

Octarine Bio ApS

Annual report for the period
1 January to 31 December 2024

(6th Financial year)

Lersø Parkallé 42, 1
2100 København Ø

CVR no. 39 85 73 16

Adopted at the annual general meeting on 19
June 2025

Stephan Christgau
chairman



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Statement by management on the annual report

The Board of Directors and the Executive board have today discussed and approved the annual report of Octarine Bio ApS for the financial year 1 January - 31 December 2024.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 16 June 2025

Executive Board

Nethaji Janeshawari Gallage
CEO

Nicholas Stuart William Milne
director

Board of Directors

Stephan Christgau
chairperson

Alexandre Ouimet-Storrs

Helga Claudia Blomgren-Hansen

Akshat Kshetrapal

Nethaji Janeshawari Gallage



Independent auditor's report

To the management of Octarine Bio ApS

Opinion

We have audited the financial statements of Octarine Bio ApS for the financial year 1 January - 31 December 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2024 and of the results of the company's operations 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 the 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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's 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 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the 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 these financial statements.



Independent auditor's report

As part of an audit conducted in accordance with ISAs and the 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 management's review

Management is responsible for management's review.

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



Independent auditor's report

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

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

Based on the work we have performed, we conclude that 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 management's review.

Copenhagen, 16 June 2025

Ri Statsautoriseret Revisionspartnerselskab
CVR no. 44 52 80 45

Joachim Munch
State Authorized Public Accountant
mne42244



Company details

The company

Octarine Bio ApS
Lersø Parkallé 42, 1
2100 København Ø

Website: www.octarinebio.com

CVR no.: 39 85 73 16

Reporting period: 1 January - 31 December 2024

Incorporated: 12 September 2018

Domicile: Copenhagen

Board of Directors

Stephan Christgau, chairperson
Alexandre Ouimet-Storrs
Helga Claudia Blomgren-Hansen
Akshat Kshetrapal
Nethaji Janeshawari Gallage

Executive Board

Nethaji Janeshawari Gallage
Nicholas Stuart William Milne

Auditors

Ri Statsautoriseret Revisionspartnerselskab
Skagensgade 1
2630 Taastrup



Management's review

Business review

Octarine Bio is a world leading synthetic biology platform with a core mission to drive bio-based, sustainable solutions to address the most pressing planetary issues through innovation and exploration. Inspired by nature, to protect nature.

Octarine was founded in 2018, based on foundational research conducted at the Centre of Excellence in Synthetic Biology at The University of Copenhagen and the Novo Nordisk Foundation Centre for Biosustainability at The Technical University of Denmark. Grounded in a robust scientific foundation and unrivalled expertise in cell factory engineering, precision fermentation and enzymatic enhancement, we proudly unveil world-leading synthetic biology platforms, poised to transform entire industries for the betterment of society and the planet.

Textiles and clothing represent a significant multi-trillion-euro industry, employing millions and generating a turnover of €162 billion in Europe alone. Globally, the sector plays a vital role in supporting employment, particularly in developing countries. With the world population exceeding 8 billion, global demand for clothing is expected to rise sharply over the next decade, increasing consumption and intensifying environmental challenges. A critical stage in textile manufacturing is wet processing (textile dyeing), which poses significant risks to climate, human health, and ecosystems. This highlights the urgent need for radical, sustainable solutions in color chemistry.

Octarine addresses this need by producing a range of natural dyes in hard-to-source colors with a significantly reduced environmental footprint. Using an innovative dyeing process, these dyes can be applied directly to both natural and synthetic fabrics—without the use of mordants or harmful chemical additives.

In 2024, interest in Octarine's Color Program has grown rapidly across industries worldwide. We branded our color portfolio under the PurePalette™ umbrella. In September 2024, Octarine launched PurePalette at London Fashion Week, in collaboration with high-end designer Patrick McDowell, where our dyes were featured in multiple garments on the catwalk. This debut provided a solid foundation for expanding partnerships with fashion brands and globally leading dye houses. Our goal in working with dye houses has been to establish joint development agreements: Octarine would scale pigment production, the dye house would optimize and scale the dyeing process, and both—along with fashion brand partners—would jointly drive commercialization. End of 2024, we have successfully secured multiple European partnerships, including two binding offtake agreements with dye houses in Portugal, while interest from fashion brands continues to surge and multiple limited collections are in our pipeline.

On the technical side, development of our dyes is progressing on schedule. Several dyes are advancing to the scale-up phase, while others are in the final stages of process development.



Management's review

Financial review

The company's income statement for the year ended 31 December 2024 shows a loss of DKK 22,298,751, and the balance sheet at 31 December 2024 shows negative equity of DKK 44,735,766.

Management considers the financial performance in the year satisfactory and in line with the budget and strategic directions.

Financing

Management has assessed the Company's capital resources and funding requirements and concludes that the Annual Report may be prepared on a going concern basis. Further details are provided in note 1.

Significant events occurring after the end of the financial year

No events - other than the events mentioned above - have occurred after the balance sheet date which could significantly affect the company's financial position.



Accounting policies

The annual report of Octarine Bio ApS for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2024 is presented in DKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Public grants

Grants for research and development costs which are recognised directly in the income statement are recognised as other operating income in step with the costs to which the grants relate being incurred.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, production costs and other operating income.



Accounting policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Public grants to cover expenses are recognised in the income statement when it is deemed likely that all grant criteria have been met. Grants which must be repaid under certain circumstances are recognised only when they are not expected to be repaid.

Administrative costs

Administrative costs comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Research and development costs

Research costs comprises costs not satisfying the criteria for capitalisation. Research costs comprise salaries, patent costs, consultancy fee and clinical trial costs etc.

Development costs comprise costs relating to development projects that do not qualify for recognition in the balance sheet and amortisation of recognised development projects.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions etc.



Accounting policies

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Tax of the year includes tax credit for costs incurred in connection with research and development activities under the Danish Credit Regime.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Assets costing less than DKK 33,100 are expensed in the year of acquisition.

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale.

Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Other investments

Deposits are measured at cost.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.



Accounting policies

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.



Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.



Income statement 1 January 2024 - 31 December 2024

	Note	2024 DKK	2023 DKK
Gross profit		387,863	1,089,445
Research and development costs		-19,773,376	-21,250,895
Administrative costs		<u>-2,402,172</u>	<u>-1,689,338</u>
Operating profit/loss		-21,787,685	-21,850,788
Profit/loss before financial income and expenses		-21,787,685	-21,850,788
Financial income		497,448	221,403
Financial costs		<u>-5,261,307</u>	<u>-2,207,228</u>
Profit/loss from ordinary activities before tax		-26,551,544	-23,836,613
Profit/loss before tax		-26,551,544	-23,836,613
Tax on profit/loss for the year	3	<u>4,252,793</u>	<u>4,544,438</u>
Net profit/loss for the year		<u>-22,298,751</u>	<u>-19,292,175</u>
Retained earnings		<u>-22,298,751</u>	<u>-19,292,175</u>
		<u>-22,298,751</u>	<u>-19,292,175</u>



Balance sheet at 31 December 2024

	Note	2024 DKK	2023 DKK
Assets			
Other fixtures and fittings, tools and equipment	4	1,878,796	922,748
Leasehold improvements	4	425,930	597,703
Tangible assets		2,304,726	1,520,451
Deposits	5	694,160	676,349
Fixed asset investments		694,160	676,349
Total non-current assets		2,998,886	2,196,800
Other receivables		30,000	126,589
Corporation tax		4,252,792	4,556,620
VAT and duties receivables		928,694	582,949
Prepayments		7,688,889	7,270,823
Receivables		12,900,375	12,536,981
Cash at bank and in hand		12,008,931	20,055,703
Total current assets		24,909,306	32,592,684
Total assets		27,908,192	34,789,484



Balance sheet at 31 December 2024

	Note	2024 DKK	2023 DKK
Equity and liabilities			
Share capital		57,167	57,167
Retained earnings		-44,792,933	-22,494,182
Equity		-44,735,766	-22,437,015
Convertible and profit-yielding instruments of debt		3,741,315	3,428,090
Total non-current liabilities	6	3,741,315	3,428,090
Convertible and profit-yielding instruments of debt	6	68,074,204	52,197,554
Trade payables		573,743	981,160
Other payables		183,496	311,162
Deferred income		71,200	308,533
Total current liabilities		68,902,643	53,798,409
Total liabilities		72,643,958	57,226,499
Total equity and liabilities		27,908,192	34,789,484



Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2024	57,167	-22,494,182	-22,437,015
Net profit/loss for the year	0	-22,298,751	-22,298,751
Equity at 31 December 2024	<u>57,167</u>	<u>-44,792,933</u>	<u>-44,735,766</u>



Notes

1 Uncertainty about the continued operation (going concern)

During the first quarter of 2024 further capital was injected into Octarine Bio through the issuance of convertible debt.

Our budget for 2025 shows funding needs that are below cash and net working capital position as of 31 December 2024.

In the second quarter of 2025 we received commitment for further funding from investors ensuring operating activities well into 2026.

Furthermore, commercial partnership activities around the PurePalette program and growing continuous interest from investors lead us to assume that Octarine will be able to secure further investments to power growth of the company beyond 2026.

Finally, we also see several opportunities for exploring the commercial potential of the PurePalette in areas outside textile and fashion. The unique properties of these biologically produced molecules make them applicable for a range of uses spanning the food, beverage and other industrial sectors.

Based on this, it is Management's assessment that the Annual Report may be presented under the going concern assumption.



Notes

	2024 DKK	2023 DKK
2 Staff		
Wages and Salaries	6,997,997	5,330,220
Pensions	453,985	520,016
Other social security expenses	51,103	40,924
Other staff expenses	288,644	164,946
	<u>7,791,729</u>	<u>6,056,106</u>
 Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:		
Research and Development expenses	6,123,487	5,013,409
Administrative expenses	1,668,242	1,042,697
	<u>7,791,729</u>	<u>6,056,106</u>
 Number of fulltime employees on average		
	<u>11</u>	<u>9</u>
3 Tax on profit/loss for the year		
Current tax for the year	-4,252,793	-4,556,623
Adjustment of tax concerning previous years	0	12,185
	<u>-4,252,793</u>	<u>-4,544,438</u>



Notes

4 Tangible assets

	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>
Cost at 1 January 2024	1,391,948	858,865
Additions for the year	<u>1,327,581</u>	<u>0</u>
Cost at 31 December 2024	<u>2,719,529</u>	<u>858,865</u>
Impairment losses and depreciation at 1 January 2024	469,200	261,162
Depreciation for the year	<u>371,533</u>	<u>171,773</u>
Impairment losses and depreciation at 31 December 2024	<u>840,733</u>	<u>432,935</u>
Carrying amount at 31 December 2024	<u><u>1,878,796</u></u>	<u><u>425,930</u></u>

5 Fixed asset investments

	<u>Deposits</u>
Cost at 1 January 2024	676,349
Additions for the year	<u>17,811</u>
Cost at 31 December 2024	<u>694,160</u>
Carrying amount at 31 December 2024	<u><u>694,160</u></u>



Notes

6 Long term debt

	Debt at 1 January 2024	Debt at 31 December 2024	Instalment next year	Debt outstanding after 5 years
Convertible and profit-yielding instruments of debt	<u>55,625,644</u>	<u>71,815,519</u>	<u>68,074,204</u>	<u>0</u>
	<u>55,625,644</u>	<u>71,815,519</u>	<u>68,074,204</u>	<u>0</u>

	2024 DKK	2023 DKK
7 Rent and lease liabilities		
Operating lease liabilities, 6 months' notice (16 months)	<u>710,916</u>	<u>1,855,537</u>
	<u>710,916</u>	<u>1,855,537</u>

8 Contingent liabilities

Other contingent liabilities not recognised in balance sheet

The company has no contingent liabilities.