

Evaxion Biotech A/S

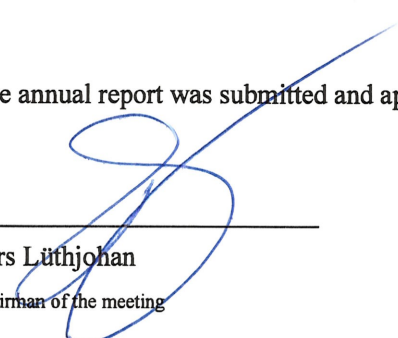
Dr Neergaards Vej 5F, 2970 Hørsholm

Company reg. no. 31 76 28 63

Annual report

1 January - 31 December 2024

The annual report was submitted and approved by the general meeting on the 30 April 2025.



Lars Lüthjohan

Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Group overview	6
Consolidated financial highlights	7
Financial highlights for the parent	8
Management's review	9
Consolidated financial statements and financial statements 1 January - 31 December 2024	
Accounting policies	10
Income statement	25
Balance sheet	26
Consolidated statement of changes in equity	29
Statement of changes in equity of the parent	29
Statement of cash flows	31
Notes	31

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of Evaxion Biotech A/S for the financial year 1 January - 31 December 2024.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

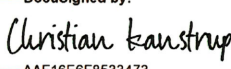
We consider the chosen accounting policy to be appropriate, and in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2024.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Hørsholm, 1 April 2025

Executive board

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Christian Kanstrup

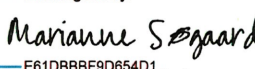
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Andreas Holm Mattsson

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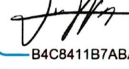
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Thomas Frederik Schmidt

Board of directors

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Marianne Sogaard

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Lars Holtug

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Lars Aage Staal Wegner

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Roberto Prego Pineda

Independent auditor's report

To the shareholders of Evaxion Biotech A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Evaxion Biotech A/S for the financial year 1 January – 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company 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 as to 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 and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent auditor's report

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company'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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company'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 Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the parent company financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 1 April 2025

EY Godkendt Revisionspartnerselskab

EY Godkendt Revisionspartnerselskab

Company reg. no. 30 70 02 28

Signed by:



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Hans B. Vistisen

State Authorised Public Accountant

mne23254

Signed by:



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Henrik Andersen

State Authorised Public Accountant

mne32084

Company information

The company

Evaxion Biotech A/S
Dr Neergaards Vej 5F
2970 Hørsholm

Company reg. no. 31 76 28 63

Financial year: 1 January - 31 December

Board of directors

Marianne Søgaard
Lars Holtug
Lars Aage Staal Wegner
Roberto Prego Pineda

Executive board

Christian Kanstrup
Andreas Holm Mattsson
Thomas Frederik Schmidt

Auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Alle 36
2000 Frederiksberg

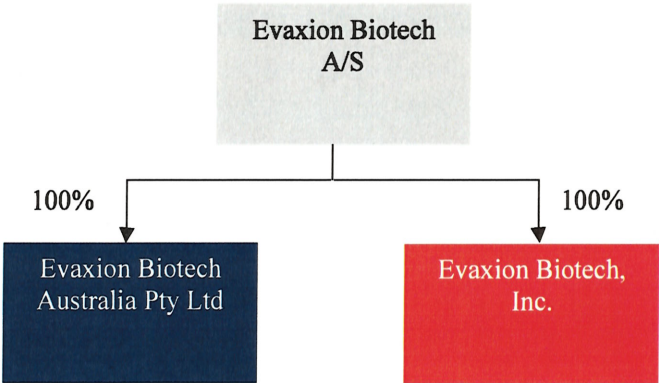
Subsidiaries

Evaxion Biotech Australia PTY LTD, Australia
Evaxion Biotech Inc., United States

Group overview

Group Structure

The Evaxion Biotech Group consist of 3 entities:



Evaxion Biotech Australia Pty Ltd. performs clinical trials in Australia as agent for Evaxion Biotech A/S.

Evaxion Biotech, Inc. is dormant.

Consolidated financial highlights

DKK in thousands.	2024	2023	2022
Income statement:			
Revenue	22.759	507	0
Gross profit	22.759	507	0
Profit from operating activities	-101.838	-152.895	-178.736
Net financials	23.108	-4.960	9.016
Net profit or loss for the year	-73.277	-152.414	-164.292
Statement of financial position:			
Balance sheet total	89.197	86.929	153.575
Investments in property, plant and equipment	0	607	2.598
Capitalized right of use assets	12.451	14.133	15.507
Equity	-11.780	-31.893	57.888
Cash flows:			
Operating activities	-86.311	-124.796	-181.095
Investing activities	-25	-651	-2.432
Financing activities	90.889	72.892	52.701
Total cash flows	4.553	-52.555	-130.826
Employees:			
Average number of full-time employees	46	55	62
Key figures in %:			
Acid test ratio	200,7	117,9	451,3
Solvency ratio	-13,2	-36,7	37,7
Return on equity	-	-1.172,6	-567,6

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio

$$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Financial highlights for the parent

DKK in thousands.	2024	2023	2022	2021	2020
Income statement:					
Revenue	22.324	507	0	0	0
Gross profit	22.324	507	0	0	0
Profit from operating activities	-101.953	-153.156	-180.483	-183.407	-92.847
Net financials	23.176	-4.758	10.691	22.992	-10.571
Net profit or loss for the year	-73.277	-152.414	-164.292	-154.885	-97.918
Statement of financial position:					
Balance sheet total	94.669	92.465	150.437	263.012	70.493
Investments in property, plant and equipment	0	607	2.598	34.803	651
Equity	-11.780	-31.893	57.888	212.818	42.615
Key figures in %:					
Acid test ratio	170,0	105,2	479,1	799,1	215,5
Solvency ratio	-12,4	-34,5	38,5	80,9	60,5
Return on equity	-	-1.172,6	-121,4	-121,3	-186,3

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio

$$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

Primary Activity

We are a clinical-stage TechBio company that aspires to lead the exploration of artificial intelligence, or AI, to develop vaccines with improved efficacy when compared to currently marketed products for patients with unmet medical needs. We were founded in 2008 as an AI company and over the years have developed into an AI-TechBio company with a robust clinical pipeline of personalized cancer vaccines and a broad pre-clinical pipeline of vaccines for various infectious diseases. Our pipeline programs are derived from our proprietary AI-Immunology™ platform, consisting of several models: PIONEER™, ObsERV™, AI-DeeP™, EDENT™, and RAVEN™ and we are utilizing these unique AI models to build a strong drug development pipeline. Drug development is a long and costly process with high attrition rates. We believe our unique AI-Immunology™ platform, trained to translate vast amounts of data to identify novel targets for the development of unique vaccines, have the potential to significantly reduce drug development timelines, costs and attrition.

We aim to capture the value from the predictive power of our proprietary AI-Immunology™ platform and its ability to identify novel targets for drug development by building a solid pipeline of AI-powered vaccines within the areas of cancer and infectious diseases, both attractive markets with high unmet medical needs. The associated business model is to partner our vaccines after pre-clinical or clinical Proof of Concept, or PoC, with large biopharmaceutical and pharmaceutical companies to conduct clinical trials, regulatory and marketing approval and commercialization of our product candidates.

We are currently advancing our first two product vaccine candidates, EVX-01 and EVX-02, for the treatment of various solid cancers. Our third cancer vaccine candidate, EVX-03, for the treatment of various cancers including non-small-cell-lung-cancer, or NSCLC, is a clinically ready asset. We are actively seeking partnership opportunities to further advance the development of the EVX-03 vaccine candidate. In addition, we are currently developing three pre-clinical bacterial vaccine product candidates, EVX-B1, EVX-B2 and EVX-B3, targeting *Staphylococcus aureus*, or *S. aureus*, and *Neisseria gonorrhoeae*, or *N. gonorrhoeae* infections, and an undisclosed bacteria target respectively, and one viral vaccine product candidate, EVX-V1, targeting cytomegalovirus, or CMV.

Our AI-Immunology™ platform and Product Development Pipeline

The immune system is widely regarded as a highly important defense system. We use the power of AI to decode the immune system and to direct it towards internal or external threats such as cancer and infectious diseases. Our AI technologies include the immuno-oncology AI models PIONEER™ & ObsERV™, the bacterial and viral disease AI models EDENT™ & RAVEN™, and our Immune Checkpoint Inhibitor responder AI model AI-DeeP™. These AI technologies are based on the current understanding of the human immune system and can transform large amounts of biological data into algorithms that may accurately predict cellular interactions within the immune system and potentially more accurately identify targets that will stimulate a relevant immune response. We believe that the predictive power of our AI models will reduce both the development time and risk of failure during the various stages of drug development.

Our AI-Immunology™ allows for a cost reduction of up to 90%+ when deploying the model for target identification compared to reverse vaccinology. Further, given the strong predictive capabilities of AI-Immunology™ we only need to test 20% of targets compared to what is needed with reverse vaccinology. We have demonstrated that our AI models are able to identify novel targets in just days, rather than years as is common for standard drug discovery methods. We believe that this predictive accuracy can significantly decrease the risk of failure by reducing the risk of low efficacy or unacceptable toxicity.

PIONEER™ is our AI model for the discovery of patient-specific cancer targets which we use to develop truly personalized cancer vaccines. PIONEER™ identifies patient-specific tumor mutations, so called neoantigens, that can induce strong T-cell dependent immune responses leading to tumor eradication.

Management's review

We believe such neoantigen-based therapies will induce a directed immune response to each patient's tumor that can eradicate the cancer cells from the body. We currently have three personalized cancer vaccines in clinical development; EVX-01, EVX-02, and EVX-03.

ObsERV™ is our AI model for the discovery of patient- or indication-specific virus-derived targets, so-called ERVs (endogenous retroviruses), selectively expressed in cancer. We have demonstrated that overexpression of such ERVs antigens is strongly associated with the overall survival of cancer patients. In addition, we have preclinically demonstrated complete tumor eradication in animal models when targeting ObsERV™ identified ERVs. We believe that ERV-based therapies will induce a directed T-cell dependent immune response leading to tumor eradication. Our EVX-03 vaccine candidate contains a combination of PIONEER™ predicted neoantigens and ObsERV™ predicted ERV antigens.

AI-DeePTM is our AI model for predicting patient responses to cancer checkpoint inhibitor immunotherapy. The AI model can predict patient immunotherapy treatment outcomes with high precision and may inform decision on treatment.

EDENT™ is our AI model for the discovery of B-cell antigen vaccine targets. EDENT™ has been designed to identify novel infectious disease B-cell antigen targets that, we believe, have the potential to be more effective than what have previously been identified using standard drug discovery methods. We apply EDEN in our current development of three pre-clinical bacterial vaccine programs; EVX-B1, targeting *Staphylococcus aureus*, or *S. aureus* infections, EVX-B2/EVX-B2-mRNA targeting *Neisseria gonorrhoeae*, or *N. gonorrhoeae* infections, and EVX-B3, targeting an undisclosed bacterial pathogen with a high medical need where no vaccine is currently available. We believe EDEN is applicable for virus vaccine development, hence it is applied in the development of our EVX-V1 virus vaccine against cytomegalovirus (CMV).

RAVEN™ is our AI model for the discovery of vaccine antigen targets, that can induce strong T-cell immune responses for infectious diseases. We apply RAVEN in our current development of the pre-clinical viral vaccine program; EVX-V1, targeting cytomegalovirus (CMV). We believe RAVEN is also applicable for bacterial vaccine development, hence it is applied in the development of EVX-B3.

Recent Developments

January 14, 2025, the Company made effective a change to its ratio of ADSs to its ordinary shares, DKK 1 nominal value (the "ADS Ratio"). The ratio has been changed from one ADS representing ten (10) ordinary share to a new ADS Ratio of one ADS representing fifty (50) ordinary shares of the Company. Unless specified otherwise, all references in this annual report to ADS share and ADS per share data have been adjusted, including historical data which has been retroactively adjusted, to give effect to the ADS Ratio change.

January 15, 2025, Evaxion announced that dosing in its phase 2 trial with personalized cancer vaccine EVX-01 was completed according to trial protocol and timelines, meaning the trial remains on track for completion and data readout in the second half of 2025. Coincidentally, the first patient has now completed the trial and has had last visit according to the protocol. Patients will continue to be monitored and data collected.

January 17, 2025, an extraordinary general meeting of Evaxion was held, where it was approved to reduce our share capital by nominal DKK 58.980.417 from nominal DKK 78.640.556 to nominal DKK 19.660.139 to cover loss. Furthermore, it was approved to reduce the nominal value of the shares from nominal DKK 1 per share to nominal DKK 0,25 per share, and our Article of Association were amended accordingly.

January 24, 2025, the Company sold 696.400 ADSs at an average price of DKK 51,14 per ADS. The ADSs were sold in an at-the-market (ATM) offering pursuant to the terms and subject to the conditions contained in that certain Capital Demand Sales Agreement between the Company and Jones Trading

Management's review

Institutional Services LLC dated October 3, 2022. After deducting fees and expenses, total proceeds to the Company from the sales of the ADSs were approximately DKK 36,6 million.

January 31, 2025, the Company closed its public offering of an aggregate of 3.997.361 of its ADSs and warrants to purchase up to 50% of the ADSs offered at a combined public offering price of DKK 19,35 per ADS with one accompanying warrant for each two ADSs, with gross proceeds of DKK 77,1 million. The Company registered aggregate share capital increases of nominal DKK 49.967.012,50 with the Danish Business Authority, with effective date of January 31, 2025, corresponding to an aggregate increase in the Company's share capital to nominal DKK 78.332.151,50. This reflected issuance of 199.868.050 shares in connection with the public offering.

February 14, 2025, Nasdaq confirmed Evaxion to be fully compliant and withdrew its delisting determination. Evaxion will remain listed as fully compliant, having successfully evidenced compliance with the Nasdaq minimum stockholders' equity requirement after restoring its equity above the minimum requirement through capital market activities.

February 25, 2025, Evaxion extended its phase 2 trial with personalized cancer vaccine EVX-01 to further enhance the clinical data package. Originally planned as a two-year study, the trial was extended by an additional year to collect three-year clinical outcome data. The additional third year of EVX-01 dosing may provide further insights into potential enhanced treatment effects and durability of induced immune response.

Product Development Pipeline

Our AI-identified targets can be delivered using any delivery modality, such as peptides, recombinant proteins, mRNA and our proprietary DNA-targeting technology, and we are building a diverse vaccine pipeline utilizing such different delivery modalities.

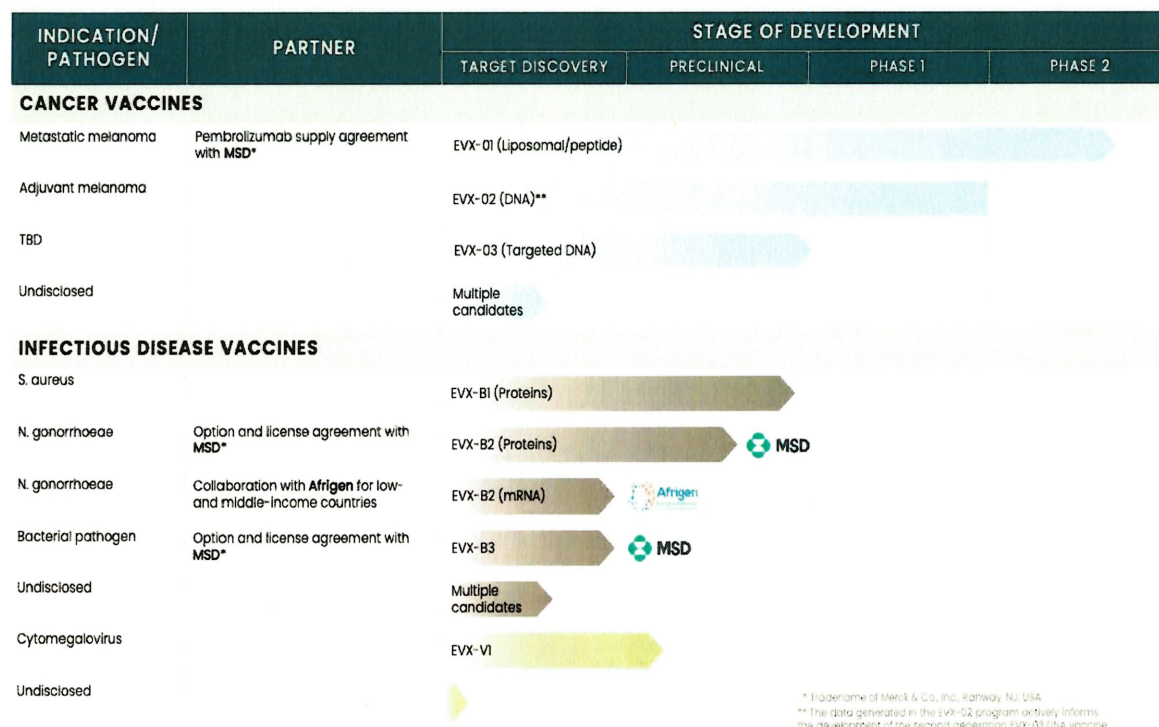


Figure 1: The Evaxion pipeline.

Management's review

EVX-01

EVX-01 is a novel liposomal, peptide-based cancer vaccine designed to engage a patient's own immune system to fight their cancer by mounting a targeted response towards the tumor.

In June 2023 we reported complete clinical data from the Phase 1/2a trial of EVX-01 in metastatic unresectable melanoma demonstrated an overall response rate of 67% across all 12 patients compared with a historical overall response rate of 40% with anti-PD-1 treatment alone. In addition, the data showed induction of neoantigen-specific T cells in 100% of patients and a favorable safety profile.

EVX-01 is currently in a Phase 2 global multi-center clinical trial for the treatment of metastatic melanoma and is administered in combination with KEYTRUDA® (pembrolizumab), a humanized anti-human PD-1 monoclonal antibody developed by Merck & Co., Inc., or Merck. A Clinical Trial Collaboration and Supply Agreement, or CTCSA, is in place with MSD International GmbH and MSD International Business GmbH (known collectively as MSD outside the United States and Canada), both of which are subsidiaries of Merck, to evaluate the combination of EVX-01 with MSD's KEYTRUDA®.

The first patient in the EVX-01 Phase 2 trial was dosed in Australia in September 2022. In November 2022, we submitted an Investigational New Drug Application, or IND, along with a Fast Track designation request to the U.S. Food and Drug Administration, or FDA, for the Phase 2 clinical trial of EVX-01 in combination with KEYTRUDA® for the treatment of patients with metastatic melanoma. On December 22, 2022, the FDA notified us that it had reviewed our IND and determined that we could proceed with our Phase 2 trial. In January 2023, we received Fast Track designation from the FDA for the study.

In addition, we have received approval of our Clinical Trial Applications, or CTAs, for the Phase 2 trial from regulatory authorities in Australia and Italy.

The initial data from five patients from the Phase 2 clinical study were presented at the annual meeting of the Society of Cancer Immunotherapy, or SITC, in San Diego, California November 2023. In June 2024, immune data from a total of 12 patients was presented at American Society for Clinical Oncology, or ASCO, Annual Meeting in Chicago, Illinois. The data demonstrated neoantigen-specific T-cell reactivity induced by EVX-01 in all 12 patients. In September 2024, one-year clinical efficacy data was presented at the European Society for Medical Oncology Congress in Barcelona, Spain. The data demonstrated an overall response rate of 68.8% as per RECIST 1.1 with 15 out of the 16 patients experiencing a tumor target lesion reduction. Full Phase 2 study readout is expected in 2025.

EVX-02

EVX-02 is a DNA-based cancer vaccine designed to induce a therapeutic immune response in the adjuvant setting in patients with resected melanoma, when administered in combination with a PD-1 inhibitor. In March 2022, we reported completion of recruitment of the EVX-02 Phase 1/2a clinical trial and in November 2022, we announced an interim study readout from eight patients. The data demonstrates activation of neoantigen-specific T cells with tumor killing potential and that T-cell responses were robust and long lasting indicating potential for a clinically relevant anti-tumor immune attack. The treatment appeared to be well tolerated in all patients, with only very mild AEs, observed in relation to EVX-02 treatment.

On April 18, 2023, we presented final clinical data from the Phase 1/2a study. Data were presented in the Late Breaking Research: Clinical Research 2 session at the 2023 AACR (American Association for Cancer Research) meeting in Orlando, Florida.

Management's review

The study showed that:

- All 10 patients who received the full dosing schedule of eight immunizations with EVX-02 were relapse-free at their last assessment
- Of these 10 patients, nine completed the full study and were relapse-free at the 12-month end of study visit. One patient was prematurely terminated due to non-EVX-02 related adverse events, or AEs, and was relapse-free at the last visit at nine months
- The combination of EVX-02 and nivolumab was well tolerated and only mild EVX-02-associated AEs were observed
- Robust and long-lasting neoantigen-specific T-cell immune responses were confirmed in all EVX-02 completers
- The induced T-cell immune responses involved both CD4+ and CD8+ T cells

We believe the data serve as a validation of our PIONEER platform and provide proof of mechanism for our DNA-based approach to personalized cancer therapies.

EVX-03

EVX-03 is an improved, next generation DNA-based cancer vaccine with a proprietary antigen-presenting cell, or APC, targeting unit, for the treatment of various cancers. We believe our DNA technology has the potential to improve antigen presentation, anti-tumor immunity and hence clinical response. The goal of our EVX-03 cancer vaccine is to promote T-cell priming and expansion of effector T cells for direct and specific tumor killing, and we intend to develop EVX-03 for the treatment of multiple cancers, including non-small cell lung cancer.

Our EVX-03 product candidate is clinically ready asset with pre-clinical data demonstrating that adding our APC-targeting unit leads to high levels of neoantigen-reactive T cells, significant tumor reduction even at very low doses and a favorable toxicology profile. We believe the promising clinical, immune and safety data from the EVX-02 Phase 1/2a clinical trial together with the superior EVX-03 pre-clinical data, support moving EVX-03 into clinical development. We are actively seeking partnership opportunities to further advance the development of EVX-03.

EVX-B1

EVX-B1 is a prophylactic multi-component vaccine initially in development for the prevention of *S. aureus*-induced skin and soft tissue infections, or SSTI, in patients undergoing elective abdominal hernia surgery. EVX-B1 includes two proprietary and highly protective antigens identified by EDENTTM as well as a chimeric toxoid, formulated with a potent adjuvant. We believe that the predictive power of EDENTTM and our unique approach to vaccine design will result in a highly protective vaccine. EVX-B1 has now completed pre-clinical development. We have concluded the testing of the protein antigens in a final MTA study with a potential partner, where we could demonstrate that the protein antigens induce protection against *S. aureus* infection in a non-rodent surgical site infection model.

EVX-B2

EVX-B2 is a prophylactic vaccine being developed to target diseases caused by *N. gonorrhoeae*.

EVX-B2 is composed of a fusion protein with two antigen subunits, identified by EDENTTM and formulated with a potent adjuvant. We believe that our EVX-B2 vaccine candidate will induce a protective immune response against *N. gonorrhoeae* and thereby minimize the risk of infection for the general population and groups at risk.

Management's review

In September 2022, together with UMass Chan Medical School, we received a grant from the U.S. National Institutes of Health, or NIH, to support the evaluation of our EVX-B2 candidate using DNA and mRNA vaccine delivery platforms and to progress the development of our EVX-B2 vaccine candidate. In September 2023, we initiated a collaboration with Afrigen Biologics with the goal of developing an mRNA-based gonorrhea vaccine for low-and middle-income countries (LMICs). The mRNA vaccine will be based on the same two EDENT™ discovered antigens having demonstrated high levels of protection in preclinical studies. In September 2024 initial data from the Afrigen collaboration was presented at the 18th Vaccine Congress in Lisbon, Portugal. The results presented included Proof-of-Concept data, demonstrating the ability of the EVX-B2 mRNA vaccine to induce a specific immune response and that the immune sera from vaccinated mice could induce bacterial killing in vitro.

EVX-B3

In September 2023, we initiated a new collaboration with MSD (tradename of Merck & Co., Inc., Rahway, NJ, USA) to address a serious global medical issue by targeting a pathogen associated with repeated infections, increasing incidence, and often serious medical complications for which no vaccines are currently available. Our proprietary AI-Immunology™ platform, with the EDENT™ and the RAVEN™ models, will be utilized for the rapid design of a completely novel vaccine candidate, EVX-B3, with the goal to be capable of eliciting both a strong humoral (antibody) and cellular immune response to the bacterial pathogen.

EVX-B2 and EVX-B3 were partnered with MSD in September 2024 as part of a significantly expanded vaccine collaboration with MSD.

EVX-V1

In December 2022, we announced the development of our first viral vaccine product candidate, targeting Cytomegalovirus, or CMV. We are utilizing our AI models RAVEN™ and EDENT™ to design a next-generation vaccine candidate that elicits both cellular and humoral responses. Ten EDENT™ predicted novel B-cell antigens have been selected and are now being produced as recombinant proteins for further evaluation in preclinical models. EVX-V1 is currently in pre-clinical discovery phase.

November 12, 2024, we announced positive preclinical data for EVX-V1. The data demonstrates that CMV antigens identified with Evaxion's AI-Immunology™ platform trigger targeted immune responses. Results also showcases the successful design of a proprietary prefusion glycoprotein B (gB) antigen with ability to neutralize the virus. We are advancing these new findings to develop a multi-component CMV vaccine candidate.

On December 12, 2024, Evaxion presented preclinical Proof-of-Concept (PoC) for its precision cancer vaccine concept targeting non-conventional ERV (endogenous retrovirus) tumor antigens shared across patients, and the new data confirming the preclinical PoC, at the ESMO Immuno-Oncology Congress, in Geneva, Switzerland.

Our Strengths

- Our flexible, scalable and adaptable AI-Immunology™ platform offers a strong value proposition toward existing and potential partners
- Our five AI models PIONEER™, ObsERV™, AI-DeeP™, EDENT™ and RAVEN™ ingrained in the AI-Immunology™ platform, have allowed us to generate numerous pipeline candidates within both cancer and infectious diseases, all with first-in-class potential and with our first two oncology product candidates currently in clinical development
- Our AI-Immunology™ platform offers the potential to expand our partnerships and product candidate portfolio and allows for entering into additional therapy areas

Management's review

- Our AI immunology™ platform facilitates the identification of novel effective vaccine targets, enhancing the potential for clinical success
- Our in-house capabilities for experimental screening and testing of novel targets allow us to move rapidly from target identification to pre-clinical development
- Our model for iterative training allows for continuous improvement of our AI-Immunology™ platform as data are generated throughout the drug development stages
- We have established a direct link between the predictive power of our AI-Immunology™ platform and preclinical and clinical outcome
- Our existing collaborations are confirming the strength of our AI-Immunology™ platform

Our Strategy

The Evaxion strategy centers around our AI-Immunology™ platform, which has been continuously developed and refined over the past 15 years. This has provided us with a pioneering and differentiated position within AI-based vaccine target discovery, and further, led to the design and development of novel vaccine candidates. The strong potential of AI-Immunology™ is evidenced by both the preclinical and clinical data we have generated as well as through existing partnerships. The AI-Immunology™ platform holds the potential to generate one new vaccine target every 24 hours, is delivery modality-agnostic, and easily adaptable to partner needs. The platform is currently trained in cancer and infectious diseases and is scalable to other therapeutic areas. The high throughput, combined with a very flexible model, offers a strong value proposition for both existing and future partners.

The AI-Immunology™ contains five interrelated proprietary AI prediction models: (i) PIONEER™, our cancer neoantigen prediction model, (ii) ObsERV™, our endogenous retrovirus (ERV) tumor antigen prediction model, (iii) EDEN™, our B-cell antigen prediction model, (iv) RAVENTM, our T-cell antigen prediction model and (v) AI-DeeP™ our responder prediction model. The platform features a unique modular architecture where the same building blocks are used across different AI prediction models. This means that improvements in individual building blocks will lead to improvements in all the AI prediction models where the building block is used. This, we believe, serves to further enhance the predictive capabilities of AI-Immunology™ and to ensure we will retain a differentiated position going forward. The building block-based architecture also gives a high scalability to other therapeutic areas which is offering attractive long-term opportunities for Evaxion.

In parallel with the AI-Immunology™ platform development, we have been building a strong multidisciplinary capability set spanning the full value chain from target discovery to early clinical development. Our state of art wet-lab and animal facility gives us a unique opportunity for rapidly validating our AI predictions in pre-clinical models thereby, generating proprietary data as well as new pipeline assets. Further, it offers partners a flexible and adaptable one stop shop for discovery and development of new vaccine candidates.

The AI-Immunology™ platform together with our multidisciplinary capability set drives a clear differentiation for our AI driven approach to development of novel vaccine candidates and provides a strong value proposition towards potential partners. The differentiation is illustrated in Figure 2 below.

Management’s review

AI-Immunology™ and our multidisciplinary capability set drive differentiation

- We believe our multidisciplinary capability set allows for:
 - Continuous iterative learning loops
 - Ongoing expansion of data sets with proprietary data
 - Rapid validation of AI predictions
 - Full control of process from idea to validation
 - Continued expansion of pipeline assets
- Significantly enhancing the value of our platform

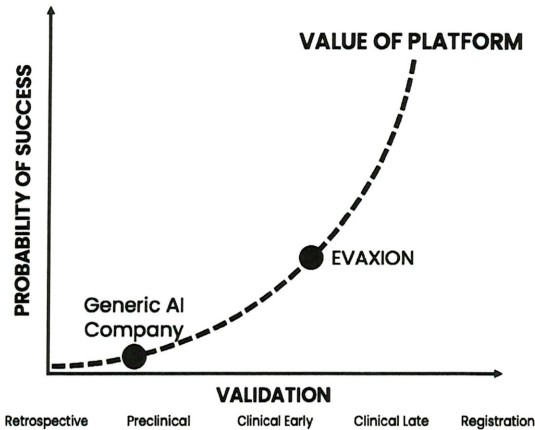


Figure 2: A clearly differentiated position with AI based drug discovery and development.

With AI-Immunology™ at the core, and further building upon our strong multidisciplinary capability set, our focus is on pursuing value realization of our AI platform and pipeline via a multi-partner approach. Our strategy is to be the leading AI-powered TechBio company. This is being executed through our business model, driving best-in-class target discovery collaborations using our AI-Immunology™ platform, and by advancing our proprietary pipeline of novel R&D candidates. We aim to become AI partner of choice, thus generating positive cash flow to fund our growth and fuel further innovation. Please see Figure 3 below for an overview of the Evaxion strategic ambition and business model.

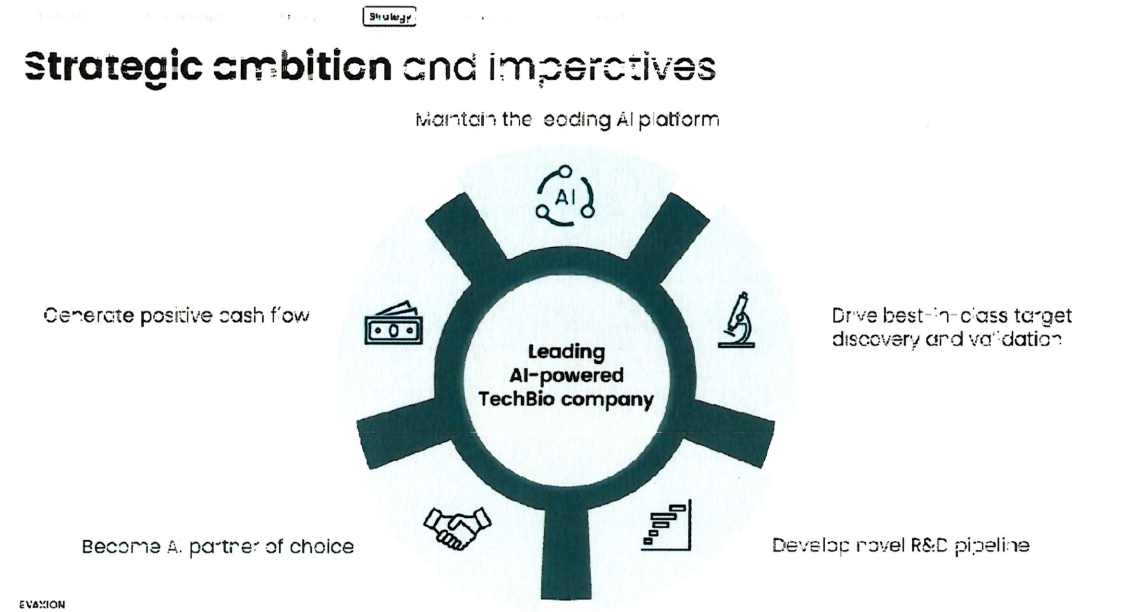


Figure 3: The Evaxion strategic ambition and business model.

Management's review

A multi-partner approach to value realization means that we have a strong focus on establishing partnerships where we bring our multidisciplinary capabilities and the unique predictive capabilities of AI-Immunology™ to partners with the objective of developing novel vaccine candidates. The agreement around EVX-B3 with MSD from September 2023, which in September 2024 resulted in a significantly expanded collaboration with an option and license agreement, covering both EVX-B3 and EVX-B2, with potential milestones of DKK 4.228,5 million per product, is a good example of what we aim at achieving. For EVX-B3, we teamed up with MSD in September 2023 to utilize AI-Immunology™ to discover and develop a novel vaccine for a bacterial infectious disease, where no vaccine is available today. We are excited about this collaboration with MSD and are thrilled to see it continuing into the next phase which now also includes EVX-B2. We are also very pleased with the level of interest we are seeing from other potential partners in establishing similar partnerships within other infectious disease areas and are excited about the potential for addressing significant unmet needs in collaboration with partners.

To further develop the predictive capabilities of AI-Immunology™, and hence further strengthen the value proposition to existing and potential partners, we are excited to have launched an upgraded version of EDENT™, EDENT™ 5.0, which took place at the European Conference on Computational Biology (ECCB) conference in September 2024.

We are advancing our own select high value programs to key value inflection points following which we will pursue partnering. With our multidisciplinary capabilities and the predictive capabilities of AI-Immunology™, we have strong potential for quickly advancing proprietary high value programs into preclinical and clinical development. However, we do not intend to run larger scale clinical trials ourselves. We are very excited about the convincing EVX-01 Phase 2 one-year clinical data we presented at ESMO in September.

The convincing data already makes us look forward to the two-year clinical readout in Q3, 2025. The one-year clinical data was a very important milestone for our lead pipeline candidate, and we are excited about the commercial potential of EVX-01. We will also partner pipeline assets before entering clinical development if this makes sense from a strategic and financial point of view. The agreement with MSD on EVX-B2 (as well as EVX-B3), containing potential milestones of up to DKK 4.228,5 million per product, which we announced in September 2024 is a good example of such early partnering strategy.

Hence, in summary we are seeing a continued strong progress in executing on our strategy. We are excited about having delivered successfully on most of our 2024 key milestones as can be seen in Figure 4A below.

	Milestones	Target
EVX-B1	Conclusion of final MTA study with potential partner	Q1 2024 ✓
AI-Immunology™	Launch of EDENT™ model version 5.0	Mid 2024 (ECCB, September) ✓
EVX-B2-mRNA	EVX-B2-mRNA preclinical Proof-of-Concept obtained	Q3 2024 (18 th Vaccine Congress, September) ✓
EVX-01	Phase 2 one-year readout	Q3 2024 (ESMO Congress, September) ✓
EVX-B3	Conclusion of target discovery and validation work in collaboration with MSD (tradename of Merck & Co., Inc., Rahway, NJ, USA)*	H2 2024 (✓)
Precision ERV cancer vaccines	Preclinical Proof-of-Concept obtained	H2 2024 ✓
Funding	Ambition for full year 2024 is to generate business development income or cash in equal to 2024 cash burn (excluding financing activities) of 14 million USD**	Unattainable

* MSD option and license agreement on EVX-B2 and EVX-B3 supersedes this milestone

** Certain discussions being pushed into 2025 makes 2024 ambition unattainable, but creates solid basis for 2025

Figure 4A: 2024 milestones.

Management's review

The strong strategy execution in 2024 makes us excited about the prospects for 2025. Focus for 2025 will be a continuation of the multi-partner approach to value realization via execution upon our business development strategy, continuation of the ongoing EVX-01 phase 2 trial, the ongoing strengthening of our AI-Immunology™ platform and further advancement of our research activities, including progressing our ERV based precision vaccine concept towards clinical development. Finally, focus is of course on advancing our existing partnerships including bringing the MSD collaboration to option exercise. Please the table below for an overview of 2025 company milestones.

	Milestones	Target
AI-Immunology™	Launch of automated lead vaccine candidate design module	H2
Business development and partnerships	At least two new agreements	2025
EVX-01	All patients completed EVX-01 dosing	H1 
EVX-01	Supplemental phase 2 biomarker and immunogenicity data	H1
EVX-01	Two-year phase 2 clinical efficacy readout	H2
Precision ERV cancer vaccine	Selection of lead vaccine candidate	H2
MSD vaccine collaboration (EVX-B2/EVX-B3)	MSD option exercise, up to USD 10 million option exercise fee	H2
EVX-V1	Lead antigens selected for CMV vaccine candidate	H2
Infectious diseases	Two new pipeline candidates	1 in H1, 1 in H2

Figure 4B: 2025 company milestones.

Intellectual Property

Introduction

We actively seek to protect the intellectual property (IP) and proprietary technology that we believe is important to our business. Further, we seek to protect our proprietary position by, amongst other methods, filing patent applications in Europe, the United States and potentially other relevant jurisdictions relating to our inventions, improvements and product candidates. We also pursue IP protection for assets that may be used in future development programs and/or that may be of interest to our collaborators, or otherwise may prove valuable in the field. We pursue a patent strategy which seeks to protect marketed products and methods of their production, as well as therapy methods enabled by our proprietary AI-Immunology™ platform without disclosure to the public the core elements in our technology. Furthermore, we have filed patent protection of aspects of our PIONEER™, EDEN™, AI-DeeP™ and RAVEN™ models, however, we do not believe that the value of obtaining patent protection for all component of our platform technologies outweighs the risks of disclosing such information. We rely on trade secrets and know-how relating to our proprietary technologies to develop, maintain and strengthen our proprietary position in AI-based drug discovery and development.

Patent applications that relate to the PIONEER™ technology cannot meaningfully be directed to single antigens and their various uses; neoantigens identified by PIONEER™ are by nature unique for each patient, therefore, the precise nature of each neoantigen has no relevance as an object for intellectual property rights. We are therefore establishing patent portfolio around the PIONEER™ model which

Management's review

protects generally applicable aspects of the model, enabling personalized cancer vaccine, i.e. protection of additional features and elements which characterize the PIONEER-enabled therapy compositions, and which could be applied to other anti-cancer therapies that are based on immunization against neoantigens. The focus on the patent protection in the PIONEER™ setting is therefore aiming at securing patent protection for 1) specific essential elements/ features needed to identify neoantigens not specific to the PIONEER™ system, 2) specific features characterizing the composition of the designed therapy, and 3) specific features related to patient safety of the administered composition.

For the AI-Immunology™ model; EDENT™, we file patents to protect vaccine antigens identified, vaccine compositions, antibodies, and antibody compositions as well as methods for prophylactic treatment of infectious diseases where the vaccine antigens and antibodies constitute the active ingredient. We file applications relating to several vaccine targets for each infectious agent causing the diseases and prosecute those antigens that have shown greatest promise as protective antigens in animal models. Our patent strategy for the EDEN technology also entails identification of optimal combinations of vaccine antigens as well as identification of specific vaccine formulations and modes of immunization that can be made the subject of second- and later generation patent applications that protect the final marketed product. Furthermore, we have one patent family pending covering the EDENT™ method itself.

For the AI-Immunology™ model; RAVEN™, we have filed patent applications related to some aspects of the method for viral vaccine design as well as product claims related to viral vaccines designed by RAVEN thus harboring unique features of the RAVEN™ design. However, the core functionality of RAVEN™ is protected by trade-secret and not patents as we have assessed that disclosure of methods do not outweigh the benefit of obtaining patent protection.

Most of our IP assets were developed and are owned solely by us. In the few cases where our IP assets are jointly owned or in-licensed from third parties, we retain full rights to the commercial exploitation of such assets. We expect that we will continue to make additional patent application filings and will continue to pursue opportunities to acquire and license additional IP assets.

Regardless, given the early stage of prosecution for some of our patent application, we cannot be certain that any of the patent filings or other IP rights that we have pursued or obtained will provide protection for any product candidates that may ultimately be commercialized. Our most advanced product candidates are currently in clinical testing, with no certainty that they will be successful, or that significant modification or adjustment may not be required for successful commercialization.

Our success will depend on our ability to obtain and maintain patent and other proprietary protection for commercially important technologies, inventions, and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets and operate without infringing valid and enforceable patents and proprietary rights of third parties. For more information, please see "Risk Factors — Risk Related to Our Intellectual Property".

An issued patent provides its owner (or possibly its licensee) with a right to exclude others from making, using or selling that which is claimed in the patent, for a specified period of time (the "term" of the patent), in the jurisdiction in which the patent is issued. In the United States, and in many other countries, patents have a presumptive term of 20 years from their accorded filing date (which is the earliest filing date to which the patent claims lineage, excluding filing dates claimed as priorities under the Paris Convention Priorities and/or priorities claimed from provisional patent applications). We believe that due to the patient- specific nature of our PIONEER™ based cancer vaccines, in which our PIONEER™ model is an inherent part of the product, and the platform predicted neoantigens cannot, we believe, be copied, such therapies will not be subject to competition from generic products even when the patent protection expires.

Management's review

Patent Portfolio

As of December 31, 2024, we owned a total of 31 patent families, of which 7 are currently in their priority year or international phase and we own several granted patents in the United States (13), Germany (4), France (4), Spain (1), Great Britain (5) and 1 European unitary patent (in force 17 EU-member states) and have 83 pending national/regional applications.

So far none of our granted patents has been subject to opposition, administrative reexamination, inter partes review, invalidity actions, or similar actions aiming at revoking or restricting the scope of a granted patent.

The patent portfolio related to our most advanced product candidates and technologies as of December 31, 2024, are summarized below.

EVX-01

EVX-01 is protected by trade secrets, patent applications related to, and the proprietary nature of the AI-Immunology model; PIONEER. In addition to IP protection of the PIONEER™ model, our patent portfolio related to EVX-01 currently includes one patent family directed to a method of treating cancer in a patient using neopeptides (EVX-01). The patent application has entered national phase in CA, CN, US, EP, JP and AU. We expect the patent family to lapse in January 2040.

EVX-02

EVX-02 is protected by trade secrets, patent applications related to, and the proprietary nature of the PIONEER™ models. In addition to IP protection of the PIONEER™ model, our patent portfolio related to EVX-02 currently includes two patent families. The first patent family is claiming a method directed at inducing an anti-cancer immune response in patients by administering the EVX-02 vaccine concept comprising DNA plasmid and poloxamer 188, a novel adjuvant. The second patent family is directed at a method of inducing an anti-cancer immune response in patients by administering the EVX-02 plasmid alone. Both patent families are in national phase in EP, CA, CN, US, JP and AU. The first patent family is expected to lapse in March 2040 and the second in December 2040.

EVX-03

EVX-03 is protected by trade secrets, patent applications related to, and the proprietary nature of the PIONEER model. Furthermore, due to the similarities between our two DNA-based cancer vaccines, EVX-03 and EVX-02, our patent families covering EVX-02 also applies to EVX-03. In addition, one patent family has been filed that specifically relates to the targeting unit, unique to EVX-03. The patent family is a composition of matter application directed to the EVX-03 product concept. The patent family has national applications pending in the following Jurisdictions: AU, CA, CN, EP, JP and US. We expect that the patent rights will lapse in April 2041.

EVX-B1

Our patent portfolio related to EVX-B1, includes five patent families. The patent families are composition of matter patents, or methods for inducing anti *S. aureus* immunity, directed against compositions comprising one or more *S. aureus* antigens. As of December 31, 2023, the first patent family comprise five issued patents in the US, one in DE, one in FR and one in GB as well as one pending application in US and one pending application in EP. The patent family is expected to expire in April 2032. The second patent family comprises one US patent, one US and one EP pending application. We expect the patent family to lapse in December 2034. The third patent family comprises one US, one GB, one DE and one FR registered patents. We expect the family to lapse in February 2037. Our fourth EVX-B1 related patent family comprises one issued US patent as well as pending applications in EP and US. We expect this patent family to lapse in July 2037. The fifth family claims a composition used for vaccination against *S.*

Management's review

aureus comprising our EVX-B1 vaccine. The application is in international phase and upon entry into national stage, we expect this patent family to lapse in 2042.

EVX-B2

Our Patent portfolio related to EVX-B2 comprise two patent families. Both families are directed against antigens useful in vaccines against *N. gonorrhoeae*. The first patent family is at national stage and contains pending applications in EP and the US. Subject to grant, we expect these patents to expire in 2041. The second family is in international phase, and we expect, upon entry into national applications, that patent arising from the international application will expire in 2042.

EVX-V1

Together with our development partner for EVX-V1 we have filed one PCT application claiming variants of a specific antigen useful for vaccine against CMV. Subject to national stage entry we expect the patent family to expire in September 2044.

PIONEER

The AI-Immunology™ model: PIONEER™ is mainly protected as a trade secret as computational methods are complicated to patent and protect from infringement. However, our current patent portfolio comprises one patent family related to PIONEER™ covering some aspects that are important for neoantigen selection and detectable for infringement. The patent family is directed against a method for selecting and de-selection of neoantigens for treatment of cancer comprising the SLICE model used in PIONEER for epitope prioritization. The patent family have pending applications in AU, CA, CN, EP, JP and US. We expect the family to lapse in July 2041. The second family is directed against as method for identifying antigens (including neoantigens) using the AI-framework used in PIONEER™ for MHC ligand identification. The patent family is currently in priority year.

ObsERV

The AI-Immunology™ model: ObsERV™ is, like the PIONEER™ model, protected by trade-secrets and one patent family. The family supplements the identification of neoantigens with a system for identifying highly immunogenic epitopes from human endogenous retroviral sequences, or hERVs, and other normally non-expressed tumor specific epitopes found in the human genome and use these to treat cancer. The patent discloses a method for deselecting potentially harmful and non-immunogenic hERV epitopes. This patent application is in international stage.

RAVEN

Our AI-Immunology™ model; RAVEN™, is in addition to trade secrets and the proprietary nature of the model, protected by two patent families. The first patent family is a composition of matter family directed to the vaccine delivery concept that can be utilized together with the RAVEN™ model. As of December 31, 2023, the family comprise one AU, one CA, one CN, one, EP, one JP and one US patent application. We expect the patent family to lapse in July 2041. The second patent family also a matter of composition patent aimed at a vaccine product designed from analyzing genomes of pathogens by the RAVEN model.

The patent family comprise one EP and one US patent application. We expect the patent family to lapse in 2042.

Management's review

AI-DeeP

Our AI-Immunology™ model; AI-DeeP™, is in addition to trade-secret and the proprietary nature of the model, protected by one patent family. The patent family discloses a method for identifying patients' response to immunotherapy comprising measuring and relating HLA expression in patient's tumor sample.

The method disclosed is comprised in the AI-DeeP model™. The patent family is in national phase with one EP and one US patent pending.

EDEN

Our AI-Immunology™ model EDEN™, has provided input for multiple patent applications within our bacterial vaccine portfolio. The model itself is been kept as trade-secret, however one patent application has been filed to cover the EDEN™ method. The application is in priority year and is expected to lapse in 2043.

Employees

As of December 31, 2024, we had 46 full-time equivalent employees, of which 17 hold a doctoral degree or higher. All full-time equivalent employees were based in the capital region of Denmark, as of December 31, 2024. The following table provides a breakdown of our full-time equivalent employees as of December 31, 2024 and 2023, by function:

Function	2024	2023
Clinical Research & Development	3,0	5,0
Scientific Research & Development	28,0	27,0
Supporting Functions	13,0	13,5
Commercial & Business Development	2,0	3,5
TOTAL	46,0	49,0

Significant Accounting Judgements, Estimates, and Assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and amounts reported in the consolidated financial statements and accompanying notes. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Actual results may differ from these estimates.

The preparation of the consolidated financial statements in conformity with IFRS as issued by the IASB requires management to make judgements, estimates and assumptions that affect the application of policies and amounts reported in the consolidated financial statements and accompanying notes. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Management's review

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting policies which involve significant estimates, assumptions or judgements, the actual outcome of which could have a material impact on the Company's results and financial position outlined below, are as follows:

Share-based compensation

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the share awards is determined at the date of grant using generally accepted valuation techniques or valuation based on the Company's fundraising events. Assumptions are made and judgments are used in applying valuation techniques. Prior to the Company's IPO completed in February 2021, these assumptions and judgments include estimating the fair value for the underlying ordinary share on the warrant grant date, as well as the likelihood of liquidity events such as IPOs. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates as well as the term applied to the expense recognition.

Subsequent to the Company's IPO completed in February 2021, determining the initial fair value and subsequent accounting for equity awards require significant judgment regarding expected life and volatility of an equity award; however, as a public listed company there is objective evidence of the fair value of an ordinary share on the date an equity award is granted. Refer to Note 9 for further detail surrounding share-based compensation.

EIB Loan and EIB Warrant liability

In February 2022, the first tranche related to the Company's loan agreement with the European Investment Bank (EIB) was drawn down. As part of the loan arrangement warrants were granted to EIB. The liability is initially recognized at fair value, net of transaction costs incurred (this includes the amount attributable to the warrants (see below)). The loan is subsequently measured at amortized cost using the effective interest method. The effective interest rate is determined based on the outstanding amount and the fixed interest payments during the period outstanding and the accumulated payment-in-kind interest payment to be paid upon repayment. The warrants are considered a liability as they can be settled in cash and form part of the overall return to EIB on the financing arrangement and are thus accounted for in accordance with the financial instruments standards IAS 32 and IFRS 9. The liability is measured initially at its fair value. The cost upon initial recognition is accounted for as transaction costs as it is directly linked to the drawdown on each individual tranche of the EIB Loan. The warrant liability is subsequently remeasured at the redemption amount. Significant judgment is made in respect of valuation of the warrants.

Investor Warrants

In December 2023, the Company entered into a Securities Purchase Agreement with the 2023 SPA Investors, for the issuance and sale in a private placement of the Company's ordinary shares, DKK 1 nominal value represented by ADSs and accompanying 2023 SPA Investor Warrants to purchase ordinary shares represented by ADSs. In accordance with IAS 32, the Company determined that the 2023 SPA

Management's review

Investor Warrants were derivative financial instruments because while they contain no contractual obligation to deliver cash or other financial instruments to the holders other than the Company's own ordinary shares, the exercise price of the 2023 SPA Investor Warrants were in USD and not the Company's functional currency. The 2023 SPA Investor Warrants were accounted for in accordance with IFRS 9 and were determined to be liability classified.

In February 2024, the Company entered a 2024 Offering with certain investors, for the issuance and sale in a private placement of the Company's ordinary shares, DKK 1 nominal value represented by ADSs and accompanying 2024 Investor Warrants to purchase ordinary shares represented by ADSs. In accordance with IAS 32, the Company determined that the 2024 Investor Warrants were derivative financial instruments because while they contain no contractual obligation to deliver cash or other financial instruments to the holders other than the Company's own ordinary shares, the exercise price of the 2024 Investor Warrants were in USD and not the Company's functional currency. The 2024 SPA Investor Warrants were accounted for in accordance with IFRS 9 and were determined to be liability classified. The warrant liability was measured at fair value at initial recognition and subsequently remeasured at fair value each reporting date until either exercised or expired. Significant judgment is made in respect of valuation of the warrants. The fair value of the warrants were determined using a Black-Scholes valuation model, considering relevant inputs, including the expected share price volatility, remaining contractual term, risk-free interest rate and expected dividend.

As a result of the 2024 Warrant Amendment, the exercise price of the 2023 SPA Investor Warrants and the 2024 Investor Warrant was converted from USD to DKK. As the awards are no longer settled in foreign currency, the warrants now meet the fixed for fixed criteria under IAS 32. This resulted in a change of classification of the awards from liability classification to equity classification. Due to the classification change, the derivative liability was reclassified to other reserves at the time of the amendment.

Refer to Note 20 for detailed information on the fair value measurement of the 2023 SPA Investor Warrants and 2024 Investor Warrants, including the significant inputs, and the effect of changes in those inputs.

Leasehold improvements and loan from lessor

A significant judgment was made in respect of determining whether customization of leased premises forms part of the lease or is a leasehold improvement funded by the lessor. See the section "Leasehold improvements and Loan from lessor" in Note 21.

There have been no other changes to the application of critical accounting judgments, or estimation uncertainties regarding accounting estimates.

Financial Development

For the year ended December 31, 2024 the net loss showed DKK 73,3 million compared to a loss of DKK 152,4 million for the year ended December 31, 2023.

The result is in line with the expectations after we in September 2024 entered into a license agreement

Management's review

with agreement with Merck & Co., Inc.

The company has lost more than half of its subscribed share capital. The board of directors has informed the shareholders of the ongoing process of reestablishing the share capital at the general meeting.

Revenue

Revenues were DKK 22,7 million for the year ended December 31, 2024 compared to DKK 0,5 million for the year ended December 31, 2023. The increase in revenue was primarily due to revenue recognized upon the achievement of a initial milestone payment under the option and license agreement with Merck & Co., Inc.

Research and development

Research and development expenses were DKK 72,1 million for the year ended December 31, 2024, compared to DKK 82,2 million for the year ended December 31, 2022. The decrease in research and development expenses was primarily due to the full year effect of reduced headcount in 2023.

General and administrative

General and administrative expenses were DKK 52,5 million for the year ended December 31, 2024, as compared to DKK 71,2 million for the year ended December 31, 2023. The decrease in general and administrative expenses was primarily due to a DKK 14,0 million decrease in external costs related to legal fees, professional fees, and costs related to capital raises, and a DKK 4,9 million decrease in employee-related costs due to a changed employee mix, and change of senior management and full-time effect of new hires in 2023.

Finance income

Finance income for the year ended December 31, 2024, were DKK 44,1 million, compared to DKK 6,6 million for the year ended December 31, 2023. Finance income for the year ended December 31, 2024, consists primarily of gains from changes in fair value of derivative liabilities of DKK 37,9 million and foreign currency gains recognized with DKK 4,5 million, and interest income of DKK 1,8 million.

Finance expenses

Finance expenses for the year ended December 31, 2024, were DKK 21,0 million, compared to DKK 11,6 million for the year ended December 31, 2023. The finance expenses primarily consist of loss from changes in fair value of derivative liability of DKK 11,5 million, interest expense and related loan costs of DKK 5,5 million on borrowings, interest expenses from leasing agreements of DKK 1,1 million and foreign currency losses recognized with DKK 2,6 million.

Income taxes

The income tax benefits were DKK 5,5 million for the year ended December 31, 2024, compared to DKK 5,5 million for the year ended December 31, 2023. Our effective tax rates for the year ended December

Management's review

31, 2023, and 2022 were different from the Danish effective statutory tax rate of 22% as only expected tax receivable from R&D Tax Schemes in Denmark and Australia are recognized.

Tax losses carried forward for which deferred tax assets have not been recognized in the statement of financial position were DKK 663,3 million for the year ended December 31, 2024, as compared to DKK 579,2 million for the year ended December 31, 2023.

Liquidity

As of December 31, 2024, and December 31, 2023, our available liquidity, comprised of cash and cash equivalents, was DKK 42,5 million and DKK 37,7 million respectively.

Following a successful public offering and at-the-market offering in January 2025 securing proceeds of DKK 77,1 and DKK 35,7 million respectively, with the Company's current cash position and planned cash outflows from operating, investing and financing activities, the Company expects to have sufficient funds into mid-2026.

Forward looking statement and financing requirements

Building on the many achievements made we are pursuing several value catalysts for 2025.

Evaxion's overriding priorities are execution upon our business development strategy, continuation of the ongoing EVX-01 phase 2 trial, the ongoing strengthening of our AI-Immunology™ platform and further advancement of our research activities, including progressing our ERV-based precision vaccine concept towards clinical development. Finally, the focus is on bringing the MKerck & Co, Inc. collaboration to option exercise.

We maintain strict cost control and diligently prioritize our resource allocation. This enables us to absorb the increased level of activity in 2025 within the same cash spend as in 2024, e.g. we expect an operational cash burn of DKK 102 million in 2025. Following the mentioned public offering and at-the-market offering in January 2025 securing proceeds of DKK 77,1 and DKK 35,7 million respectively, with the Company's current cash position and planned cash outflows from operating, investing and financing activities, the Company expects to have sufficient funds into mid-2026. We will seek additional capital if market conditions are favorable or if we have specific strategic considerations as well as operational requirements.

Our spending will vary based on new and ongoing development and corporate activities. Due to high uncertainty of the length of time and activities associated with discovery and development of our product candidates, we are unable to estimate the actual amount of funds we will require for our developmental activities.

Subsequent events

Refer to note 2 for details on significant events after the reporting date.

Management's review

Environmental information

As a TechBio company our activity has limited environmental impact. The impact derives primarily from electricity and heating of our premises. We only use reputable suppliers for our clinical studies and operate our laboratory according to applicable regulations. We have a responsible approach to the environmental impact from our operations and strive continuously to optimize processes to reduce our environmental footprint.

Accounting policies

The consolidated financial statements for Evaxion Biotech A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The Company has elected to apply the guidance in IFRS 16 as the basis for recognition and measurement of leases, the guidance in IFRS 15 as the basis for recognition and measurement of revenue from contracts with customers and measurement of liabilities and the guidance in IFRS 2 as the basis for recognition and measurement of equity settled share based payment.

The balance sheet is presented based on a current/non-current distinction.

The consolidated financial statements are presented in Danish Kroner ("DKK"), and rounded to nearest thousand.

All financial assets and liabilities are measured at amortized cost unless otherwise stated.

The consolidated financial statements have been prepared on a going concern basis using a historical cost basis.

Significant assumptions and judgments

Share-based compensation

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the share awards is determined at the date of grant using generally accepted valuation techniques or valuation based on the Company's fundraising events. Assumptions are made and judgments are used in applying valuation techniques. Prior to the Company's IPO completed in February 2021, these assumptions and judgments include estimating the fair value for the underlying Ordinary share on the warrant grant date, as well as the likelihood of liquidity events such as IPOs. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates as well as the term applied to the expense recognition.

Subsequent to the Company's IPO completed in February 2021, determining the initial fair value and subsequent accounting for equity awards require significant judgment regarding expected life and volatility of an equity award; however, as a public listed company there is objective evidence of the fair value of an ordinary share on the date an equity award is granted. Refer to Note 6 for further detail surrounding share-based compensation.

Leasehold Improvements and Loan from Lessor

A significant judgment was made in respect of determining whether customization of leased premises forms part of the lease or is a leasehold improvement funded by the lessor. See the section "Leasehold improvements and Loan from lessor" in Note 19.

There have been no other changes to the application of critical accounting judgments, or estimation uncertainties regarding accounting estimates.

Accounting policies

The consolidated financial statements

The consolidated income statements comprise the parent company Evaxion Biotech A/S and those group enterprises of which Evaxion Biotech A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' fair value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Foreign currency translation

Foreign currency transactions are translated into DKK using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as financial income or financial expenses in the statements of comprehensive loss. Non-monetary items in foreign currency which are measured at cost at the statements of financial position date are translated using the exchange rates at the date of the transaction.

Accounting policies

Income statement

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15, Revenue from Contracts with Customers. To determine revenue recognition for agreements that the Company determines are within the scope of IFRS 15, the Company performs the following five steps:

- i. identify the contract
- ii. identify the performance obligations in the contract
- iii. determine the transaction price
- iv. allocate the transaction price to the performance obligations in the contract
- v. recognize revenue when (or as) the entity satisfies a performance obligation

When contracts with customers are entered into, the goods and/or services promised in the contract are assessed to identify distinct performance obligations.

A promise in the agreement is considered a distinct performance obligation if both of the following criteria are met:

- The customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct); and
- The entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

The transaction price in the contract is measured at fair value and reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The transaction price may include up-front payments and milestone payments.

Licenses of Intellectual Property

If the license to the company's intellectual property is determined to be distinct from the other performance obligations identified in an out-licensing arrangement, the company recognizes revenue from non-refundable, up-front fees allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are bundled with other promises, the company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, up-front fees. The company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

Accounting policies

Milestone Payments

At the inception of each arrangement that includes development milestone payments, the company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the company or the licensee, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the company re-evaluates the probability of achievement of such development milestones and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenue in the period of adjustment.

Contract Work

Revenue from contract research and licenses that do not transfer the right of ownership to an intangible asset are recognized over time in line with the execution and transfer of the services. The percentage of completion is made up based on the stage of completion on each individual work in progress.

Research and development expenses

Research and development expenses are primarily intragroup and external costs incurred in the development of the Company's product candidates, including personnel costs, share-based compensation for employees, external research and development expenses, maintenance of the Company's patents, overhead allocation and enhancements and maintenance of the Company's technology platforms.

The research activities are comprised of activities performed before filing an Investigational New Drug Application ("IND") or equivalent and necessary pre-clinical activities for such product candidates. All research expenses are recognized in the period in which they are incurred and payments made prior to the receipt of goods or services to be used in research and development are deferred until the goods or services are received. The Company records accruals for estimated research and development costs, comprising payments for work performed by third-party contractors and others. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, in which case, they are reflected in the financial statements as expense, prepaid expense or accrued expense.

Accounting policies

The development activities are comprised of the activities performed following the filing of an IND or equivalent clinical-enabling activities for such product candidates, including but not limited to, research and clinical research activities. In line with industry practice, intragroup and subcontracted development costs are expensed as incurred. Due to regulatory uncertainties and other uncertainties inherent in the development of new products, development expenses do not qualify for capitalization as intangible assets until marketing approval by a regulatory authority is obtained or considered highly probable.

Contract Research Organizations expenses and related prepayments and accruals

Substantial portions of the Company's clinical studies are performed by third-party laboratories, medical centres, contract research organizations and other vendors (collectively, the "CROs"). The CROs generally bill monthly or quarterly for services performed. For studies, the Company accrues expenses based upon estimated percentage of work completed.

The Company's estimates depend on the timeliness and accuracy of the data provided by the CROs regarding the status of each program and total program spending. The Company evaluates the estimates to determine if adjustments are necessary or appropriate based on information received.

CROs invoice the Company upon the occurrence of predetermined contractual or activity-based milestones; however, the timing of these invoices and the Company's related payments often do not correspond directly to the level of performance of contracted activities. To the extent payments are made by the Company in advance of the related activities performed by the CROs, they are included in prepayments and other receivables and expensed when the activities performed by the CROs. To the extent the payments are made by the Company following the performance of the related activities, the expense is accrued for as trade payables.

Income from government grants

The Company receives grants for certain research and development activities. The grant income is recognized as a reduction of research and development expenses in the period in which the underlying expenditures were incurred and when there is reasonable assurance that the Company will comply with all conditions to receive the grant income. Government grants comprise direct grants.

General and administrative expenses

General and administrative expenses consist primarily of fees paid to external consultants and personnel costs, including share-based compensation for employees. In addition, general and administrative expenses also include depreciation and other expenses for the Company's corporate headquarters as well as other allocated overhead.

Accounting policies

Share-based payments

The Company issues warrants as an incentive to employees and non-employees. The fair value of the warrants granted is recognized as an expense with a corresponding credit to accumulated deficit. The fair value is expensed over the requisite service period of the awards. The expense recognition is based on an estimate of the number of warrants expected to vest. The estimate is reassessed regularly, and on a cumulative basis, the expense is equal to the fair value of the number of warrants which actually vest.

For employees and consultants providing services similar to employees of the Company, the fair value of the equity instruments is determined at the date of grant resulting in a fixed fair value at grant date that is not adjusted for future changes in the fair value of the equity awards that may occur over the service period. The grant date is defined as the date at which the parties agree to the contractual terms.

For consultants providing other services that are not similar to employees of the Company, the transactions are measured at the fair value of the services received unless this is not reliably measurable. In such cases, the transactions are measured at fair value of the equity instruments granted at the dates when the services are provided.

Modification of warrants which are beneficial are accounted for with their incremental value or over the shorter vesting period. Non-beneficial modifications such as an extension of the vesting period are not accounted for. Consequently, the original terms are deemed to continue to exist.

The Company estimates the fair value of warrants using the underlying value of the Company's ordinary shares. Since the warrants granted before December 2020 are exercisable for nominal consideration, the warrants are valued using the fair value of the Company's ordinary shares on grant date less the exercise consideration. Warrants granted during 2021 are valued using a black-scholes share option pricing model. The assumptions used in calculating the fair value of share-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. The key assumption in this estimate is the fair value of the Company's ordinary share on the warrant grant date and estimated volatility of the underlying share.

Results from investments in subsidiaries

The item "Result from investments in subsidiaries" in the income statement includes the proportionate share of the result for the year in the Australian and American subsidiary.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the quarter, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in the net revaluation reserve according to the equity method under equity.

Accounting policies

Results from investments in subsidiaries (continued)

The item “Result from investments in subsidiaries” in the income statement includes the proportionate share of the result for the year in the Australian and American subsidiary.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the quarter, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in the net revaluation reserve according to the equity method under equity.

Foreign exchange adjustments of balances with foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly the translation reserve under equity. Foreign exchange gains and losses on loans of foreign subsidiaries are also recognised directly in equity, which applied in 2020, before changing the transfer pricing setup.

On recognition of foreign subsidiaries that are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Finance Income

Finance income is comprised primarily of foreign currency gains and is recognized with the amounts relating to the financial year.

Finance Expense

Finance expense is comprised primarily of interest expense determined in accordance with the effective interest method and the effect of reassessment arising from change in the expected settlement date, foreign currency losses and interest on the Company’s lease liability.

Accounting policies

Income tax

The income tax for the period comprises current and deferred tax, including prior-year adjustments and changes in provisions for uncertain tax positions. Tax is recognized in the statement of comprehensive loss, except to the extent that it relates to items recognized in equity.

Research and development tax credits are available to the Company under the tax laws of Denmark, based on qualifying research and development spend. Such tax credits are recognized as an income tax benefit. Tax credits in excess of the corporate tax rate are classified as government grants.

Accruals for uncertain tax positions and/or valuation of government grant receivables require management to make judgments of potential exposures. Accruals for uncertain tax positions and/or valuation of government grant receivables are measured using either the most likely amount or the expected value amount, depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognized unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

Statement of financial position

Property, plant, and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets, as follows:

	Useful life
Properties	10 years
Leasehold improvements	11 years
Other equipment	5-10 years

Accounting policies

Leases

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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities for future remaining lease payments and right-of-use assets representing the right to use the underlying assets.

Leasehold improvements and Loan from lessor

The Company's lease contract comprises funding for the customization of the premises to the Company's specific needs. The payment is determined based on the actual costs incurred for the customization, a repayment period of 8 years and an interest rate of 6% per annum.

The Company has assessed whether this is a lease component, or a leasehold improvement funded by the lessor. We have considered the following factors:

1. Which party designed the customization
2. Which party had the right to direct changes to the work
3. Who is taking on the economic risk of the cost price of the work

A third party has designed the project according to the Company's instructions, and the Company had the right to direct changes to the work during the construction period. Further, the Company has the full economic risk of the work due to 1:1 linkage between construction costs and payments to the lessor. Consequently, the Company has assessed that the customization is a leasehold improvement funded by the lessor and accordingly presented a leasehold improvement and a corresponding liability for the loan from the lessor.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of the following payments, when applicable:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments (linked to an index or interest rate);
- expected payments under residual value guarantees;
- the exercise price of purchase options, where exercise is reasonably certain;
- lease payments in optional renewal periods, where exercise of extension options is reasonably certain;
- and penalty payments for the termination of a lease, if the lease term reflects the exercise of the respective termination option.

Accounting policies

The lease payments are discounted using the interest rate implicit in the lease if this rate can be readily determined. Otherwise, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. In addition, the carrying amount of the lease liabilities are remeasured if there is a modification, a change in the lease term, or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

Investments

Investments in subsidiaries

Investments in subsidiaries are recorded under the equity method, using the respective share of the net asset values in subsidiaries. Net profit/loss of subsidiaries less unrealised intra-group profits is recorded in the income statement of the parent company. Profits/loss in subsidiaries are recognized as profit/loss after tax

Intragroup receivables which were neither likely planned nor likely to be paid within a foreseeable future are treated as part of the net investment.

The total net revaluation of investments in subsidiaries is allocated via the profit allocation to a "Net revaluation reserve" under equity.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Impairment of non-financial assets

Assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Accounting policies

Right-of-use assets

The Company recognizes a right-of-use asset at the lease commencement date (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred, and restoration costs.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the right-of-use asset using the straight-line method. In addition, right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements.

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 instruments are classified at initial recognition, including on the basis of the purpose for which the instrument was acquired and managed. This classification determines the valuation of the instruments.

(i) Non-derivative financial assets

Non-derivative financial assets are recognized initially on the date they are originated. The Company derecognizes non-derivative financial assets when the contractual rights to cash flows expire or it transfers the right to receive cash flows in a transaction which transfers substantially all the risks and rewards of ownership of the asset. The Company's financial assets are initially recognized at fair value and subsequently measured at amortized cost less accumulated impairment losses.

The Company holds the following categories of non-derivative financial assets:

Prepayments and Other receivables

Receivables (including lease deposits, receivables and receivables from unpaid capital) represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are measured at amortized cost less impairment.

Prepayments include expenditures related to future financial periods and are measured at amortized cost

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Accounting policies

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities comprise other payables which are measured initially at fair value and subsequently at amortized cost.

Trade Payables

Trade payables and accruals relate to the Group's purchase of products and services from various vendors in the normal course of business.

Other Payables

Other payables are comprised of payables to clinical research organizations, employee liabilities and other liabilities. The contract liabilities consist of CROs and vendor accruals. Employee cost liabilities are comprised of provision for holiday allowance, provision for salaries and other employee related provisions. Other liabilities consist of commitments and liabilities related to government grants received in advance.

Debt

Debt is comprised of debt agreements that are carried at amortized cost using the effective interest method.

Warrants issued as part of loan agreements

Warrants issued as part of a loan arrangement the warrants are considered part of the overall return paid on the financing arrangement and are thus accounted for in accordance with the Financial Instruments Standards (IAS) 32 and IFRS 9. If warrants can be settled net in cash a financial liability for the redemption amount is recognized.

The liability is measured initially at its fair value and is subsequently remeasured at the redemption amount. The redemption amount is equal to the current share price. The remeasurements are presented as finance expense or finance income.

Warrants issued to investors (derivatives)

The warrants issued to investors are accounted for in accordance with IFRS 9 and were determined to be liability classified. The warrant liability is measured at fair value at initial recognition and subsequently remeasured at fair value each reporting date until either exercised or expired. The changes in the fair value of the Investor Warrants during the reporting period are recognized as finance expense or finance income in the statements of comprehensive loss.

Upon exercise, the exercise date fair value of the 2023 SPA Investor Warrants is transferred to equity as an addition to the subscription price. If the 2023 SPA Investor Warrants expire unexercised, then the fair value at the expiration date is also transferred to equity.

Accounting policies

Equity

The share capital comprises the nominal amount of the company's ordinary shares, each at a nominal value of DKK 1.

Share Premium includes the share premium comprising the amount received, attributable to shareholders' equity, in excess of the nominal amount of the shares issued at the company's capital increases, reduced by any expenses directly attributable to the capital increases as well as translation reserves.

Translation reserves include exchange rate adjustments of equity investments in our group enterprises.

Net valuation reserve include the accumulated profit in group enterprises as well as the exchange rate adjustments of equity investments in our group enterprises.

Accumulated Deficit include the accumulated profit or loss as well as the reserve for share-based payment represents the corresponding entries to the share-based payment recognized in the profit or loss, arising from our warrant programs.

Deferred taxes

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where the tax value can be determined according to alternative tax rules, deferred tax is measured on the basis of the planned use of the asset or the settlement of the obligation.

Deferred tax assets are measured at the value at which they are expected to be utilized, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities. Deferred tax assets are set of within the same legal tax entity and jurisdiction.

The Company recognizes deferred income tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized.

Tax receivables

Current tax assets for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred offering costs

Offering costs, consisting of legal, accounting, printer and filing fees directly attributable to the issuance of new shares relating to planned public offerings, are deferred and will be offset against proceeds from such offerings.

Accounting policies

Provisions

Provisions are recognized when we have an existing legal or constructive obligation as a result of events occurring prior to or on the balance sheet date, and it is probable that the utilization of economic resources will be required to settle the obligation. Provisions are measured as the best estimate of the expense necessary to settle the obligation at the balance sheet date. Provisions that are estimated to mature after more than one year after the balance sheet date are measured at their present values.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows of the group for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and group' cash and cash equivalents at the beginning and the end of the year, respectively.

A cash flow statement for the parent has not been prepared as the cash flows of the enterprise are included in the consolidated cash flow statement, cf. section 86, subsection 4, of the Danish Financial Statements Act.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Accounting policies

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and short-term financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Income statement 1 January - 31 December

DKK thousand.

Note	Group		Parent	
	2024	2023	2024	2023
Revenue	22.759	507	22.324	507
Gross profit	22.759	507	22.324	507
Administration expenses	-52.516	-71.246	-52.441	-71.012
Research and development costs	-72.081	-82.156	-71.836	-82.651
Operating profit	-101.838	-152.895	-101.953	-153.156
Income from investments in group enterprises	0	0	308	237
5 Financial income	44.658	6.670	44.656	6.646
6 Financial expenses	-21.550	-11.630	-21.788	-11.641
Financing, net	23.108	-4.960	23.176	-4.758
Pre-tax net profit or loss	-78.730	-157.855	-78.777	-157.914
7 Tax on net profit or loss for the year	5.453	5.441	5.500	5.500
8 Net profit or loss for the year	-73.277	-152.414	-73.277	-152.414

Balance sheet at 31 December

DKK thousand.

Assets				
<u>Note</u>	<u>Group</u>		<u>Parent</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Non-current assets				
9 Land and buildings	12.451	14.133	12.451	14.133
10 Other fixtures, fittings, tools and equipment	4.368	5.786	4.368	5.786
11 Leasehold improvements	<u>8.289</u>	<u>9.374</u>	<u>8.289</u>	<u>9.374</u>
Total property, plant, and equipment	<u>25.108</u>	<u>29.293</u>	<u>25.108</u>	<u>29.293</u>
12 Investments in group enterprises	0	0	6.082	5.947
13 Government grants	317	195	0	0
14 Deposits	<u>1.154</u>	<u>1.130</u>	<u>1.154</u>	<u>1.130</u>
Total investments	<u>1.471</u>	<u>1.325</u>	<u>7.236</u>	<u>7.077</u>
Total non-current assets	<u>26.579</u>	<u>30.618</u>	<u>32.344</u>	<u>36.370</u>
Current assets				
Income tax receivables	11.000	5.500	11.000	5.500
15 Other receivables	<u>9.095</u>	<u>13.159</u>	<u>9.045</u>	<u>13.029</u>
Total receivables	<u>20.095</u>	<u>18.659</u>	<u>20.045</u>	<u>18.529</u>
Cash and cash equivalents	<u>42.523</u>	<u>37.652</u>	<u>42.280</u>	<u>37.566</u>
Total current assets	<u>62.618</u>	<u>56.311</u>	<u>62.325</u>	<u>56.095</u>
Total assets	<u>89.197</u>	<u>86.929</u>	<u>94.669</u>	<u>92.465</u>

Balance sheet at 31 December

DKK thousand.

Equity and liabilities				
<u>Note</u>	<u>Group</u>		<u>Parent</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Equity				
16 Contributed capital	70.130	37.898	70.130	37.898
Share premium	621.458	562.599	621.458	562.599
Reserve for net revaluation according to the equity method	0	0	6.082	5.947
Reserve for foreign currency translation	-820	-648	612	611
Share-based payment reserve - shares	92.332	89.861	92.332	89.861
Retained earnings	<u>-794.880</u>	<u>-721.603</u>	<u>-802.394</u>	<u>-728.809</u>
Total equity	<u>-11.780</u>	<u>-31.893</u>	<u>-11.780</u>	<u>-31.893</u>
Provisions				
17 Other provisions	<u>1.007</u>	<u>1.007</u>	<u>1.007</u>	<u>1.007</u>
Total provisions	<u>1.007</u>	<u>1.007</u>	<u>1.007</u>	<u>1.007</u>
Liabilities other than provisions				
18 Loan	57.201	57.259	57.201	57.259
19 Lease liabilities	<u>11.572</u>	<u>12.789</u>	<u>11.572</u>	<u>12.789</u>
Total long term liabilities other than provisions	<u>68.773</u>	<u>70.048</u>	<u>68.773</u>	<u>70.048</u>

Balance sheet at 31 December

DKK thousand.

Note	Equity and liabilities			
	Group		Parent	
	2024	2023	2024	2023
Lease liabilities	2.243	2.199	2.243	2.199
Trade payables	21.199	18.135	21.200	18.135
Payables to subsidiaries	0	0	5.471	5.537
Loan	1.138	1.072	1.138	1.072
Warrant liabilities	0	1.281	0	1.281
Derivative liability	0	18.303	0	18.303
Other payables	6.617	6.777	6.617	6.776
Total short term liabilities other than provisions	31.197	47.767	36.669	53.303
Total liabilities other than provisions	99.970	117.815	105.442	123.351
Total equity and liabilities	89.197	86.929	94.669	92.465

- 1 Going concern
- 2 Subsequent events
- 3 Share-based compensation
- 4 Employee benefit expenses
- 20 Disclosures on fair value
- 21 Contingencies
- 22 Related parties

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital	Share premium	Reserve for foreign currency translation	Share-based payment reserve - shares	Retained earnings	Total
Equity 1 January 2023	24.139	516.675	-297	86.559	-569.188	57.888
Cash capital increase	13.759	45.924	0	0	0	59.683
Share of profit or loss	0	0	0	0	-152.415	-152.415
Exchange rate adjustments	0	0	-351	0	0	-351
Share-based compensation	0	0	0	3.302	0	3.302
Equity 1 January 2024	37.898	562.599	-648	89.861	-721.603	-31.893
Cash capital increase	32.232	66.107	0	0	0	98.339
Share of profit or loss	0	0	0	0	-73.277	-73.277
Exchange rate adjustments	0	0	-172	0	0	-172
Reclassification of investor warrants classified as derivative liability	0	-7.248	0	0	0	-7.248
Share-based compensation	0	0	0	2.471	0	2.471
	70.130	621.458	-820	92.332	-794.880	-11.780

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Share premium	Reserve for net revaluation according to the equity method	Reserve for foreign currency translation	Share-based payment reserve - shares	Retained earnings	Total
Equity 1 January 2023	24.139	516.675	6.061	611	86.559	-576.157	57.888
Cash capital increase	13.759	45.924	0	0	0	0	59.683
Share of profit or loss	0	0	237	0	0	-152.652	-152.415
Exchange rate adjustments	0	0	-351	0	0	0	-351
Share-based compensation	0	0	0	0	3.302	0	3.302
Equity 1 January 2024	37.898	562.599	5.947	611	89.861	-728.809	-31.893
Cash capital increase	32.232	66.107	0	0	0	0	98.339
Share of profit or loss	0	0	308	0	0	-73.585	-73.277
Exchange rate adjustments	0	0	-173	1	0	0	-172
Reclassification of investor warrants classified as derivative liability	0	-7.248	0	0	0	0	-7.248
Share-based compensation	0	0	0	0	2.471	0	2.471
	70.130	621.458	6.082	612	92.332	-802.394	-11.780

Statement of cash flows 1 January - 31 December

DKK thousand.

Note	Group	
	2024	2023
Net profit or loss for the year	-73.277	-152.414
23 Adjustments	-20.101	8.169
24 Change in working capital	5.690	7.830
Cash flows from operating activities before net financials	-87.688	-136.415
Interest received, etc.	1.761	1.062
Interest paid, etc.	-384	-451
Cash flows from ordinary activities	-86.311	-135.804
Income tax received	0	11.008
Cash flows from operating activities	-86.311	-124.796
Purchase of property, plant, and equipment	0	-607
Payments for non-current financial assets - deposits	-25	-44
Cash flows from investment activities	-25	-651
Long-term payables incurred	0	450
Repayments of long-term payables	-7.865	-4.804
Proceeds from issue of shares and exercise of warrants	114.497	80.177
Transaction costs related to issuance of shares	-16.158	-2.931
Exchange loss from repayment	415	0
Cash flows from financing activities	90.889	72.892
Change in cash and cash equivalents	4.553	-52.555
Cash and cash equivalents at 1 January 2024	37.651	91.923
Foreign currency translation adjustments (cash and cash equivalents)	319	-1.717
Cash and cash equivalents at 31 December 2024	42.523	37.651
Cash and cash equivalents		
Cash and cash equivalents	42.523	37.651
Cash and cash equivalents at 31 December 2024	42.523	37.651

Notes

DKK thousand.

1. Going concern

Management and the Board of Directors has assessed the Company's ability to continue as a going concern and believes the Company has adequate resources to meet its obligations in the foreseeable future. Following a successful public offering and at-the-market offering in January 2025 securing proceeds of DKK 77,1 and DKK 35,7 million respectively, with the Company's current financial position, available funding, and projected cash flows, Management and Board is confident that the Company will continue its operations for at least the next 12 months, and with our current strategic plans and forecasted cash burn, we have sufficient cash to finance operations into mid-2026.

Accordingly, the annual report has been prepared on a going concern basis in accordance with applicable accounting standards.

We have considered potential risks and uncertainties, including market conditions, economic factors, and liquidity needs. After reviewing the Company's financial forecast and access to capital, the Board does not anticipate material uncertainties that would cast significant doubt on the Company's ability to continue as a going concern.

The Company monitors its funding situation closely to ensure that it has access to sufficient liquidity to meet its forecasted cash requirements. Analyses are run to reflect different scenarios including, but not limited to, cash runway, human capital resources and pipeline priorities to identify liquidity risk. This enables Management and the Board of Directors to prepare for new financing transactions and/or adjust the cost base accordingly.

The Company's plan is to balance the funding of cash needs through its active at-the-market ("ATM") program, or other capital sources in case this is not covered by income from potential collaborations or licenses, thus assuring continued going concern.

The Company anticipates incurring additional losses until such time, if ever, it can complete its research and development activities and obtain sufficient out-licensing partnerships for its product candidates and generate revenues from such product candidates. Substantial additional financing will be needed by the Company to fund its operations and to continue development of product candidates.

Failure to raise capital or enter into such other arrangements when needed could have a negative impact on the Company's financial condition and its ability to pursue its business plans and strategies. If the Company is unable to raise additional capital when needed, it could be forced to delay, limit, reduce or terminate its product candidate development or grant rights to develop and market its product candidates.

Notes

DKK thousand.

2. Subsequent events

January 17, 2025, an extraordinary general meeting of Evaxion was held, where it was approved to reduce our share capital by nominal DKK 58.980.417 from nominal DKK 78.640.556 to nominal DKK 19.660.139 to cover loss. Furthermore, it was approved to reduce the nominal value of the shares from nominal DKK 1 per share to nominal DKK 0,25 per share, and our Article of Association were amended accordingly.

January 24, 2025, the Company sold 696.400 ADSs at an average price of DKK 51,14 per ADS. The ADSs were sold in an at-the-market (ATM) offering pursuant to the terms and subject to the conditions contained in that certain Capital Demand Sales Agreement between the Company and Jones Trading Institutional Services LLC dated October 3, 2022. After deducting fees and expenses, total proceeds to the Company from the sales of the ADSs were approximately DKK 34,5 million.

January 31, 2025, the Company closed a public offering of an aggregate of 3.997.361 of its ADSs and warrants to purchase up to 50% of the ADSs offered at a combined public offering price of DKK 19,35 per ADS with one accompanying warrant for each two ADSs. The Company registered aggregate share capital increases of nominal DKK 49.967.012,50 with the Danish Business Authority, with effective date of January 31, 2025, corresponding to an aggregate increase in the Company's share capital to nominal DKK 78.332.151,50. This reflected issuances of 199.868.050 shares in connection with the public offering.

Notes

DKK thousand.

3. Share-based compensation

Warrant Program

The Company's Articles of Association allow for the granting of equity compensation, in the form of equity settled warrants, to employees, consultants and Scientific Advisory Board members who provide services similar to employees, members of executive management, and the board of directors. The warrants granted in 2018 or prior vested upon the closing of our initial public offering in February 2021 ("IPO"). The warrants granted in 2020 vest either gradually over 36 months or vest immediately.

Vested warrants granted in 2020 are exercisable in certain exercise windows beginning in the second half of the year of 2021. Warrants granted up until 2019 expire on December 31, 2036. Warrants granted in 2022, 2021 and 2020 expire on December 31, 2031. Warrants granted in 2024 and 2023 expire on December 31, 2031. For the years ended December 31, 2024, 2023 and 2022, the number of warrants outstanding as a percentage of outstanding ordinary shares was 4.3%, 7.2% and 11.4%, respectively.

Notes

DKK thousand.

3. Share-based compensation (continued)

The following schedule specifies the outstanding warrants as at December 31, 2024:

<u>Outstanding program</u>	<u>Number of warrants outstanding</u>	<u>Exercise price per warrant</u>
Grant (December 2016)	318.192	DKK 1
Grant (September 2017)	467.184	DKK 1
Grant (December 2017)	92.673	DKK 1
Grant (during 2018)	163.116	DKK 1
Grant (February 2019)	7.956	DKK 1
Grant (September 2019)	54.000	DKK 1
Grant (October 2019)	112.995	DKK 1
Grant (December 2020)	175.567	DKK 1
Grant (April 2021)	1.655	DKK 1
Grant (June 2021)	62.147	DKK 1
Grant (December 2021)	400.896	USD 5.38
Granted (March 2022)	27.074	USD 2.96
Granted (June 2022)	5.004	USD 1.83
Granted (June 2022)	4.448	USD 1.83
Granted (June 2022)	25.000	USD 1.83
Granted (September 2022)	7.529	USD 2.42
Granted (December 2022)	15.279	USD 2.23
Granted (December 2022)	246.063	USD 2.23
Granted (January 2023)	10.000	USD 1.94
Granted (September 2023)	100.000	USD 1.02
Granted (December 2023)	275.969	USD 0.75
Granted (May 2024)	472.047	USD 0.4
Granted at December 31, 2024	<u>3.044.794</u>	
Warrants exercisable at December 31, 2024	<u>2.493.050</u>	

During 2024, no warrants from the warrant program were exercised.

The compensation expense recognized for 2024 amounts to DKK 1.227 thousand (2023: DKK 3.302 thousand).

Notes

DKK thousand.

	Parent	
	2024	2023
4. Employee benefit expenses		
Salaries and wages	48.631	60.768
Share-based compensation expenses	1.227	3.302
Other social security expenses	108	187
Other staff expenses	700	1.498
	50.666	65.755
Executive board	11.259	13.853
Board of directors	2.991	2.961
Executive board and board of directors	14.250	16.814
Average number of employees	46	55

Employee benefit expenses are split in 2024 with DKK 34.042 thousand in Research and development costs (2023: 44.197) and DKK 16.624 thousand in General and administrative costs (2023: 21.558).

	Group		Parent	
	2024	2023	2024	2023
5. Financial income				
Interest, banks	1.761	1.062	1.761	1.038
Interest, group companies	0	0	0	23
Remeasurement warrant obligation	1.281	4.289	1.281	4.289
Exchange differences	3.747	1.319	3.745	1.296
Realized and unrealized gains on derivative financial interest	37.869	0	37.869	0
	44.658	6.670	44.656	6.646

Notes

DKK thousand.

	Group		Parent	
	2024	2023	2024	2023
6. Financial expenses				
Interest, banks	0	6	0	6
Interest, leasing	1.109	1.191	1.109	1.191
Interest, loans	5.526	4.996	5.526	4.996
Interest, group enterprises	0	0	232	0
Unrealized loss on derivative financial instruments	11.459	0	11.459	0
Exchange differences	2.598	3.051	2.604	3.062
Remeasurement warrant obligation	858	1.645	858	1.645
Remeasurement derivative liability	0	741	0	741
	21.550	11.630	21.788	11.641

7. Tax on net profit or loss for the year				
Tax on net profit or loss for the year	-5.453	-5.441	-5.500	-5.500
	-5.453	-5.441	-5.500	-5.500

	Parent	
	2024	2023
8. Proposed distribution of net profit		
Reserves for net revaluation according to the equity method	135	-114
Allocated from retained earnings	-73.412	-152.300
Total allocations and transfers	-73.277	-152.414

Notes

DKK thousand.

	Group		Parent	
	31/12 2024	31/12 2023	31/12 2024	31/12 2023
9. Land and buildings				
Cost 1 January 2024	<u>18.079</u>	<u>18.079</u>	<u>18.079</u>	<u>18.079</u>
Cost 31 December 2024	<u>18.079</u>	<u>18.079</u>	<u>18.079</u>	<u>18.079</u>
Depreciation and write-down 1 January 2024	-3.946	-2.572	-3.946	-2.572
Amortisation and depreciation for the year	-1.682	-1.682	-1.682	-1.682
Revaluations	<u>0</u>	<u>308</u>	<u>0</u>	<u>308</u>
Depreciation and write-down 31 December 2024	<u>-5.628</u>	<u>-3.946</u>	<u>-5.628</u>	<u>-3.946</u>
Carrying amount, 31 December 2024	<u>12.451</u>	<u>14.133</u>	<u>12.451</u>	<u>14.133</u>
10. Other fixtures, fittings, tools and equipment				
Cost 1 January 2024	9.695	9.538	9.695	9.538
Additions during the year	<u>0</u>	<u>157</u>	<u>0</u>	<u>157</u>
Cost 31 December 2024	<u>9.695</u>	<u>9.695</u>	<u>9.695</u>	<u>9.695</u>
Amortisation and write-down 1 January 2024	-3.909	-2.450	-3.909	-2.450
Amortisation and depreciation for the year	<u>-1.418</u>	<u>-1.459</u>	<u>-1.418</u>	<u>-1.459</u>
Amortisation and write-down 31 December 2024	<u>-5.327</u>	<u>-3.909</u>	<u>-5.327</u>	<u>-3.909</u>
Carrying amount, 31 December 2024	<u>4.368</u>	<u>5.786</u>	<u>4.368</u>	<u>5.786</u>

Notes

DKK thousand.

	Group		Parent	
	31/12 2024	31/12 2023	31/12 2024	31/12 2023
11. Leasehold improvements				
Cost 1 January 2024	11.831	11.381	11.831	11.381
Additions during the year	<u>0</u>	<u>450</u>	<u>0</u>	<u>450</u>
Cost 31 December 2024	<u>11.831</u>	<u>11.831</u>	<u>11.831</u>	<u>11.831</u>
Depreciation and write-down 1 January 2024	-2.457	-1.375	-2.457	-1.375
Amortisation and depreciation for the year	<u>-1.085</u>	<u>-1.082</u>	<u>-1.085</u>	<u>-1.082</u>
Depreciation and write-down 31 December 2024	<u>-3.542</u>	<u>-2.457</u>	<u>-3.542</u>	<u>-2.457</u>
Carrying amount, 31 December 2024	<u>8.289</u>	<u>9.374</u>	<u>8.289</u>	<u>9.374</u>

	Parent	
	31/12 2024	31/12 2023
12. Investments in group enterprises		
Cost 1 January 2024	<u>1</u>	<u>1</u>
Cost 31 December 2024	<u>1</u>	<u>1</u>
Revaluations, opening balance 1 January 2024	5.946	6.060
Translation at the exchange rate at the balance sheet date	-173	-351
Net profit or loss for the year before amortisation of goodwill	<u>308</u>	<u>237</u>
Revaluations 31 December 2024	<u>6.081</u>	<u>5.946</u>
Carrying amount, 31 December 2024	<u>6.082</u>	<u>5.947</u>

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year
Evaxion Biotech Australia PTY LTD, Australia	100 %	6.082	308
Evaxion Biotech Inc., United States	100 %	<u>0</u>	<u>0</u>
		<u>6.082</u>	<u>308</u>

Notes

DKK thousand.

	Group		Parent	
	31/12 2024	31/12 2023	31/12 2024	31/12 2023
13. Government grants				
Cost 1 January 2024	195	1.460	0	0
Additions during the year	122	0	0	0
Disposals during the year	<u>0</u>	<u>-1.265</u>	<u>0</u>	<u>0</u>
Cost 31 December 2024	<u>317</u>	<u>195</u>	<u>0</u>	<u>0</u>
Carrying amount, 31 December 2024	<u>317</u>	<u>195</u>	<u>0</u>	<u>0</u>
14. Deposits				
Cost 1 January 2024	1.130	1.086	1.130	1.086
Additions during the year	<u>24</u>	<u>44</u>	<u>24</u>	<u>44</u>
Cost 31 December 2024	<u>1.154</u>	<u>1.130</u>	<u>1.154</u>	<u>1.130</u>
Carrying amount, 31 December 2024	<u>1.154</u>	<u>1.130</u>	<u>1.154</u>	<u>1.130</u>
15. Other receivables				
Accrued financing fee	265	6.352	265	6.352
Prepaid for clinical research	6.820	3.364	6.820	3.364
VAT receivable	1.542	839	1.492	839
Other receivables	<u>468</u>	<u>2.604</u>	<u>468</u>	<u>2.474</u>
	<u>9.095</u>	<u>13.159</u>	<u>9.045</u>	<u>13.029</u>
16. Contributed capital				
Contributed capital 1 January 2024	37.898	24.139	37.898	24.139
Cash capital increase	<u>32.232</u>	<u>13.759</u>	<u>32.232</u>	<u>13.759</u>
	<u>70.130</u>	<u>37.898</u>	<u>70.130</u>	<u>37.898</u>

The share capital comprises the nominal amount of the company's ordinary shares, each at a nominal value of DKK 1.

Notes

DKK thousand.

	Group		Parent	
	<u>31/12 2024</u>	<u>31/12 2023</u>	<u>31/12 2024</u>	<u>31/12 2023</u>
17. Other provisions				
Other provisions 1 January 2024	<u>1.007</u>	<u>1.007</u>	<u>1.007</u>	<u>1.007</u>
	<u>1.007</u>	<u>1.007</u>	<u>1.007</u>	<u>1.007</u>
18. Loan				
Bank loan	<u>57.201</u>	<u>57.259</u>	<u>57.201</u>	<u>57.259</u>
	<u>57.201</u>	<u>57.259</u>	<u>57.201</u>	<u>57.259</u>
19. Lease liabilities				
Lease liabilities	<u>11.572</u>	<u>12.789</u>	<u>11.572</u>	<u>12.789</u>
	<u>11.572</u>	<u>12.789</u>	<u>11.572</u>	<u>12.789</u>

Notes

DKK thousand.

20. Disclosures on fair value

Financial instruments measured at fair value in the consolidated statements of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

1. Level 1 – quoted prices in active markets for identical assets or liabilities.
2. Level 2 – inputs other than quoted prices included within Level 1 that are observable for the instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 – inputs for instruments that are not based on observable market data (unobservable inputs).

The following table summarizes the Company's financial liabilities, and the category using the fair value hierarchy. Note, the Company did not have any financial assets measured at fair value on a recurring basis, as of December 31, 2024.

Financial liabilities measured at fair value

Level 1

EIB Warrants; TDKK 0

Financial liabilities measured at amortized cost

Level 3

EIB Loan; TDKK 58.166

Loan from lessor; TDKK 5.821

Notes

DKK thousand.

21. Contingencies

Contingent liabilities

Lease liabilities

In October 2020, the Company entered into a lease for approximately 1.356 square meters, which is allocated on 839 square meters of office space, and 518 square meters of laboratory space in Hørsholm, Denmark. The commencement date for the lease of the 839 square meters of office space was February 1, 2021 and the lease continues for a term of 10 years from that date. The commencement date for the additional laboratory space was August 13, 2021 and the lease continues for a term of 10 years with a subsequent 12-month cancellation notice period. No additions to leasing debt in 2024 or 2023 as a right-of-use asset.

DKK 6.559 thousand is payable after 5 years, relating to the lease liability.

Loan

Loan from Lessor

In addition to the ordinary lease payments, the Company obtained financing from DTU Science 6% over 8 years. If the lease is terminated due to default by the Company before the outstanding balance, including interest accrued, has been repaid, the remaining balance is due immediately. The finance liability is recorded at costs, which approximates fair value at the time of issuance. DKK 0 thousand is payable after 5 years.

EIB Loan

In August 2020, the Company executed the EIB Loan, for a principal amount of €20,0 million, divided into three tranches of tranche 1 in the amount of €7,0 million, tranche 2 in the amount of €6,0 million and tranche 3 in the amount of €7,0 million. Under the EIB Loan Agreement, the tranche balances are due six years from their respective disbursement dates. The two remaining tranches have become void as of December 31, 2023.

The Company received the first tranche of €7,0 million on February 17, 2022. The Company will repay the first tranche of the EIB Loan at a fixed interest rate of 3% per annum and a payment-in-kind interest rate of 4% per annum. The loan is amortized to maturity using an effective monthly interest rate of 0,79%. For the years ended December 31, 2024, and 2023 interest expense related to the EIB Loan was DKK 5,1 million and DKK 4,5 million, respectively. The loan is recognised with DKK 52.516 thousand of which DKK 64.480 thousand is payable in 2028.

Notes

DKK thousand.

21. Contingencies (continued)

Contingent liabilities (continued)

Warrant liability

The Company received the proceeds from the draw of the first tranche of the EIB Loan on February 17, 2022. In connection therewith, EIB received 351.036 EIB Warrants, at an exercise price of DKK 1 per warrant, which vested immediately, pursuant to the terms of a separate warrant agreement, the EIB Warrant Agreement. On October 3, 2024, the Company increased the number of shares issuable from the exercise of the EIB Warrants by 22.091 to 373.127 as an adjustment related to capital issuances that occurred during the year. The EIB Warrants are exercisable at any time after issuance either net in cash or through payment of the exercise price and receipt of shares. Therefore, the warrant liability is recognized in full upon issuance.

The Company issued warrants in connection with the EIB Loan Agreement. The EIB Warrants liability is measured in full upon issuance. The liability is measured initially at its fair value and is subsequently remeasured at the redemption amount. The liability is classified in Level 1 of the fair value hierarchy. The fair value of the warrants issued to EIB, is currently lower than the exercise price and for that reason no liability is presented.

The Company has no warrant liability recognised at December 31, 2024 due to the reduced market price of the companies shares. The warrant liability was initially recognised DKK 6.753 thousand and is after remeasurement recognised with DKK 0 at December 31, 2024.

Derivative liability

Under the Securities Purchase Agreement with the 2023 SPA Investors, the Company issued warrants to purchase 9.726.898 ordinary shares. The 2023 SPA Investor Warrants vested immediately upon issuance with an exercise price of \$0.71 per ordinary share, and an expiration date of December 21, 2026. In accordance with IAS 32, the Company determined that the 2023 SPA Investor Warrants were precluded from equity classification and were determined to be derivative financial instruments, because while they contain no contractual obligation to deliver cash or other financial instruments to the holders other than the Company's own ordinary shares, the exercise price of the 2023 SPA Investor Warrants are in USD and not the Company's functional currency.

The 2023 SPA Investor Warrants are accounted for in accordance with IFRS 9 and were determined to be liability classified. The warrant liability was measured at fair value at initial recognition and subsequently remeasured at fair value each reporting date until either exercised or expired. The changes in the fair value of the 2023 SPA Investor Warrants during the reporting period were recognized as finance expense or finance income in the consolidated statements of comprehensive loss.

As part of the February 2024 Offering, the Company issued warrants to purchase 757.500 ADSs representing an aggregated 7.575.000 ordinary shares. The 2024 Investor Warrants vested immediately upon issuance with an exercise price of \$4.00 per ADS, and expire 5 years from

Notes

DKK thousand.

21. Contingencies (continued)

Contingent liabilities (continued)

issuance. In accordance with IAS 32, the Company determined that the 2024 SPA Investor Warrants were precluded from equity classification and were determined to be derivative financial instruments, because while they contain no contractual obligation to deliver cash or other financial instruments to the holders other than the Company's own ordinary shares, the exercise price of the 2024 Investor Warrants was in USD and not the Company's functional currency.

As announced on May 23, 2024, and on June 21, 2024, the Company entered into an amendment (the "2024 Warrant Amendment") to each of its 2023 SPA Warrants and 2024 Investor Warrants. The amendments convert the exercise price per ADS for the 2023 SPA Warrants from \$7,07 to DKK 47,99 and for the 2024 Investor Warrants from \$4,00 to DKK 2,52, subject to adjustment. As the awards are no longer settled in foreign currency, the warrants now meet the fixed for fixed criteria under IAS 32. This resulted in a change of classification of the awards from liability classification to equity classification. Due to the classification change, the derivative liability was reclassified to other reserves at the time of the amendment.

The derivative liability was initially recognised DKK 17.564 thousand. After reclassification as mentioned above², the company has not recognised any derivative liability at December 31, 2024.

Contingent liabilities and contractual obligations

Litigations and Investigations

The Company is not involved in any pending litigations, claims and investigations that individually and in the aggregate is expected to have a material impact on the financial position, operating profit or cash flow.

The contractual obligations amount to DKK 1.311 thousand of which DKK 582 thousand is payable within 12 months. All contractual obligations expire within 5 years.

22. Related parties

Transactions

The company has the following related party transactions:

	Parent 2024
Revenue invoiced for clinical trials and administrative services	697
Cost of goods invoiced for clinical trials performed in Australia	1.785

Notes

DKK thousand.

	Group 2024	2023
23. Adjustments		
Depreciation, amortisation, and impairment	4.185	4.224
Financial income	-1.761	-1.062
Financial expenses	6.634	6.188
Share-based payments	2.471	3.302
Tax on net profit or loss for the year	-5.453	-5.441
Tax credit schemes accounted for as grants	-175	-1.327
Remeasurement of derivative instrument	-25.551	739
Other adjustments	-451	1.546
	-20.101	8.169
24. Change in working capital		
Change in receivables	4.063	7.060
Change in trade payables and other payables	1.627	770
	5.690	7.830