas Special Opportunities, LLC ("Atlas"). The Company's Board of Directors has in 2023, in accordance with the authorization granted by the extraordinary general meeting in March 2023, resolved to increase the share capital by the issuance of 1 187 892 new shares, each with a par value of NOK 0.60 in order to facilitate the conversion of convertible bonds.

To comply with minimum share price obligations for companies listed on the Oslo Stock Exchange, pursuant to which the market value for listed shares shall not be lower than NOK 1 for a period of longer than six months, the EGM 27 September 2023 resolved that the Circio Holding ASA shares would be consolidated in the ratio of 30:1 (reverse split), whereby 30 existing shares, each with a nominal value of NOK 0.1, would be consolidated to one share with nominal value NOK 3. Following the share consolidation, the Company's share capital was reduced by NOK 2.5 to NOK 0.6 per share, and the reduction amount was used to cover a portion of the Company's accumulated losses, as reflected in the balance sheet per 31 December 2022.

Share capital as at 31 December 2023 is 4 484 286.60 (31 December 2022: 18 847 378.30) comprising 7 473 811 ordinary shares at nominal value NOK 0.60 (31 December 2022: 188 473 783 at NOK 0.10). All shares carry equal voting rights.

The movement in the number of shares during the period was as follows:

	2023	2022
Ordinary shares at beginning of period	188 473 783	188 326 591
Modifications due to reverse share split Oct 2023 1)	-182 191 324	-
Share issuance – Reverse split	0	-
Share issuance – Bond agreement	1 187 892	-
Share issuance, employee RSUs	3 460	147 195
Ordinary shares at end of period	**7 473 811**	**188 473 783**

1) Number of shares in 2023 is adjusted for reverse share split, hence consolidated in the ratio of 30:1.

The 20 largest shareholders are as follows at 31 December 2023:

Shareholder	# shares	%
Høse AS	587 589	7.9 %
Nordnet Bank AB	208 858	2.8 %
Bækkelaget Holding AS	183 018	2.4 %
Radforsk Investeringsstiftelse	147 575	2.0 %
Goldman Sachs International	122 897	1.6 %
Egil Pettersen	118 130	1.6 %
Roy Kristoffer Hellum	117 277	1.6 %
Trond Are Selsbak	116 500	1.6 %
Ola Andre Skotheim	107 000	1.4 %
Nordnet Livsforsikring As	105 786	1.4 %
Vaktmestergruppen AS	87 610	1.2 %
Kjell Olav Lunde	80 000	1.1 %
Citibank, N.A.	77 097	1.0%
Brettel Økonomi AS	75 000	1.0 %
NCS Energy Consultants AS	75 000	1.0 %
Danske Bank A/S	74 888	1.0 %
Arild Staxwold Skipperud	70 400	0.9 %
Rune Ramsvik	70 000	0.9 %
Ragnvald Gabrielsen AS	65 197	0.9 %
Pettersen Gruppen AS	60 367	0.8 %
20 largest shareholders	**2 550 189**	**34.1 %**
Other shareholders (5 523)	**4 923 622**	**65.9 %**
Total shareholders	**7 473 811**	**100.0 %**

The 20 largest shareholders are as follows at 31 December 2022:

Shareholder	# shares	%
HealthCap	12 405 584	6.6 %
Avanza Bank Ab	6 780 335	3.6 %
Goldman Sachs International	5 186 163	2.8 %
Bækkelaget Holding As	5 053 867	2.7 %
Radforsk Investeringsstiftelse	4 427 255	2.3 %
Sivilingenør Jon-Arild Andreassen AS	4 343 611	2.3 %
Nordnet Bank AB	4 272 388	2.3 %
Høse As	3 069 012	1.6 %
Nordnet Livsforsikring AS	2 721 999	1.4 %
Thorendahl Invest AS	2 000 000	1.1 %
Danske Bank AS	1 979 138	1.1 %
Vaktmestergruppen AS	1 911 241	1.0 %
Pettersen Gruppen AS	1 708 408	0.9 %
Egil Pettersen	1 548 889	0.8 %
Tor Westerheim	1 437 500	0.8 %
Arild Staxwold Skipperud	1 401 405	0.7 %
The Bank Of New York Mellon SA/NV	1 292 313	0.7 %
Ove Steinar Farstad	1 264 449	0.7 %
Espen Olsen	1 200 000	0.6 %
UBS Switzerland AG	1 086 050	0.6 %
20 largest shareholders	**65 089 607**	**34.5 %**
Other shareholders (6 549)	**123 384 176**	**65.5 %**
Total shareholders	**188 473 783**	**100.0 %**

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated as profit or loss attributable to ordinary shareholders of the Company, adjusted for the effects of all dilutive potential options.

Amounts in NOK thousands	**2023**	**2022**
Loss for the period	-110 736	-432 898
Average number of outstanding shares during the	6 783	188 432
Earnings/ loss per share - basic and diluted	-16.33	-2.30

Share options and RSUs issued have a potential dilutive effect on earnings per share.

Share options and RSUs shall be treated as dilutive only if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Group is currently loss-making, an increase in the average number of shares would have anti-dilutive effects. Hence, no dilutive effect has yet been recognized.

21. Interest-bearing debt

Interest-bearing liabilities have been granted by governmental institution with special terms such as a low interest rate (1% currently), hence the loans shall be divided to financial liability and government grant components.

The financial liability shall initially be recognized at fair value and subsequently at amortized cost using effective interest method. The grant component shall be recognized as income on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. The interest rate used to discount the cash flows of the loans should reflect the market rate of interest for the Company at the time when the tranches have been withdrawn. However, Circio could only raise funds from the owners or/and from venture capitalists at 8% rate or from the Government at 1% rate. Circio has access only to these two 'loan markets. These funding limits also set restrictions to the estimation of the fair market rate that shall be used to discount the cash flows. Further, there is no proper peer group for life science companies, hence there is no comparable yield curve available in Europe. Any other interest rate than in the bridge loan interest will be highly judgmental due to the very tight credit status of the company (cannot provide any collateral). Therefore, the 8% bridge loan interest represents managements best and only estimate of a market rate interest and is used in separating the government grant component from the Business Finland loans. The additional interest expense resulting from recognizing the loan by using the effective interest method, is booked as addition to interest expenses in the statement of profit or loss. The separated government grant is booked as a reduction of operating expenses in the statement of profit or loss in the period when it has been received.

Business Finland is a publicly financed funding agency that finances research and development activities for young innovative companies in Finland. The Finnish trade promotion organization and the Finnish Funding Agency for Technology and Innovation (TEKES) united as Business Finland in 2018.

The Group has received three R&D loans from Business Finland, for the commercialization of ONCOS-102, under loan agreements dated September 2010, February 2012 and December 2013, respectively, in the total outstanding amount of EUR 6.2 million as of 31 December 2023 (EUR 6.5 million as of 31 December 2022). An additional loan approval of EUR 0.5 million was granted to one of the existing Business Finland loans during 1st quarter 2020. No additions to the Business Finland loans were granted during 2023 or 2022. Currently, the Group has no long-term debt.

On 18 January 2024, the Company announced that the debt to Business Finland has been approved to be waived in full, subject to certain conditions expected to be fulfilled during first quarter of 2024. The total debt of EUR 6.2 million was short-term as per 31 December 2023, and EUR 0.4 million of the total debt of EUR 6.5 million was short-term as per 31 December 2022.

Pursuant to IFRS, these loans have a grant element due to the low interest rate they carry. The loan periods of the R&D loans are usually 10 years, of which the first five years are free of repayment. One of the loans are repaid in equal annual installments during the latter nine years, (2021-2029), one loan during the latter five years (2022-2026) and one during the latter six years (2023-2028). Annual interest is paid yearly throughout the entire loan period. The applicable interest rate under the R&D loans is the European Central Bank's steering rate less 3 percentage points per annum, although not less than 1%.

For the IFRS adjustment of the Business Finland loans described above the Company applied the transitional exemptions for first time adopters under IFRS 1. Consequently, Business Finland loans granted prior to 1 January 2013 were not adjusted to fair value. In the purchase price allocation from the 2015 acquisition of Oncos, these loans have been adjusted to fair value by discounting future cash flows using the 8 % interest rate, resulting in a fair value adjustment of NOK 9.3 million and a carrying amount of NOK 33.6 million in the statement of financial position at the acquisition date. Based on the effective interest rate method, an increase in interest expense of NOK 2.8 million has been recorded in the statement of profit or loss and other comprehensive income as at 31 December 2023, and NOK 4.0 million as at 31 December 2022.

Should the project fail, it is possible to get a remission on part of the debt in accordance with the EU competition legislation. The final amount of the non-recovered part of the principal depends on factors such as the time and the materialized interest rate trend. The final sum will be determined when an eventual decision on non-recovery is made. Circio Group has issued an on-demand guarantee in favor of Business Finland for the repayment obligation of Targovax OY under the R&D loans. The loan agreements include no financial covenants.

The table below shows a reconciliation of the opening balances for the liabilities arising from financing activities:

Changes in liabilities arising from financing activities *(Amounts in NOK thousands)*	**Interest-bearing liabilities Business Finland loans**
Interest-bearing liabilities 31 December 2021	61 066
Cash flow from financing activities	-2 086
Exchange differences	-3 016
Additions financial liabilities	-
Change to loan repayment schedules	-
Other transactions without cash settlement	3 968
Interest-bearing liabilities 31 December 2022	**61 964**
Cash flow from financing activities	-2 712
Exchange differences	4 100
Additions financial liabilities	-
Change to loan repayment schedules	-
Other transactions without cash settlement	2 800
Interest-bearing liabilities 31 December 2023	**66 153**

22. Current liabilities

The Group's current liabilities consists of financial liabilities as the short-term part of the EUR 6 209 888 loan from Business Finland (see note 21 Interest-bearing debt), short-term lease liabilities and trade payables, and other current liabilities as withholding taxes and accrued expenses and are classified as "current liabilities". Trade payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables and other financial liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Current liabilities consist of:

Amounts in NOK thousands	**2023**	**2022**
Interest-bearing liabilities	66 153	4 531
Convertible bond	44 500	-
Short-term lease liabilities	-	1 455
Trade payables	3 450	11 383
Financial liabilities	**114 102**	**17 370**
Other current liabilities	10 369	23 045
Total current liabilities	**124 471**	**40 415**

23. Convertible bond

In February 2023, Circio announced that it has agreed the terms and conditions for an investment and subscription agreement for a convertible bond facility with Atlas Special Opportunities (the "Investment Agreement"), which will provide financing of up to gross NOK 300 million over three years. The Investment agreement was approved by the extraordinary general meeting (EGM) of Circio held in March 2023, and an amendment agreement was later approved at an EGM in September.

The financing agreement with Atlas was entered into to enable Circio to support and progress its two R&D programs until important data can be generated and other sources of financing become available:

- Platform development and generation of *in vivo* proof-of-concept data for the circVec circRNA platform, an area of rapidly growing interest among big pharma and biotech.
- Supporting three clinical trials with the enhanced TG01/QS-21 KRAS cancer vaccine in the USA and Norway.

The convertible bond facility with Atlas, which will become a back-up financing option subsequent to a successful financing during Q2 2024, provides the Group with access to up to gross NOK 300 million over three years.

The financing is made available to Circio through tranches of convertible bonds. For each tranche, Circio needs to demonstrate that it complies with all condition precedents which are a combination of legal, regulatory and financial conditions. The first tranche, with an aggregate nominal value of NOK 37.5 million, was exercised in March 2023. The second tranche of NOK 21.5 million was exercised in August 2023 and issued in three installments of NOK 7.5 million, NOK 7 million and NOK 7 million, in September, October and December 2023 respectively. The cool down period after the second tranche ended on 1 March 2024.

It is at Circio' s discretion to decide when and how many tranches are called upon over the 3-year agreement period, thereby providing flexible access to capital. In the amended Investment Agreement approved at the EGM in September 2023, it was agreed to change the bond denomination to NOK 500,000 and Atlas was granted a one-time option to request convertible bonds in an amount of up to NOK 30 million, valid for a period of 24 months after approval in September 2023. For access to its capital over 3 years, Circio is paying Atlas a 2% fee (6m NOK) which was deducted from the first tranche.

The convertible bonds are subscribed at 92 percent of nominal value of each convertible bond and would provide Circio with a total net amount of up to NOK 276 million in new capital. From these net proceeds, Circio needs to pay legal, administrative and other fees so that the net proceeds are slightly reduced. The bonds will not carry any interest and can be converted into shares at the discretion of Atlas, at a price determined as 100 percent of the average volume weighted share price (VWAP) of three of the last 15 trading days preceding the bond conversion request by Atlas. After conversion, Atlas may sell the Circio shares in the market subject to certain pre-defined restrictions. Circio retains the right to repurchase unconverted bonds at any time at 110 percent of nominal value.

In any future situation where the Group would want to request additional funding under the Investment Agreement with Atlas, and the conditions precedents are not met, the Group may not be able to obtain the requested funding from Atlas on the agreed commercial terms. In such a situation, the Board and management will be taking actions and enter into a dialog with Atlas to address these issues to enable access to future tranches, when needed. The issue can be resolved by either reducing the tranche size and/or implementing modifications to the agreement for a waiver of the conditions precedents.

In August 2023, the condition precedence related to the monthly trading value was not met prior to calling the 2nd tranche and consequently the size and conditions were adjusted accordingly.
Any outstanding bonds will mature in full on the maturity date, 24 March 2026, and shall be converted to shares by Atlas, at the Conversion Price defined by the agreement.

The use of the convertible bond facility and the subsequent conversion of bonds will lead to dilution of the Group's shareholders. Atlas is not a long investor but is expected to sell the shares following each conversion of a bond. As of 31 December, Atlas has converted 29 of the total 118 issued bonds. A higher or increasing share price will help in reducing the dilution from each conversion. Circio is aware of the share price dynamics and plans to use the convertible bond facility only when absolutely needed while management is seeking to secure new capital from specialists or long investors.

The Company's Board of Directors has in 2023, in accordance with the authorization granted by the extraordinary general meeting in March 2023, resolved to increase the share capital with NOK 712 735,02 by the issuance of 1 187 892 new shares, each with a par value of NOK 0.60 in order to facilitate the conversion of convertible bonds.

The convertible loan is classified as a financial liability and measured at amortized cost. According to IFRS 9 the convertible loan contains a conversion right which is an embedded derivative. The embedded derivative is accounted for separately from the host instrument and measured at fair value with changes recognized in profit or loss.

The conversion right of convertible bonds has been measured to have zero value at initial recognition and will be reevaluated annually under subsequent measurement according to IFRS 9 as long as the conversion right exists.

The 8% fee is recognized as finance expense in the statement of profit and loss at the issue date of the convertible bond. For the full year 2023, fees comprising NOK 6,7 million were expensed related to the first tranche and second tranche of NOK 37.5 million and 21.5 million respectively.

NOK 6 million, the 2% fee of the loan facility of NOK 300 million, is recognized as a prepaid expense, classified as receivable in the statement of financial position. The fee is amortized over the three-year loan period and recognized as finance expense in the statement of profit and loss. For the full year 2023 NOK 1.5 million of the 6 million was expensed.

24. Events after the reporting date

Post-period highlights

In January 2024, it was announced that Business Finland has approved Circio's application for a waiver in full of three R&D loans totaling EUR 6.2 granted for the development of ONCOS-102. As a result, Circio's equity will be increased by a corresponding amount.

In March 2024, following the approval by the Chinese National Medical Products Administration (NMPA) of the investigational new drug (IND) application, IOVaxis exercised the option for an exclusive license to mutant RAS cancer vaccine TG01 in China. The parties agreed that IOVaxis will pay USD 300.000 of the option fee to Circio immediately, and that the remaining payment will be due by 15 September 2024.

In April 2024, announced that it has terminated TG01 cancer vaccine license option agreement with IOVaxis in China for non-payment. IOVaxis did not met the first financial payment milestone and Circio therefore decided to terminate the TG01 license agreement in China and the Group will now seek alternative partnering options in China for the TG01 program.

In April 2024, announced that it is initiating a fundraising process with the intent to raise around NOK 50-60 million or more in gross proceeds from existing shareholders and new investors in a partially underwritten rights issue to be completed during Q2 2024. Existing convertible bond investor Atlas Capital Markets is supportive of, and intends to participate in, the intended fundraising. Members of Circio´s board and management have pre-committed to participate with around NOK 2 million, including NOK 500.000 by CEO Dr. Erik D Wiklund. Circio will update the market in due time when the structure and timing of the intended transaction have been determined.

In April 2024, announced that it has established early technical in vivo proof-of-concept for its proprietary circVec circular RNA platform by demonstrating statistically significant improvement in durability over mRNA-based expression. The circVec technology has broad potential, particularly to enhance the potency and reduce cost of current gold-standard gene therapy, and the R&D strategy is centered on this rapidly expanding therapeutic area.

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Accounts and notes

Statement of profit or loss
Circio Holding ASA

Amounts in NOK thousands expect per share data	*Note*	2023	2022
Other revenues	7	108	-
Total revenue		**108**	**-**
Research and development expenses		-	-
Payroll and related expenses	8,9,10	-2 576	-2 485
Other operating expenses	11	-4 998	-1 224
Depreciation, amortizations and write downs	15	-	-
Total operating expenses		**-7 575**	**-3 709**
Operating profit/loss (-)		**-7 467**	**-3 709**
Finance income	12	2	-
Finance expense	12	-37 918	-786 614
Net finance income (expense)		**-37 916**	**-786 614**
Loss before income tax		**-45 383**	**-790 322**
Income tax expense	13	-	-
Loss for the period		**-45 383**	**-790 322**
Earnings/loss (-) per share			
Basic and dilutive earnings/loss (-) per share	18	-6.69	-4.19

Statement of comprehensive income
Circio Holding ASA

Amounts in NOK thousands expect per share data	2023	2022
Income/loss (-) for the period	-45 383	-790 322
Items that may be reclassified to profit or loss:		
Exchange differences arising from the translation of foreign operations	-	-
Total comprehensive income/loss (-) for the period	**-45 383**	**-790 322**

Statement of financial position
Circio Holding ASA

Amounts in NOK thousands	*Note*	**31.12.2023**	**31.12.2022**
ASSETS			
Investments in subsidiaries	5,14	-	-
Right-of use assets	5,15	-	-
Total non-current assets		**-**	**-**
Receivables	5,,12,16	4 702	871
Cash and cash equivalents	5,17	12 967	2 491
Total current assets		**17 670**	**3 362**
TOTAL ASSETS		**17 670**	**3 362**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18	4 484	18 847
Share premium reserve		-	-
Other reserves		-	7 810
Retained earnings		-32 926	-25 221
Total equity		**-28 441**	**1 437**

Amounts in NOK thousands	*Note*	**31.12.2023**	**31.12.2022**
Non-current liabilities			
Lease liabilities	5,15	-	-
Total non-current liabilities		**-**	**-**
Current liabilities			
Convertible bond	5, 20	44 500	-
Short-term lease liabilities	5,15	-	-
Trade payables	5,19	211	-
Accrued public charges	5,19	161	284
Other current liabilities	5,19	1 238	1 642
Total current liabilities		**46 111**	**1 926**
TOTAL EQUITY AND LIABILITIES		**17 670**	**3 362**

Oslo, 25 April, 2024
The Board of Directors of Circio Holding ASA

Damian Marron
Chairperson of the Board

Thomas Falck
Board member

Diane Mellett
Board member

Erik Digman Wiklund
Chief Executive Officer

Statement of changes in equity – Circio Holding ASA

Amounts in NOK thousands	*Note*	**Share capital**	**Share premium**	**Other reserves**	**Retained earnings (accumulated losses)**	**Total equity**
Balance at 01 January 2022		**18 833**	**-**	**6 907**	**765 144**	**790 884**
Loss for the period					-790 322	-790 322
Other comprehensive income/loss, net of tax						-
Total comprehensive income for the period					**-790 322**	**-790 322**
Share issuance, employee share options & RSUs	9	15	5			20
Transaction costs – employee share options & RSUs			-47			-47
Recognition of share-based payments & RSU's	10			903		903
Reclassification of Share premium			42		-42	-
Balance at 31 December 2022		**18 847**	**-**	**7 810**	**-25 221**	**1 437**
Loss for the period					-45 383	-45 383
Other comprehensive income/loss, net of tax						-
Total comprehensive income for the period					**-45 383**	**-45 383**
Share issuance, employee share options & RSUs	9	10				10
Transaction costs – employee share options & RRRSUs R						-
Recognition of share-based payments & RSU's	10			1 011		1 011
Share issuance - Convertible bonds		2 820	11 680			14 500
Transaction cost - Convertible bonds			-17			-17
Capital decrease - Reverse split		-17 193		-7810	25 003	-
Reclassification of Share premium			-11 664	-1 011	12 675	-
Balance at 31 December 2023		**4 484**	**-**	**-**	**-32 926**	**-28 441**

Statement of cashflow – Circio Holding ASA

Amounts in NOK thousands	*Note*	2023	2022
Cash flow from operating activities			
Loss before income tax		-45 383	-790 322
Adjustments for:			
Finance income	12	-2	-
Finance expense	12	8 227	-
Interest received	12	2	-
Other finance expense	12	-	-
Share option expense	10	1 011	903
Depreciation	15	-	-
Impaired receivable from subsidiary	12	29 691	786 448
Impaired investment in subsidiary		-	60
Change in receivables	16	625	545
Change in other current liabilities	19	-385	1 926
Net cash flow from /(used in) operating activities		**-6 214**	**-441**

Amounts in NOK thousands	*Note*	2023	2022
Cash flow from investing activities			
Effect of demerger/merger – cash transferred to Targovax	5	-	-166 996
Investment in subsidiary	14	-29 691	-40
Net cash received from/(paid in) investing activities		**-29 691**	**-167 036**
Cash flow from financing activities			
Proceeds from convertible bond	20	59 000	
Payment for convertible bond cost	20	-12 630	
Proceeds from exercise of RSUs	18	10	20
Payment for share issue cost – RSUs		-	-47
Net cash generated from financing activities		**46 381**	**28**
Net increase/(decrease) in cash and cash equivalents		10 476	-167 505
Net exchange gain/loss on cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		2 491	169 996
Cash and cash equivalents at end of period	17	**12 967**	**2 491**

1. General information

The Company, Circio Holding ASA, is a Norwegian public limited liability company. On 1 January the Company changed office location from Vollsveien 19, 1366 Lysaker, Norway to St. Olavs Plass 5, 0165 Oslo, Norway. The change of address in the Articles of association is awaiting approval by the Annual General Meeting in June 2024. The Company operates as a pure holding company from the year 2022.

Circio ("the Company") and its subsidiaries (together the Group) is a biotechnology company developing novel circular RNA and immunotherapy medicines.

Circio Holding ASA has established a unique circular RNA (circRNA) platform to develop novel circRNA medicines for rare disease, vaccines, and cancer. The proprietary circVec technology is based on a modular genetic cassette design for efficient biogenesis of multifunctional circRNA from DNA and viral vectors, which can be deployed for many purposes. The circVec platform has demonstrated enhanced and more durable protein expression than classic mRNA vector systems and has the potential to become the new gold-standard for DNA and virus-based therapeutics in the future. The circRNA R&D activities are being conducted by the wholly owned subsidiary Circio AB based at the Karolinska Institute in Stockholm, Sweden.

In addition, Circio Holding ASA is developing a cancer vaccine, TG01, targeting KRAS driver mutations. TG01 is currently being tested in three clinical trials: RAS-mutated pancreatic and lung cancer and lung and non-resectable pancreatic cancer in the USA, and multiple myeloma in Norway. These studies are being run through academic collaborative networks, supported by prestigious research grants from Innovation Norway and the Norwegian Research Council, creating read-outs and future optionality for the program at low cost to Circio.

These financial statements have been approved for issue by the Board of Directors on 25 April 2024 and are subject to approval by the Annual General Meeting in second quarter 2024.

2. Summary of material accounting principles

The principal accounting policies applied in the preparation of these financial statements are described in the respective note, or if not, set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Amounts are in thousand Norwegian kroner unless stated otherwise.

Functional currency

The functional currency of the Company is NOK. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognized continuously in the accounting period.

Presentation currency

The Company's presentation currency is NOK.

2.1 Basis for preparation of the annual accounts

The financial statements of Circio Holding ASA have been prepared in accordance with International IFRS ® Accounting Standards (IFRS) as adopted by the European Union, as well as Norwegian disclose requirements listed in the Norwegian Accounting Act.

The financial statements are based on historical cost.

The financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

2.2 Accounting principles

Foreign exchange

The Company record transactions at initial recognition based on the exchange rate at the date of the transaction. The date of a transaction is the date on which the transaction first qualifies for recognition in accordance with International Financial Reporting Standards. Any exchange differences are recognized in statement of profit or loss under financial items in the period in which they arise.

2.3 Adoption of new and revised IFRS standards

Standards and interpretations affecting amounts reported in the current period

The Company has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

Insurance contracts – Amendments to IFRS 17

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

Definition of Accounting Estimates – Amendments to IAS 8

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules (top-up tax).

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

None of the other new standards, revised standards, amended standards or interpretations have a material impact on the Company's overall results and financial position.

Standards and interpretations in issue but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.4 Going concern

The Company works continuously to ensure financial flexibility in the short and long-term to achieve its strategic and operational objectives. To date, the Company has financed its operations through private placements, grants, repair offerings and the initial public offering in connection with the listing of the company' s shares on Oslo Stock Exchange in 2016.

In April 2024, the Company intends to raise around NOK 50-60 million in Q2 2024. A process to undertake a partially underwritten rights issue was initiated on 17 April 2024 with Redeye as financial advisor. Atlas is supportive of and intends to participate in the financing and the members of the board and management have pre-committed to participate with around NOK 2 million in the fundraising. The rights issue will, if successful, provide Circio with a cash runway to Q2 2025 and enable delivery of major pre-clinical circVec milestones, including in vivo proof-of-concept for its lead AAV gene therapy program in AATD and generation of circVec platform data with the aim to put Circio in position to enter its first revenue-generating business development deal.

The Board and management therefore expect that sufficient capital to ensure continued operations in the twelve months as of 31 December 2023 will be secured from existing shareholders and new investors, however, there is no guarantee that the planned rights issue transaction will be successfully completed. The rights issue will be subject to approval by the general assembly within 30 June 2024.

The convertible bond facility with Atlas, which provides the Company with access to up to gross NOK 300 million over three years will, if the rights issue is successfully completed, become a back-up financing facility only. If the rights issue should not be successful, Circio will enter into a dialogue with Atlas to access interim financing from the convertible facility until a new fundraising attempt can be initiated during 2H 2024. The Company's right to call on any subsequent tranches of bonds, and Atlas' obligation to subscribe and pay for such bonds, are conditional on meeting the conditions precedent set out in the Investment Agreement at the time of calling on a tranche. Currently, the conditions precedent related to the minimum market capitalization of Circio Holding ASA and the monthly trading value of Circio shares are not met. Consequently, there is no guarantee that the Company will be able to access additional funding from Atlas in a situation as described above.

The unknown outcome of the rights issue transaction, and uncertainty around access to further Atlas tranches, indicate that a material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going concern.

3. Important accounting estimates and discretionary assessments

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimated value of share-based payments

At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity. The estimated turnover rate for unvested share options is 0 percent for all share option plans. See Note 12 Share-based compensation.

Estimated value of 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. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the subsidiary and its carrying value and recognizes the amount in the statement of profit or loss. Any realized and unrealized losses and any write downs relating to these investments will be included in the Company’s statement of comprehensive income as financial items. See Note 16 Investments in subsidiaries.

Deferred tax asset

A deferred tax asset shall be recognized for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

The Company cannot prove probable future taxable income large enough to justify recognizing a deferred tax asset in the balance sheet. However, this assumption must be continually assessed, and changes could lead to a significant asset being recognized in the future. This assumption requires significant management judgment. See Note 15 Taxes.

4. Segments

The Company's activities during 2023 have been to continue the development and implementation of a strategy with the aim of developing highly targeted immunotherapy treatments for cancer patients.

The Company’s lead product has not yet obtained regulatory approval. For management purposes, the Company is organized as one business unit and the internal reporting is structured in accordance with this. The Company is thus currently organized in one operating segment.

5. Drop-down demerger/merger 2022

In July 2022, the Company completed the demerger and merger plan for the transfer of the operational activities of the Company to its wholly-owned subsidiary, Targovax Solutions AS. The plan was approved at the Company’s general meeting on 20 April 2022. The background for the drop-down demerger was that the Board of Directors wished to establish a group holding structure with separate operating companies, rather than having operations in the listed parent company.

The drop-down demerger/merger included a demerger of operations and assets from Circio Holding ASA to Athomstart Invest 586 AS and a merger between Athomstart Invest 586 AS and the Company's wholly-owned subsidiary Targovax Solutions AS.

As the merger consideration is settled by Circio Holding ASA, a receivable was created between Circio Holding ASA (creditor) against Circio Solution AS (debtor). The receivable will have a nominal value equal to the book value of the assets, rights, and obligations transferred to Circio Solution AS by the Merger.

The Merger was implemented with accounting and economic effect from 1 January 2022. From this point in time, Circio Solution AS is considered to have acquired all assets, rights, and obligations which Circio Solution AS shall acquire. For accounting purposes, the Demerger/Merger will be carried out with continuity.

The 15 employees in Circio Holding ASA were transferred to Athomstart Invest 586 AS in connection with the Demerger, and then to Circio Solution AS in the Merger. The transferred employees will continue their employment on current and unaltered conditions.

Amounts in NOK thousands	Circio Holding ASA 31.12.2021	Targovax Solutions AS 01.01.2022	Circio Holding ASA 01.01.2022
ASSETS			
Investments in subsidiaries	636 077	636 077	-
Right-of use assets	2 013	2 013	-
Total non-current assets	**638 090**	**638 090**	**-**
Receivables	5 897	5 897	-
Receivable demerger - Targovax Solutions AS	-		43 656
Receivable merger - Targovax Solutions AS	-		744 228
Cash and cash equivalents	169 996	166 996	3 000
Total current assets	**175 892**	**172 892**	**790 884**
TOTAL ASSETS	**813 983**	**810 983**	**790 884**
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	18 833	-	18 833
Other reserves	53 279	46 372	6 907
Retained earnings	718 772	-46 372	765 144
Total equity	**790 884**	**-**	**790 884**
Non-current liabilities			
Lease liabilities	1 126	1 126	-
Total non-current liabilities	**1 126**	**1 126**	**-**
Current liabilities			
Short-term lease liabilities	1 040	1 040	-
Trade payables	3 380	3 380	-
Trade payable - Circio Holding ASA		787 884	
Accrued public charges	2 817	2 817	-
Other current liabilities	14 735	14 735	-
Total current liabilities	**21 972**	**809 856**	**-**
TOTAL EQUITY AND LIABILITIES	**813 983**	**810 983**	**790 884**

6. Financial instruments and risk management objectives and policies

The Company's financial assets and liabilities comprise cash at bank and cash equivalents, receivables, borrowings and trade creditors that originate from its operations. All financial assets and liabilities are carried at amortized cost. All financial assets and liabilities are short-term and their carrying value approximates fair value.

The Company does currently not use financial derivatives to manage financial risk such as interest rate risk and currency risk. The Company is subject to market risk, credit risk and liquidity risk.

Market risk

Interest rate fluctuations could in the future materially and adversely affect the Company's business, financial condition, results of operations, cash flows, time to market and prospects.

Currently, the Company has no long-term debt other than its leasing liabilities. The Company may in the future be exposed to interest rate risk primarily in relation to any future interest-bearing debt issued at floating interest rates and to variations in interest rates of bank deposits. Consequently, movements in interest rates could have a material and adverse effect on the Company's business, financial condition, results of operations, cash flows, time to market and prospects.

The following table demonstrates the Company's sensitivity to a 1 percent point change in interest rates on cash and cash equivalents at 31 December 2023 and 2022:

	2023		2022	
Amounts in NOK thousands	1% point increase	1% point decrease	1% point increase	1% point decrease
Loss before income tax effect	130	-130	25	-25

Foreign currency risk

Fluctuations in exchange rates could affect the Company's cash flow and financial condition.

Related to the drop-down demerger/merger in 2022 the operating activities were transferred to Targovax Solutions AS (see Note 5). Hence the Company currently only has insignificantly currency exposure. Transaction risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates.

For the year 2023, the Company was mainly exposed to fluctuations in EUR, USD, GBP and CHF. The Company hedges foreign currency by aligning the cash positions with future expected currency outflows. The Company does not have derivatives for hedge accounting at year-end.

Translation risk arises due to the conversion of amounts denominated in foreign currencies to NOK, the Company's functional currency.

The following tables demonstrate the Company's currency rate sensitivity on financial assets and liabilities at 31 December 2023 and 2022.

The Company's sensitivity to a 10% increase/decrease in EUR against NOK:

	2023		**2022**	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-7	7	-	-

The Company's sensitivity to a 10% increase/decrease in USD against NOK:

	2023		**2022**	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-1	1	-	-

The Company's sensitivity to a 10% increase/decrease in GBP against NOK:

	2023		**2022**	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-2	2	-	-

The Company's sensitivity to a 10% increase/decrease in CHF against NOK:

	2023		**2022**	
Amounts in NOK thousands	10% point increase	10% point decrease	10% point increase	10% point decrease
Loss before income tax effect	-	-	-	-147

Credit risk

Credit risk is the risk of a counterparty defaulting. The Company has limited credit risk. Outstanding receivables are limited and primarily prepayments of fees related to the convertible bond agreement. No impairment has been recognized. The receivable from the dropdown demerger/merger in 2022 of NOK 786 million was impaired in 2022 due to the company's decision to only proceed with the phase 2 program once a partnership and / or additional financing has been secured. The carrying value of the assets represents the Company's maximum exposure to credit risk.

The credit quality of financial assets can be assessed by reference to credit ratings.

Cash at bank:

	2023		2022		Rating
Amounts in NOK thousands	Amount	In %	Amount	In %	
Cash at bank:	**12 967**	**100%**	**2 491**	**100%**	
Nordea Bank AB	12 967	100%	2 491	100%	AA-
DNB Bank ASA	-	0%	-	0%	AA-
Total	**12 967**	**100%**	**2 491**	**100%**	

Fair value of financial instruments

The carrying value of receivables, cash and cash equivalents, borrowings, and trade payables are assessed to approximate fair value.

	2023		2022	
Amounts in NOK thousands	Carrying amounts	Fair value	Carrying amounts	Fair value
Receivables	4 702	4 702	871	871
Cash and cash equivalents	12 967	12 967	2 491	2 491
Total financial assets	**17 670**	**17 670**	**3 362**	**3 362**
Convertible bond	44 500	44 500	-	-
Trade payables	211	211	-	-
Total financial liabilities	**44 711**	**44 711**	**-**	**-**

Liquidity risk

The Company manages liquidity risk by estimating and monitoring cash and liquidity needs on an on-going basis and maintaining adequate reserves and banking facilities.

The rights issue, as described in Note 2.6 Going concern, will, if successful, provide the Company with sufficient cash to meet its obligations as of 31 December 2023 and related to planned activities in the next 12 months.

The Company has entered into an investment agreement with Atlas Special Opportunities, which can give access to future financing by the issuance of convertible bonds with a nominal value of up to NOK 300 million over three years. Currently, certain agreed conditions precedents required for the Company to draw on this facility under the existing agreement are not met, hence the Board and management will enter into a dialogue with Atlas to access additional financing from the convertible facility if needed in the future. If the planned rights issue is successfully completed, the convertible bond facility will become a back-up financing facility only.

At 31 December 2023

(*Amounts in NOK thousands*)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Convertible bond	-	44 500	-	-	-	44 500
Lease liabilities		-	-	-	-	-
Trade payables	-	211	-	-	-	211
Accrued public charges	-	161	-	-	-	161
Other current liabilities	-	1 238	-	-	-	1 238
Total	**-**	**46 111**	**-**	**-**	**-**	**46 111**

At 31 December 2022

(*Amounts in NOK thousands*)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Lease liabilities	**-**	-	-	-	-	-
Trade payables	-	-	-	-	-	-
Accrued public charges	-	284	-	-	-	284
Other current liabilities	-	1 642	-	-	-	1 642
Total	**-**	**1 926**	**-**	**-**	**-**	**1 926**

7. Revenue recognition

Revenue comprises the fair value of consideration received or due consideration for the sale of services in regular business activities. Revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is presented net of value added tax.

Amounts in NOK thousands	**2023**	**2022**
Revenue from subsidiary	-	-
Other revenue	108	-
Total operating revenue	**108**	**-**

The Company's products are still in the research and development phase, and it has no revenue from sales of products yet.

Subsequent of the drop-down demerger/merger in 2022 all operating activities in the Company were transferred to Targovax Solutions AS. Due to this the Company has no revenue from subsidiary in 2022.

8. Payroll and related expenses

Payroll and related expenses are recognized in the statement of profit or loss in the period in which the related costs are incurred or services are provided.

In 2022, Circio Holding ASA has completed a drop-down demerger approved by the annual general meeting (AGM) of the Company on 20 April 2022. All of Circio Holding ASA's employees were transferred to Targovax Solutions AS, please see Note 5. Hence, the payroll and related expenses for 2023 and 2022 relates to the Company's Board of Directors.

Total payroll and related expenses for the Company are:

Amounts in NOK thousands	2023	2022
Salaries and bonus	1 428	1 380
Employer's national insurance contributions	137	202
Share-based compensation [1)]	1 011	903
Pension expenses – defined contribution plan	-	-
Other	-	-
Governmental grants	-	-
Total payroll and related expenses	**2 576**	**2 485**
1) Share-based compensation has no cash effect.		
Number of employees calculated on a full-time basis as at end of period	0	0
Number of employees as at end of period	0	0

9. Related parties and Management

For the remunerations to the Board of Directors for 2023 and 2022, please see Note 10 Related parties and Management in the Group's consolidated financial statements. See Note 10 Payroll and related expenses and Note 12 Share-based compensation for accounting principle for payroll and related expenses and equity-settled share-based payments in the Company's financial statements.

The company has no related party transactions in 2022 or 2023.

Remuneration to the statutory auditor (excl. VAT):

Amounts in NOK thousands	2023	2022
Statutory audit	601	100
Other attestation services	120	-
Tax services	-	-
Other services	-	-
Total	**721**	**100**

10. Share-based compensation

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, based on the Company's estimate of equity instruments that will eventually vest. The total amount to be expensed is determined by reference to the fair value of the options granted excluding the impact of any non-market service and performance vesting conditions. The grant date fair value of the options granted is recognized as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (vesting period).

The fair value of the options granted is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate.

Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are recognized as share capital (nominal value) and share premium reserve.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in statement of profit or loss, with a corresponding adjustment to equity. Changes to the estimates may significantly influence the expense recognized during a period.

Share options

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) in Circio Holding ASA.

At the Annual General Meeting (AGM) in May 2023 the Board of Directors of the parent company Circio Holding ASA was authorized to increase the Circio Holding ASA's share capital in connection with share incentive arrangements by up to the lower of NOK 2 700,000 and b) 10% of Circio Holding ASA's outstanding shares, options and RSUs. This authorization replaces the previous authorizations to increase the share capital by up to the lower of NOK 2 600,000 and b) 10% of Circio Holding ASA's outstanding shares, options and RSUs given to the Board of Directors at the AGM held in April 2022.

The Company has granted share options under its long-term incentive program (the "LTI Option Program"). The Option Program applies to the Management Team as well to employees in general. Certain former employees and former board members have also been granted options under the LTI Option Program.

Additionally, the Company has in the past granted options as payment for inventions (the "IPR Option Program").

Each share option converts into one ordinary share of the Company on exercise. Options may be exercised at any time from the date of vesting until expiry. The options generally vest over a period of four years: 25 percent of the options vest on the first anniversary of the grant date and the remaining 75 percent of the options vest in equal monthly tranches over the next 36 months. Options expire seven years after the grant date.

In general, the exercise price of the options is set at the fair value of the shares at grant date.

Certain former employees and former board members have also been granted options under the LTI Option Program as replacement for historical option holdings.

There were granted 30 000 share options during 2023 and 4 555 000 share options during 2022.

At an Extraordinary General Meeting 27 September 2023, the General Meeting passed the resolution to consolidate the Company's share in the ratio of 30:1 (a reversed split), hence a modification of negative 7 761 511 share options. The nominal value was also adjusted to NOK 0.6.

As of 31 December 2023, there are in total 267 230 (10 781 275 at 31 December 2022) outstanding options under the LTI Option Program.

Fair value of the options has been calculated at grant date. The fair value of the options was calculated using the Black-Scholes model. The expected volatility for options issued in 2023 and 2022 is estimated at an average of 75.17% and 81.06 %, based on the volatility of comparable listed companies. The volume weighted average interest rate applied to the share options grants in 2023 and 2022 is 3.52% and 2.87%.

The following table shows the changes in outstanding options in 2023 and 2022:

	2023		2022	
	No. of options	Weighted avg. exercise price (in NOK)	No. of options	Weighted avg. exercise price (in NOK)
Outstanding at 1 January	10 781 275	10.13	7 743 106	10.13
Granted during the period	30 000	0.83	4 555 000	1.20
Exercised during the period	-	-	-11 981	0.51
Forfeited	-2 537 409	2.57	-586 050	7.87
Expired	-245 125	7.79	-918 800	14.61
Modifications due to share split Oct 2023	**-7 761 511**	**214.85**	**-**	**-**
Outstanding no. of options at end of period	**267 230**	**214.83**	**10 781 275**	**6.11**

1) See Note 11 Related parties and Management for further information on granted share options to Management Team.

The average fair value of options granted in 2023 was 0.42 per share and 0.68 per share in 2022. The weighted- average assumptions used to determine the Black Scholes fair value of options granted in 2023 and 2022 were:

Amounts in NOK thousands	**2023**	**2022**
Volatility (%)	75.17	81.06
Expected life (in years)	3.66	3.66
Risk-free interest rate (%)	3.52	2.87
Share price (NOK)	0.42	1.19
Exercise price (NOK)	24.90	1.20

The expensed share options, NOK 0.5 million in 2023 (Targovax Solutions AS: NOK 0.4 million, Targovax OY: negative NOK 0.4 million and Circio AB: NOK 0.5 million) and NOK 3.3 million in 2022 (Targovax Solutions AS: NOK 3.3 million, Targovax OY: NOK 0.5 million and Circio AB: NOK 13 thousand), includes management estimate for employee turnover. The estimated turnover rate used for the year 2023 and 2022 was 14.4% and 10%.

At 31 December 2023, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

	Outstanding options				**Vested outstanding**		
Exercise price	Outstanding options per 12/31/2023	Weighted average remaining contractual life	Weighted average remaining years until vesting	Weighted average exercise price	Vested outstanding per 12/31/2023	Weighted average exercise price	Weighted average remaining life vested
0.00-30.00	485.00	6.67	1.81	15.30	0.00	0.00	0.00
30.01-35.00	82 993.00	5.97	1.13	34.49	20 634.00	34.49	5.97
35.01-66.00	33 556.00	3.93	0.43	59.17	20 060.00	60.82	3.16
66.01-200.00	36 961.00	3.29	0.23	168.69	27 580.00	171.68	2.77
200.01-400.00	65 203.00	1.89	0.04	266.73	59 545.00	265.14	1.70
400.01-500.00	17 982.00	0.86	0.00	497.70	179 82.00	497.70	0.86
500.01-700.00	21 168.00	0.24	0.00	635.74	21 168.00	635.74	0.24
700.01-	8 882.00	0.09	0.00	733.99	8 882.00	733.99	0.09
Total	**267 230.00**	**3.36**	**0.45**	**214.83**	**175 851.00**	**292.18**	**2.19**

At 31 December 2022, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

	Outstanding options				Vested outstanding		
Exercise price	Outstanding options per 12/31/2022	Weighted average remaining contractual life	Weighted average remaining years until vesting	Weighted average exercise price	Vested outstanding per 12/31/2022	Weighted average exercise price	Weighted average remaining life vested
0.00-1.15	4 110 000	6.97	2.13	1.15	-	-	-
1.16-1.53	315 000	6.21	1.36	1.52	-	-	-
1.54-2.18	1 155 000	5.99	1.14	2.17	285 000	2.18	5.98
2.19-6.06	1 201 375	4.46	0.55	5.64	638 510	5.91	3.58
6.07-7.00	95 000	5.27	0.69	6.70	39 888	6.67	5.13
7.01-9.70	2 331 165	3.78	0.36	8.70	1 514 538	8.54	3.09
9.71-21.00	822 000	1.11	0.00	15.56	822 000	16.56	1.11
21.01-25.65	751 735	0.75	0.00	22.48	751 735	22.48	0.75
Total	**10 781 275**	**4.98**	**1.12**	**6.11**	**4 051 671**	**11.87**	**2.56**

From 1 January 2024 to 25 April 2024, no share options were granted to members of management and no share options were granted to other employees of the Group.

Restricted Stock Units

The Board of Directors may choose to receive their remuneration, or parts thereof, in the form of restricted stock units (RSUs). If the Board members choose to receive the Board remuneration in RSUs they must choose to either (i) receive 100% of the compensation in RSUs, (ii) receive 1/3 of the compensation in cash and 2/3 in RSUs, or (iii) receive 2/3 of the compensation in cash and 1/3 in RSUs.

The number of RSUs to be granted to the members of the Board of Directors is calculated as the NOK amount of the RSU opted portion of total compensation to the Board member, divided by the market price of the Circio Holding ASA share. The market price is calculated as the volume weighted average share price the 10 trading days prior to the grant date. The RSUs will be non-transferrable and each RSU will give the right and obligation to acquire shares in Circio Holding ASA (at nominal value) subject to satisfaction of the applicable vesting conditions. When the RSUs have vested, the participant must during the following three-year period select when to take delivery of the shares.

The total compensation to each member of the Board of Directors for the period between the AGM 2023-2024 has been set out in the minutes from the Annual General Meeting 22 May 2023. The Annual General Meeting 22 May 2023 decided to remunerate the Board of Directors for the period between the AGM 2023 to the AGM 2024 with a combination of cash and Restricted Stock Units (RSUs), hence at the AGM 22 May 2023, additional 1 931 997 RSUs were granted to the Board of Directors.

The average fair value of RSUs granted in 2023 was 0.61 per share and 1.75 per share in 2022. The weighted- average assumptions used to determine the Black Scholes fair value of RSUs granted in 2023 and 2022 were:

Amounts in NOK thousands	**2023**	**2022**
Volatility (%)	92.97	84.30
Expected life (in years)	1	1
Risk-free interest rate (%)	3.65	1.56
Share price (NOK)	0.61	1.75
Exercise price (NOK)	0.60	0.10

The expensed RSUs in 2023 and 2022 was NOK 1.0 million and NOK 0.9 million. A total of 87 707 RSUs was outstanding at 31 December 2023.

The following table shows the changes in outstanding RSUs in 2023 and 2022:

	2023		2022	
	No. of RSU's	Weighted avg. exercise price (in NOK)	No. of RSU's	Weighted avg. exercise price (in NOK)
Outstanding at 1 January	802 921	0.10	299 537	0.10
Granted during the period	1 931 997	0.10	638 595	0.10
Exercised during the period	-103 789	0.10	-135 211	0.10
Modifications	-2 543 422	0.60		
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding no. of Restricted Stock Units at end of period	**87 707**	**0.60**	**802 921**	**0.10**

From 1 January 2024 to 25 April 2024 no RSUs have been granted to Board of Directors.

11. Other operating expenses

Expenditure on Other operating expenses is recognized in the statement of profit or loss as an expense in the period in which it is incurred.

Amounts in NOK thousands	2023	2022
Consultancy, advisors' expenses and IR	2 878	718
Travel expenses	42	7
Facilities expenses	-	-
IT services and IT-related accessories	229	16
Conferences and training	33	-
Other	1 816	483
Government Grants	-	-
Total operating expenses	**4 998**	**1 224**

12. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company´s financial assets are: governmental grant receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Company measures financial assets at amortized cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables, receivables from subsidiaries, governmental grant receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

a) the Company has transferred substantially all the risks and rewards of the asset, or
b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial assets at amortized cost

Currently, all the Company's financial assets are categorized as receivables. As at 31 December 2023 and 2022 the Company has TNOK 108 and TNOK 21 in trade receivables, and the Company has TNOK 0 and TNOK 802 in short-term deposits. The Company has currently not recognized any non-current financial assets.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Derivatives are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Derivatives are financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

Loans, borrowings and payables
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

The conversion right of convertible bonds has been measured to have zero value at initial recognition and will be reevaluated annually at subsequent measurement according to under IFRS 9 as long as the conversion right exists.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Liabilities at amortized cost (Loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Finance income and expense
All finance income and finance expense, except for foreign exchange income/expense, are related to financial assets and financial liabilities carried at amortized cost. Finance income consists of interest income and foreign exchange gain. Finance expense mainly consists of interest expense and exchange loss.

Finance income is:

Amounts in NOK thousands	**2023**	**2022**
Interest income on bank deposit	2	-
Total finance income	**2**	**-**

Finance expense is:

Amounts in NOK thousands	**2023**	**2022**
Interest expense on lease liabilities	-	-
Other interest expense	-	-
Net currency loss - bank and other operating items	11	3
Impairment receivable Targovax Solutions AS	29 691	786 448
Impairment investment in Targovax Solutions AS	-	60
Other finance expense related to convertible bonds	8 217	103
Total finance expense	**37 918**	**786 614**

impaired receivable of 786 448 in 2022 relates to the demerger and merger plan for the transfer of the operational activities of the Company to its wholly-owned subsidiary, Targovax Solutions AS.

As the merger consideration was settled by Circio Holding ASA, a receivable was created between Circio Holding ASA (creditor) against Targovax Solution AS (debtor). The receivable had a nominal value equal to the book value of the assets, rights, and obligations transferred to Targovax Solution AS by the Merger. For accounting purposes Targovax Solutions AS fully impaired its investment in Targovax Oy in 2022, hence the receivable from Targovax Solutions AS was impaired with NOK 29.7 million in 2023 and NOK 786.6 million in 2022.

13. Tax

Income tax expense comprise current income tax (tax payable) and deferred tax.

Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available so temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The tax losses can be carried forward indefinitely. The Company considers that a deferred tax asset related to accumulated tax losses cannot be recognized in the statement of financial position until the product under development has been approved for marketing by the relevant authorities. This assumption is continually assessed, and changes could lead to significant deferred tax asset being recognized in the future. This assumption requires significant management judgment.

The Company is in the research phase of its product development and has incurred significant tax losses related to its operations. Circio Holding ASA has a total tax loss carried forward of NOK 18 million at 31 December 2023 (31 December 2022: NOK 529 million (reduced to 2.8 million due to the drop-down demerger/merger in 2022, please see Note 5. Drop-down demerger/merger 2022 for more information).

No current or deferred tax charge or liability has been recognized for 2023 or 2022.

The tax effects of temporary differences and tax losses carried forward at 31 December are as follows:

Amounts in NOK thousands	**2023**	**2022**
Fixed assets	-	-
Leasing	-	-
Share options and RSUs	-37	-89
Financial instruments	-	-
Tax loss carried forward	-17 549	-529 097
Temporary differences and tax losses carried forward at 31.12	-17 586	-529 186
Deferred tax asset (22% (2022;22%)) not recognized	3 869	116 421
Deferred tax asset	-	-

Amounts in NOK thousands	**2023**	**2022**
Loss before income tax	**-45 383**	**-790 322**
Tax calculated at (22%) / (22%)	-9 984	-173 871
Tax effect permanent differences	6 751	173 247
Change in deferred tax not recognized	3 234	624
Tax expense recognized in the Statement of profit or loss	**-**	**-**

14. Investments 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. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the subsidiary and it's carrying value and recognizes the amount in the statement of profit or loss. Any realized and unrealized losses and any write downs relating to these investments will be included in the Company's statement of comprehensive income as financial items.

	Location	Year incorp.	Share capital	Ownership
Subsidiary:				
Targovax Solutions AS	Oslo, Norway	2022	NOK 30	100 %
Subsidiaries of Targovax Solutions AS:				
- Targovax OY	Espoo, Finland	2015	EUR 4 035	100%
- Circio AB	Hässelby, Sweden	2022	SEK 50	100%

15. Leases

Accounting policies

Identifying a lease

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

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the right to direct he use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

Separating components in the lease contract

For contracts that constitutes, or contains a lease, the Company separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Company then accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. If an observable stand-alone price is not readily available, the Company estimates this price by maximising the use of observable information.

Recognition of leases and exemptions

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

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Company recognizes the lease payments as Other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability

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

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Company under residual value guarantees
- The exercise price of a purchase option, if the Company is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

The Company do not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. Instead, the Company recognizes these costs in profit or loss in the period in which the event or condition that triggers those payments occurs.

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

Company presents its lease liabilities as separate line items in the statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Company

- An estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The Company applies the depreciation requirements in IAS 16 *Property, Plant and Equipment* in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Company has elected to not apply the revaluation model for its right of use asset for leased buildings.

The Company applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Company presents it's right-of-use assets as separate line items in the consolidated statement of financial position.

Right-of-use assets

The Company leases offices and other facilities, machinery and equipment. The Company's right-of-use assets are categorized and presented in the table below:

Right-of use assets *Amounts in NOK thousands*	**Buildings**	**Total**
Acquisition cost 1 January 2022	3 679	3 679
Disposal of right-of-use assets[1]	-3 679	-3 679
Acquisition cost 31 December 2022	-	-
Accumulated depreciation and impairment 1 January 2022	944	944
Depreciation 2022		
Disposals[1]	-944	-944
Accumulated depreciation and impairment 31 December 2022	-	-
Carrying amount of right-of-use assets 31 December 2022	**-**	**-**

1) As a consequence of the reorganization done in 2022, all the lease agreements in Circio Holding ASA were transferred to Targovax Solutions AS as at 01.01.2022, please see 5. Drop-down demerger/merger 2022 for more information.

Lease liabilities

Summary of the lease liabilities *Amounts in NOK thousands*	**Buildings**	**Total**
Total lease liabilities at 01.01.2022	2 166	2 166
Disposal of lease liabilities[1)]	-2 166	-2 166
Cash payments for the principal portion of the lease liability	-	-
Cash payments for the interest portion of the lease liability	-	-
Interest expense on lease liabilities	-	-
Currency exchange differences	-	-
Total lease liabilities at 31 December 2022	**-**	**-**

Summary of other lease expenses recognized in profit or loss		
Variable lease payments expensed in the period	-	-
Operating expenses in the period related to short-term leases (including short-term low value assets)	-	-
Operating expenses in the period related to low value assets (excluding short-term leases included above)	-	-
Total lease expenses included in other operating expenses	**-**	**-**

Please see note 21. Current liabilities for current lease liabilities and Statement of cash flow for cash outflow for leases.

1) As a consequence of the reorganization done in 2022, all the lease agreements in Circio Holding ASA were transferred to Targovax Solutions AS as at 01.01.2022, please see 5. Drop-down demerger/merger 2022 for more information.

The leases in 2022 did not contain any restrictions on the Company’s dividend policy or financing. The Company did not have significant residual value guarantees related to its leases to disclose. The Company has not been granted any rent concessions due to the COVID-19 pandemic in 2022.

16. Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional. Loans and receivables carried at amortized cost are recognized at the transaction price plus direct transaction expenses. The Company's Financial asset receivables mainly comprise short-term deposits for office leases, receivable from subsidiaries and government grants in the Statement of financial position, see Note 9 Government grants for further information of the recognition of grants in the statement of profit or loss. Other receivables comprise VAT receivables and prepaid expenses.

Amounts in NOK thousands	**2023**	**2022**
Trade receivables	108	21
Receivable government grants	-	-
Short-term deposits	-	802
Financial asset receivables	**108**	**823**
Other receivables	4 595	49
Total receivables	**4 702**	**871**

17. Cash and cash equivalents

Cash and short-term deposits in the Statement of financial position comprise cash at bank and other short-term highly liquid investments with original maturities of three months or less.

Amounts in NOK thousands	**2023**	**2022**
Bank deposits	12 967	2 491
Total cash and cash equivalents	12 967	2 491

Restricted cash specification:

Amounts in NOK thousands	**2023**	**2022**
Rent deposits [1]	-	802
Total restricted cash	**-**	**802**

1 Classified as Receivables.

18. Share capital and shareholder information

At the extraordinary general meeting (EGM) in March 2023, the EGM approved the convertible bond facility with Atlas Special Opportunities, LLC ("Atlas"). The Company's Board of Directors has in 2023, in accordance with the authorization granted by the extraordinary general meeting in March 2023, resolved to increase the share capital by the issuance of 1 187 892 new shares, each with a par value of NOK 0.60 in order to facilitate the conversion of convertible bonds.

To comply with minimum share price obligations for companies listed on the Oslo Stock Exchange, pursuant to which the market value for listed shares shall not be lower than NOK 1 for a period of longer than six months, the EGM 27 September 2023 resolved that the Circio Holding ASA shares would be consolidated in the ratio of 30:1 (reverse split), whereby 30 existing shares, each with a nominal value of NOK 0.1, would be consolidated to one share with nominal value NOK 3. Following the share consolidation, the Company's share capital was reduced by NOK 2.5 to NOK 0.6 per share, and the reduction amount was used to cover a portion of the Company's accumulated losses, as reflected in the balance sheet per 31 December 2022.

Share capital as at 31 December 2023 is 4 484 286.60 (31 December 2022: 18 847 378.30) comprising 7 473 811 ordinary shares at nominal value NOK 0.60 (31 December 2022: 188 473 783 at NOK 0.10). All shares carry equal voting rights.

The movement in the number of shares during the period was as follows:

	2023	**2022**
Ordinary shares at beginning of period	188 473 783	188 326 591
Modifications due to reverse share split Oct 2023 1)	-182 191 324	-
Share issuance – Reverse split	0	-
Share issuance – Bond agreement	1 187 892	-
Share issuance, employee RSUs	3 460	147 195
Ordinary shares at end of period	**7 473 811**	**188 473 783**

1) Number of shares in 2023 is adjusted for reverse share split, hence consolidated in the ratio of 30:1.

The 20 largest shareholders are as follows at 31 December 2023:

Shareholder	# shares	%
Høse AS	587 589	7.9 %
Nordnet Bank AB	208 858	2.8 %
Bækkelaget Holding AS	183 018	2.4 %
Radforsk Investeringsstiftelse	147 575	2.0 %
Goldman Sachs International	122 897	1.6 %
Egil Pettersen	118 130	1.6 %
Roy Kristoffer Hellum	117 277	1.6 %
Trond Are Selsbak	116 500	1.6 %
Ola Andre Skotheim	107 000	1.4 %
Nordnet Livsforsikring As	105 786	1.4 %
Vaktmestergruppen AS	87 610	1.2 %
Kjell Olav Lunde	80 000	1.1 %
Citibank, N.A.	77 097	1.0%
Brettel Økonomi AS	75 000	1.0 %
NCS Energy Consultants AS	75 000	1.0 %
Danske Bank A/S	74 888	1.0 %
Arild Staxwold Skipperud	70 400	0.9 %
Rune Ramsvik	70 000	0.9 %
Ragnvald Gabrielsen AS	65 197	0.9 %
Pettersen Gruppen AS	60 367	0.8 %
20 largest shareholders	**2 550 189**	**34.1 %**
Other shareholders (5 523)	**4 923 622**	**65.9 %**
Total shareholders	**7 473 811**	**100.0 %**

The 20 largest shareholders are as follows at 31 December 2022:

Shareholder	# shares	%
HealthCap	12 405 584	6.6 %
Avanza Bank Ab	6 780 335	3.6 %
Goldman Sachs International	5 186 163	2.8 %
Bækkelaget Holding As	5 053 867	2.7 %
Radforsk Investeringsstiftelse	4 427 255	2.3 %
Sivilingenør Jon-Arild Andreassen AS	4 343 611	2.3 %
Nordnet Bank AB	4 272 388	2.3 %
Høse As	3 069 012	1.6 %
Nordnet Livsfosikring AS	2 721 999	1.4 %
Thorendahl Invest AS	2 000 000	1.1 %
Danske Bank AS	1 979 138	1.1 %
Vaktmestergruppen AS	1 911 241	1.0 %
Pettersen Gruppen AS	1 708 408	0.9 %
Egil Pettersen	1 548 889	0.8 %
Tor Westerheim	1 437 500	0.8 %
Arild Staxwold Skipperud	1 401 405	0.7 %
The Bank Of New York Mellon SA/NV	1 292 313	0.7 %
Ove Steinar Farstad	1 264 449	0.7 %
Espen Olsen	1 200 000	0.6 %
UBS Switzerland AG	1 086 050	0.6 %
20 largest shareholders	**65 089 607**	**34.5 %**
Other shareholders (6 549)	**123 384 176**	**65.5 %**
Total shareholders	**188 473 783**	**100.0 %**

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated as profit or loss attributable to ordinary shareholders of the Company, adjusted for the effects of all dilutive potential options.

Amounts in NOK thousands	**2023**	**2022**
Loss for the period	-45 383	-790 322
Average number of outstanding shares during the period[1]	6 783	188 432
Earnings/ loss per share - basic and diluted	**-6.69**	**-4.19**

1) Average number of outstanding shares in 2023 is adjusted for reverse share split, hence consolidated in the ratio of 30:1.

Share options and RSUs issued have a potential dilutive effect on earnings per share.

Share options and RSUs shall be treated as dilutive only if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Company is currently loss-making, an increase in the average number of shares would have anti-dilutive effects. Hence, no dilutive effect has yet been recognized.

19. Current liabilities

The Company's current liabilities consist of financial liabilities as short-term lease liabilities and current trade payables, and other current liabilities as withholding taxes and accrued expenses and are classified as "current liabilities". Short-term lease liabilities are classified as current liabilities if payment is due within one year or less. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payable and other financial liabilities are recognized.

Current liabilities consist of:

Amounts in NOK thousands	**2023**	**2022**
Convertible bond	44 500	-
Trade payables	211	-
Financial liabilities	**44 711**	**-**
Other current liabilities	1400	1 926
Total current liabilities	**46 111**	**1 926**

20. Convertible bond

In February 2023, Circio announced that it has agreed the terms and conditions for an investment and subscription agreement for a convertible bond facility with Atlas Special Opportunities (the "Investment Agreement"), which will provide financing of up to gross NOK 300 million over three years. The Investment agreement was approved by the extraordinary general meeting (EGM) of Circio held in March 2023, and an amendment agreement was later approved at an EGM in September.

The financing agreement with Atlas was entered into to enable Circio to support and progress its two R&D programs until important data can be generated and other sources of financing become available:

- Platform development and generation of *in vivo* proof-of-concept data for the circVec circRNA platform, an area of rapidly growing interest among big pharma and biotech.
- Supporting three clinical trials with the enhanced TG01/QS-21 KRAS cancer vaccine in the USA and Norway.

The convertible bond facility with Atlas, which will become a back-up financing option subsequent of a successful financing during Q2 2024, provides the Group with access to up to gross NOK 300 million over three years.

The financing is made available to Circio through tranches of convertible bonds. For each tranche, Circio needs to demonstrate that it complies with all condition precedents which are a combination of legal, regulatory and financial conditions. The first tranche, with an aggregate nominal value of NOK 37.5 million, was exercised in March 2023. The second tranche of NOK 21.5 million was exercised in August 2023 and issued in three installments of NOK 7.5 million, NOK 7 million and NOK 7 million, in September, October and December 2023 respectively. The cool down period after the second tranche ended on 1 March 2024.

It is at Circio' s discretion to decide when and how many tranches are called upon over the 3-year agreement period, thereby providing flexible access to capital. In the amended Investment Agreement approved at the EGM in September 2023, it was agreed to change the bond denomination to NOK 500,000 and Atlas was granted a one-time option to request convertible bonds in an amount of up to NOK 30 million, valid for a period of 24 months after approval in September 2023. For access to its capital over 3 years, Circio is paying Atlas a 2% fee (6m NOK) which was deducted from the first tranche.

The convertible bonds are subscribed at 92 percent of nominal value of each convertible bond and would provide Circio with a total net amount of up to NOK 276 million in new capital. From these net proceeds, Circio needs to pay legal, administrative and other fees so that the net proceeds are slightly reduced. The bonds will not carry any interest and can be converted into shares at the discretion of Atlas, at a price determined as 100 percent of the average volume weighted share price (VWAP) of three of the last 15 trading days preceding the bond conversion request by Atlas. After conversion, Atlas may sell the Circio shares in the market subject to certain pre-defined restrictions. Circio retains the right to repurchase unconverted bonds at any time at 110 percent of nominal value.
In any future situation where the Group would want to request additional funding under the Investment Agreement with Atlas, and the conditions precedents are not met, the Group may not be able to obtain the requested funding from Atlas on the agreed commercial terms. In such a situation, the Board and management will be taking actions and enter into a dialog with Atlas to address these issues to enable access to future tranches, when needed. The issue can be resolved by either reducing the tranche size and/or implementing modifications to the agreement for a waiver of the conditions precedents.

In August 2023, the condition precedence related to the monthly trading value was not met prior to calling the 2nd tranche and consequently the size and conditions were adjusted accordingly.
Any outstanding bonds will mature in full on the maturity date, 24 March 2026, and shall be converted to shares by Atlas, at the Conversion Price defined by the agreement.

The use of the convertible bond facility and the subsequent conversion of bonds will lead to dilution of the Group's shareholders. Atlas is not a long investor but is expected to sell the shares following each conversion of a bond. As of 31 December, Atlas has converted 29 of the total 118 issued bonds. A higher or increasing share price will help in reducing the dilution from each conversion. Circio is aware of the share price dynamics and plans to use the convertible bond facility only when absolutely needed while management is seeking to secure new capital from specialists or long investors.

The Company's Board of Directors has in 2023, in accordance with the authorization granted by the extraordinary general meeting in March 2023, resolved to increase the share capital with NOK 712 735,02 by the issuance of 1 187 892 new shares, each with a par value of NOK 0.60 in order to facilitate the conversion of convertible bonds.

The convertible loan is classified as a financial liability and measured at amortized cost. According to IFRS 9 the convertible loan contains a conversion right which is an embedded derivative. The

embedded derivative is accounted for separately from the host instrument and measured at fair value with changes recognized in profit or loss.
The conversion right of convertible bonds has been measured to have zero value at initial recognition and will be reevaluated annually under subsequent measurement according to IFRS 9 as long as the conversion right exists.

The 8% fee is recognized as finance expense in the statement of profit and loss at the issue date of the convertible bond. For the full year 2023, fees comprising NOK 6,7 million were expensed related to the first tranche and second tranche of NOK 37.5 million and 21.5 million respectively.

NOK 6 million, the 2% fee of the loan facility of NOK 300 million, is recognized as a prepaid expense, classified as receivable in the statement of financial position. The fee is amortized over the three-year loan period and recognized as finance expense in the statement of profit and loss. For the full year 2023 NOK 1.5 million of the 6 million was expensed.

21. Events after the reporting date

Post-period highlights

In January 2024, it was announced that Business Finland has approved Circio's application for a waiver in full of three R&D loans totaling EUR 6.2 granted for the development of ONCOS-102. As a result, Circio's equity will be increased by a corresponding amount.

In March 2024, following the approval by the Chinese National Medical Products Administration (NMPA) of the investigational new drug (IND) application, IOVaxis exercised the option for an exclusive license to mutant RAS cancer vaccine TG01 in China. The parties agreed that IOVaxis will pay USD 300.000 of the option fee to Circio immediately, and that the remaining payment will be due by 15 September 2024.

In April 2024, announced that it has terminated TG01 cancer vaccine license option agreement with IOVaxis in China for non-payment. IOVaxis did not met the first financial payment milestone and Circio therefore decided to terminate the TG01 license agreement in China and the Group will now seek alternative partnering options in China for the TG01 program.

In April 2024, announced that it is initiating a fundraising process with the intent to raise around NOK 50-60 million or more in gross proceeds from existing shareholders and new investors in a partially underwritten rights issue to be completed during Q2 2024. Existing convertible bond investor Atlas Capital Markets is supportive of, and intends to participate in, the intended fundraising. Members of Circio´s board and management have pre-committed to participate with around NOK 2 million, including NOK 500.000 by CEO Dr. Erik D Wiklund. Circio will update the market in due time when the structure and timing of the intended transaction have been determined.

In April 2024, announced that it has established early technical in vivo proof-of-concept for its proprietary circVec circular RNA platform by demonstrating statistically significant improvement in durability over mRNA-based expression. The circVec technology has broad potential, particularly to enhance the potency and reduce cost of current gold-standard gene therapy, and the R&D strategy is centered on this rapidly expanding therapeutic area.

To the General Meeting of Circio Holding ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Circio Holding ASA, which comprise:

- the financial statements of the parent company Circio Holding ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cashflow for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Circio Holding ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flow 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.

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 7 years from the election by the general meeting of the shareholders on 5 April 2017 for the accounting year 2017.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.4 to the financial statements of the Company and note 2.6 to the consolidated financial statements of the Group, which indicate that the Company and the Group is dependent on raising additional capital to ensure continued operations in the twelve months period subsequent to the period end date 31 December 2023.

As stated in Notes 2.4 and 2.6, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that the *Convertible bond facility* the Group entered into in 2023 is a key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Audit Matter
Convertible bond facility	
Being a group of biotechnology companies, the Group depends on external financing to provide sufficient funds to operate its research and development activities. The Group has entered into a convertible bond agreement with Atlas Special Opportunities LLC. The convertible bond facility is classified as a financial liability within the scope of IFRS 9. Upon initial recognition, the bonds issued under the agreement are measured at amortised cost. The conversion right is treated as an embedded derivative and separated from the host contract for accounting purposes. The convertible bond facility was a key audit matter due to the material amounts involved, the complexity in application of IFRS 9, and the level of management judgement applied in calculating the amortised cost of the bonds and embedded derivative related to the conversion right. Management discloses the accounting of the convertible bond facility in notes 5, 22 and 23 to the consolidated financial statements.	As part of our audit, we mapped and evaluated the design of the Group's internal controls related to the accounting of the convertible debt facility. We assessed the Group's accounting principles applied for financial instrument against the requirements in the IFRS Accounting Standards, in particular IFRS 9. We made enquiries to management to understand how they calculated the amortised cost of the outstanding convertible bonds, the embedded derivative related to the conversion right, including how judgement was applied. Furthermore, we evaluated the classification of the outstanding convertible bonds in the consolidated statement of financial position as well as the valuation of the conversion right. We tested the completeness, existence and valuation of the convertible bonds by obtaining and understanding the underlying convertible bond agreement, including the conversion right. Furthermore, we tested the accuracy of the recognised amount by comparing it to the obtained movement schedule of the issued convertible bonds. We discussed and challenged management's assumptions and use of judgement by evaluating whether these were applied neutrally and consistently and in line with observable data. We noted no deviations as a result of our audit procedures. We also assessed and found that the disclosed information in the financial statements was sufficient and comprehensive.

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 statements on Corporate Governance and Corporate Social Responsibility.

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, actions taken to eliminate threats or safeguards applied.

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 Circio 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 “5967007LIEEXZXFYNS31-2023-12-31-en.zip” have been prepared, in all material respects, in compliance 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

For a description of the auditor’s responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 25 April 2024

PricewaterhouseCoopers AS

Herman Skibrek

State Authorised Public Accountant

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