

2023

ANNUAL REPORT



Changing the course of cancer treatment



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The Annual Report according to the Swedish Annual Accounts Act is included on pages 23-51 in this document. This report has been prepared in a Swedish original version and translated into English. In the event of any inconsistency between the two versions, the Swedish language version should have precedence.

Year in Brief

Q1

- » Mendus presented an update on the use of its DCOne platform to source high-quality NK cell therapies
- » Mendus secured a second shareholder loan from Van Herk Investments and reduced the number of outstanding convertible bonds with Negma Group
- » The INN name “vididencel” for DCP-001 was selected by the World Health Organization’s International Non-proprietary Names Expert Committee
- » Mendus announced the request of a first tranche of convertible loan from Negma Group

Q2

- » Mendus received ATMP certificate from European Medicines Agency supporting its lead pipeline program vididencel
- » Mendus presented comprehensive ADVANCE II immunomonitoring data at the EHA Annual Meeting 2023
- » Mendus presented updated clinical data from ADVANCE II trial in an oral presentation and a scientific poster on a next-generation immune primer program at the 2023 CIMT Annual Meeting
- » Mendus presented positive data from the ALISON trial in ovarian cancer at the AACR Annual Meeting 2023
- » Mendus appointed NK cell pioneer Lewis Lanier to Scientific Advisory Board
- » Mendus redeemed the outstanding convertible bonds from Negma Group
- » Mendus secured a third shareholder loan from Van Herk Investments
- » Mendus announced a directed share issue and a fully secured rights issue of units totaling approximately SEK 317 million in financing
- » Mendus and NorthX Biologics entered into strategic cell therapy manufacturing alliance supported by new investor Flerie

Q3

- » At an extraordinary general meeting in Mendus AB, on 10 July 2023, the meeting resolved in accordance with the board of directors’ proposal to amend the articles of association with respect to the Company’s limits for the share capital and the number of shares. Furthermore, the EGM approved the issue of shares and warrants (units) with preferential rights for existing shareholders
- » Mendus reported outcome of previously announced rights issue and directed issue
- » Mendus published preclinical data demonstrating synergies of ilixadencel and 4-1BB-targeting immunotherapies
- » Mendus received U.S. FDA Fast Track Designation for vididencel in Acute Myeloid Leukemia (AML)
- » Mendus presented new data at CICON23 supporting the broad potential of proprietary cancer vaccine platform

Q4

- » Mendus Phase 1 vididencel clinical trial results in AML and high-risk MDS patients published in peer-reviewed medical journal
- » Mendus presented updated ALISON clinical trial data for vididencel in ovarian cancer at SITC 2023
- » Mendus and Australasian Leukaemia & Lymphoma Group (ALLG) announce expansion of vididencel clinical development as maintenance treatment for AML
- » Mendus announced positive survival data from Phase 2 ADVANCE II trial evaluating vididencel as maintenance therapy for AML at ASH 2023
- » At the extraordinary general meeting (the “EGM”) of Mendus AB on 13 December 2023, the EGM resolved, in accordance with the major shareholders’ proposal, on the election of a new board member and the determination of remuneration. The EGM further resolved, in accordance with the board of directors’ proposal, on amendment of the articles of association and the resolution on an issue of warrants of series 2023/2027 and to implement a performance-based incentive program 2023/2027

YEAR IN BRIEF

» Mendus reported completion of the long-term follow up of the MERECA trial studying the intratumoral immune primer ilixadencel in metastatic renal cell carcinoma (mRCC). Mendus also confirms that the Phase 1 ALISON trial with its cancer maintenance therapy vididencel in ovarian cancer is now fully recruited

Significant events after year end

» In March 2024, Mendus provided a business update that included that preparations for the registration study with vididencel are ongoing after positive initial feedback from the FDA, the manufacturing alliance with NorthX Biologics is progressing according to plan, and the collaboration with ALLG is progressing according to previous guidance with expected patient enrollment in the AMLM22-CADENCE trial in April 2024

» Mendus announced in March 2024 that the company had received declarations of intent from major owners and

the board of directors as well as company management regarding the exercise of warrants of series TO3, which in total is expected to result in the exercise of approximately 71.6 percent of the outstanding warrants. The exercise period for the warrants began on March 15, 2024

- » In March 2024, Mendus presented the progress of its NK cell program at the 9th Annual Innate Killer Cell Summit, a leading conference for NK cell-based therapies
- » Mendus announced in March 2024 Human Research Ethics Committee (HREC) approval to initiate the AMLM22-CADENCE trial, which studies Mendus' lead product vididencel as a novel maintenance therapy in acute myeloid leukemia (AML)
- » Mendus announced in April 2024 that the company raised approximately SEK 69.1 million through the warrants of series TO3. In total, 144,043,202 warrants were exercised, corresponding to approximately 76.3 percent of the total number of outstanding warrants.

Financial summary – The Group

Amounts in KSEK	2023	2022
Revenue	–	–
Operating profit/loss	-100,650	-133,685
Net profit/loss	-101,619	-138,786
Earnings/loss per share before and after dilution (SEK)	-0.22	-0.70
Cash	120,782	41,850
Shareholders equity	704,727	514,439
Average number of employees	30	34

Transitioning Towards Late-Stage Development

In 2023, Mendus put in place the building blocks that allow us to transition into a late-stage clinical development company. The positive Phase 2 data with our lead product vididencel in acute myeloid leukemia (AML) presented at the ASH conference in December capped a year with strong progress.

On the regulatory front, we further strengthened the vididencel dossier with an ATMP certificate from EMA and a Fast Track Designation granted by the FDA. We also secured additional financing, established a manufacturing alliance with NorthX Biologics and entered into a partnership with the Australasian Leukaemia and Lymphoma Group (ALLG) to expand the clinical development of vididencel.

Mendus presented three clinical abstracts at the 65th American Society of Hematology Annual Meeting (ASH) held in December, including an oral presentation of the ADVANCE II Phase 2 trial survival data. The presented data showed 14 of 20 patients to be alive in long-term follow-up, with 11 still in first complete remission. With a median follow-up of 31.6 months, median relapse-free survival stood at 30.4 months (2.5 years). Immunomonitoring data confirmed the mode of action of vididencel as an immunotherapy that boosts active immunity against residual disease. Relapse is the main hurdle to long-term survival in AML and maintenance therapy, aimed at prolonging disease-free survival, is therefore the new frontier in the treatment of AML. Maintenance therapy should however not come at the expense of health and quality of



Erik Manting, Chief Executive Officer

life. The potential to deliver long-term survival benefit, in combination with a strong safety profile, therefore makes vididencel one of the most promising AML maintenance therapies currently in development.

The clinical development of vididencel is supported by a strong regulatory dossier, with Orphan Drug Designations granted in Europe and the US. In June 2023, Mendus secured an ATMP certificate by the EMA, validating our investments into the vididencel preclinical dossier and manufacturing process and also in 2023, the US FDA granted Fast Track Designation for vididencel in AML. Advantages of the Fast Track Designation include close interactions with the FDA to support accelerated approval, as well as the possibility of a "rolling review" for a subsequent market application.

In December, Mendus announced a

collaboration with the Australasian Leukaemia and Lymphoma Group (ALLG) to expand the clinical development of vididencel in combination with oral azacitidine, currently the only approved AML maintenance treatment. Preclinical research and data from the completed Phase 1 trial with vididencel in high-risk AML and myelodysplastic syndrome (MDS) patients published in November indicate that vididencel can be safely and effectively combined with azacitidine. Together with ALLG, Mendus will now study the combination of vididencel and oral azacitidine in the randomized controlled AMLM22-CADENCE trial. The first stage of the study will assess the safety of the combination in 40 patients and in the second stage, the efficacy of the combination will be assessed in an additional 100 patients. Mendus had already established an extensive network of European clinical centers and an open investigational new drug (IND) application to support clinical development of vididencel in the US. The collaboration with ALLG will significantly strengthen Mendus' clinical trial network in Australia, New Zealand and selected Asian countries.

The data presented at different conferences in 2023 from the ALISON Phase 1 trial with vididencel in ovarian cancer confirmed safety and revealed the triggering of T cell responses against multiple tumor antigens previously identified as relevant for this indication. Additional read-outs of the ALISON trial are expected in 2024, including a primary read-out in 2024H2. Mendus' second clinical-stage product, the intratumoral immune primer ilixadencel, has been prepared



NorthX Biologics facility in Matfors, Sweden.

for clinical development in soft tissue sarcomas. Mendus is currently in advanced discussions with potential collaborators to enter into a Phase 2 trial with ilixadencel and expects to announce details of the trial in the first half of 2024.

In July, Mendus completed a financing round comprising a directed placement and rights issue totaling SEK 317M. In conjunction with the financing, Mendus announced that it had entered into a manufacturing alliance with NorthX Biologics. The alliance will support large-scale manufacturing and marks a crucial step on the path towards pivotal-stage development and commercial launch of vididencel. In the second half of 2023 and first quarter of 2024, Mendus and NorthX Biologics have completed the install-

ment of the vididencel manufacturing facility in the NorthX Biologics' Matfors site in Sweden and initiated the first steps in the transfer of the manufacturing process to the new facility.

In 2024, Mendus will focus on preparing for late-stage development of vididencel in AML, by developing a registration trial protocol in close alignment with the regulatory authorities EMA and FDA. The vididencel manufacturing process will be transferred from Mendus to the new facilities now installed at NorthX Biologics, to be ready for large-scale manufacturing in the first half of 2025. The initial data collected in the AMLM22-CADENCE trial are expected to confirm vididencel's excellent safety profile in combination with oral azacitidine in the AML maintenance setting. We look

forward to keeping our stakeholders updated on the progress of vididencel in AML and our additional pipeline programs.

We continue our mission to change the course of cancer treatment, by developing immunotherapies that have the potential to improve disease-free and overall survival in hard-to-treat tumors, without compromising health or quality of life. We are particularly grateful for the dedication of the clinical centers and the patients who participate in our clinical trials. Finally, we thank our shareholders, our collaborators and all other stakeholders for their continued support.

Erik Manting
CEO

Mendus in short

Mendus is developing novel cancer therapies based on harnessing the power of the immune system to control residual disease and prolong disease-free and overall survival of cancer patients, without harming health or quality of life.



Cancer treatment without harming health or quality of life.

Changing the course of cancer treatment

In today's cancer therapy landscape, many cancer patients experience an initial treatment success, leading to clinical remission. However, tumor recurrence remains an imminent threat in many cases and causes the vast majority of cancer-related deaths today. As a result, there is an increasing need for maintenance therapies, particularly in tumor indications with a high recurrence rate.

Vididencel – positioned as a novel maintenance therapy in AML

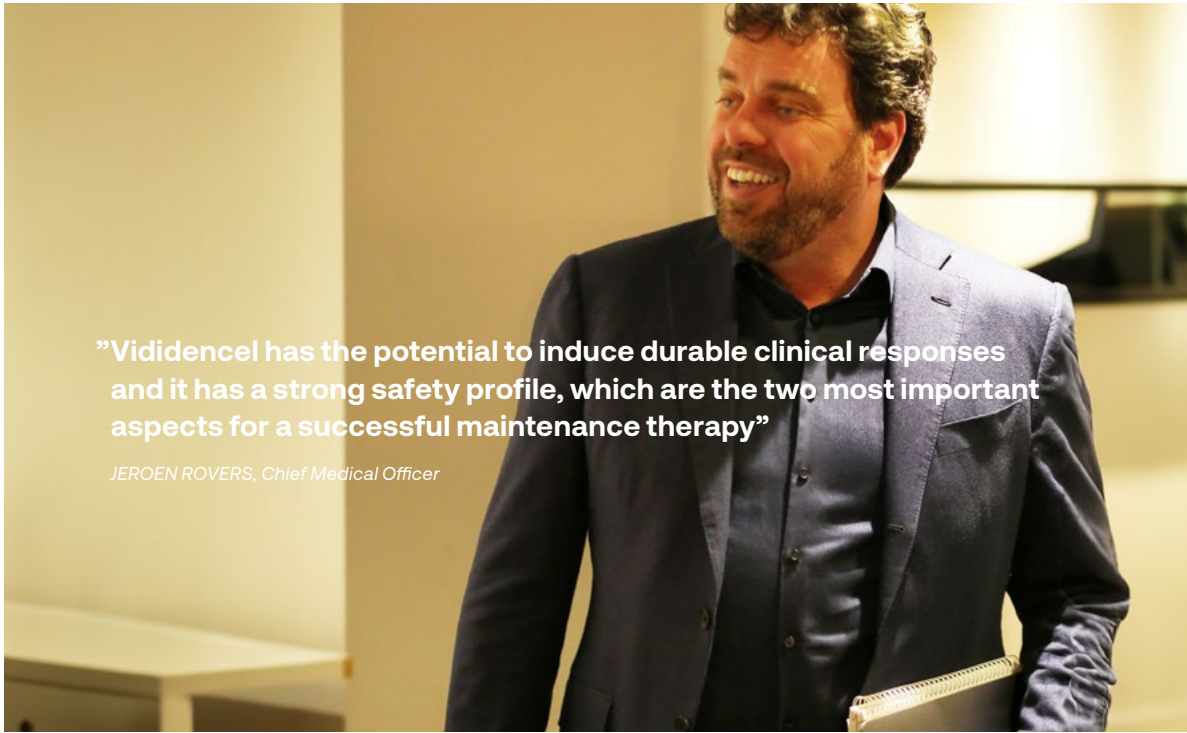
Vididencel is an immunotherapy derived from the company's proprietary

DCOne cell line. During manufacturing, the DCOne cells, which have a leukemic origin, undergo a phenotypic shift to express dendritic cell phenotype. This renders the cells highly immunogenic and suitable as the basis for vididencel. Vididencel is an off-the-shelf product, which is stored frozen, is available on-demand and can be administered via intradermal injection. Promising clinical data with vididencel were presented at various high-profile medical conferences. The results consistently demonstrated vididencel's ability to induce durable immune responses, combined with an excellent safety profile. The clinical development of vididencel in AML is supported by Orphan Drug status (EU + US) and Fast Track Designation (US). The

vididencel manufacturing process has been validated by an ATMP certificate issued by EMA.

The ongoing ADVANCE II Phase 2 monotherapy trial evaluates single-agent activity of vididencel as maintenance therapy in AML, for patients brought into complete remission through chemotherapy, but with measurable residual disease (MRD). The presence of MRD puts patients at a high risk of relapse and reduced overall survival.

Mendus presented positive survival data from the ADVANCE II trial in December 2023 at the ASH conference. At a median follow-up of 31.6 months, 14/20 patients were alive, with 11 still



“Vididencel has the potential to induce durable clinical responses and it has a strong safety profile, which are the two most important aspects for a successful maintenance therapy”

JEROEN ROVERS, Chief Medical Officer

in first complete remission. Median relapse-free survival stood at 30.4 months (2,5 years). Immunomonitoring and MRD data confirmed that vididencel acts as an immunotherapy that improves active immunity, built up by the patients’ own immune system, against residual cancer cells.

The ADVANCE II monotherapy proof-of-concept data support the broader positioning of vididencel as a new treatment modality in AML maintenance. As a first step-up to pivotal-stage development, vididencel will be combined in a next clinical trial with oral azacitidine, the only approved maintenance therapy for transplant-ineligible AML patients. For this, Mendus announced that in December 2023 it has entered into a collaboration with the Australasian Leukaemia & Lymphoma Group (ALLG).

In parallel to the continued clinical development, Mendus will implement a large-scale manufacturing process and expand the manufacturing

infrastructure for vididencel. In 2023, Mendus has entered into a strategic manufacturing alliance with NorthX Biologics, a leading Contract Development and Manufacturing Organization (CDMO) in the Nordics, which also serves as the National Swedish Innovation Hub for the GMP manufacture of biologics used in vaccines, gene therapy and other advanced therapy medicinal products (ATMPs). Mendus and NorthX will co-establish cell therapy manufacturing capabilities in Sweden, which will be used for late-stage clinical development and commercial manufacturing of vididencel.

Indication expansion – ovarian cancer

Like AML, ovarian cancer is characterized by fast tumor recurrence following initial treatment, providing for the rationale to develop maintenance therapy options in this disease. Supported by preclinical data demonstrating vididencel’s potential to stimulate anti-tumor immunity in ovarian cancer, the currently active and recruiting

ALISON Phase 1 clinical trial explores safety and feasibility of vididencel as a maintenance treatment in ovarian cancer.

Interim data from the ALISON trial presented at the most recent AACR, CICON and SITC conferences confirmed vididencel’s excellent safety profile and demonstrated improved immune responses against tumor antigens previously shown to be relevant for ovarian cancer following vididencel administration. The ALISON trial was fully recruited in December 2023 and Mendus expects to report additional clinical data from the ALISON trial in 2024, including a primary read-out in 2024H2.

llixadencel – an intratumoral immune primer for hard-to-treat solid tumors

llixadencel consists of dendritic cells derived from healthy donor material, which are administered as an intratumoral injection to produce an inflammatory local environment and

ultimately a tumor-specific immune response.

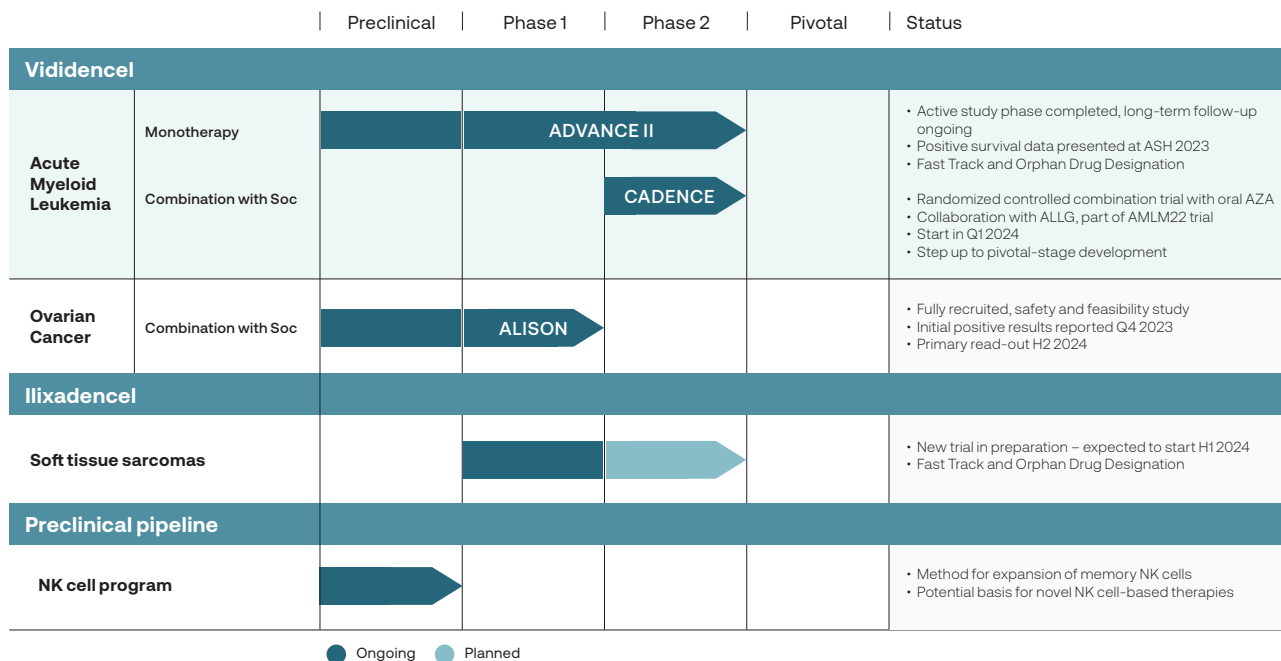
Ilixadencel has been studied in clinical trials across a range of solid tumor indications in combination with existing cancer therapies, including tyrosine kinase inhibitors and the immune checkpoint inhibitor pembrolizumab. Preclinical results furthermore suggest synergies with other immune checkpoint modulators, including antibodies directed towards CTLA-4 and 4-1BB. Overall, a substantial body of pre-clinical and clinical data underscore ilixadencel's potential as a safe and viable combination therapy in cancer therapy.

Mendus aims to establish proof-of-concept data with ilixadencel in soft tissue sarcoma's, a group of tumors that is poorly responding to current available therapies.

Preclinical pipeline

Next to supporting the clinical pipeline programs and manufacturing of the company's product candidates, Mendus' research activities include the design of next-generation immune primers based on the DCOne cell line as well as leveraging internal pipeline synergies through the combination of vaccination and intratumoral priming.

Mendus has also applied its expertise in dendritic cell biology to improve other cell-based therapies. Particularly, Mendus has explored the application of the proprietary DCOne platform to expand memory NK cells, an important subset of NK cells because of their longevity, resistance to immune suppression and correlation with improved clinical outcomes in blood-borne tumors in particular. Establishing a method to expand therapeutic quantities of memory NK cells may therefore provide the basis for novel, improved NK cell-based therapies, to potentially enter the Mendus pipeline.



A person is running on a paved path that curves along a rocky coastline. The scene is captured at sunset, with a warm, golden light illuminating the sky and the water in the background. The person is wearing a dark tank top and shorts, and their legs are in mid-stride. The overall mood is one of active health and vitality.

Markets and Strategy

According to the International Agency for Research on Cancer (IARC), a specialized cancer agency of the World Health Organization, cancer is expected to surpass cardiovascular disease as the leading cause of premature death in most industrialized countries.

ARC's latest estimates show that the global cancer burden rose to 19.3 million new cases and 10.0 million cancer-related deaths in 2020. IARC also predicts that by 2040 cancer incidence will almost double, to 30.2 million new cases¹. The main cause of cancer-related deaths is tumor recurrence and disease relapse following initial successful treatment².

Immuno-Oncology

Immuno-oncology, or "IO", has revolutionized the cancer therapy landscape. The field encompasses different therapeutic modalities which are based on antibodies or cells of the immune system or can modulate the immune system. The global IO field was estimated to be valued at around USD 85bn in 2020 and is expected to grow to over USD 300bn in 2030³.

In the treatment of cancer and infectious diseases a difference can be made between active immunity,

acquired via natural immunity against a disease or vaccination and passive immunity, which is based on the injection of antibodies or modified immune cells directed against the disease. Passive immunity is generally immediately effective, whereas active immunity takes time, typically a few weeks, to develop. However, only active immunity is long-lasting⁴. Immune checkpoint inhibitors are the most successful class of IO drugs, with the leading drug pembrolizumab alone being approved in more than twenty solid tumor indications and realizing around USD25bn in revenues in 2023⁵. Checkpoint inhibitors support active immunity, by activating the patient's own anti-tumor T cell response. Despite their success in achieving long-term survival benefit in patients suffering from solid tumors, still only the minority of patients respond to checkpoint inhibitors and despite a massive effort involving more than 4.000 clinical trials⁶, other immunotherapy modalities have largely failed to improve the success rate of checkpoint inhibitors.

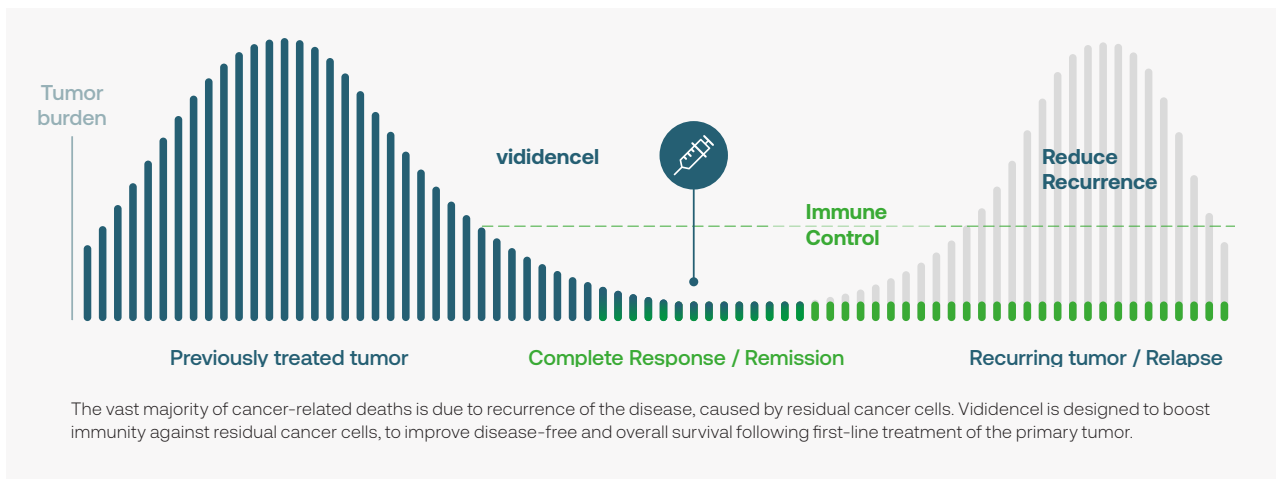
Mendus focuses on tumor indications which today do not benefit from checkpoint inhibitors, being blood-borne tumors and hard-to-treat solid tumors that poorly respond to existing therapies, including checkpoint inhibi-

tors. Our lead products vididencel and ilixadencel are designed to improve active immunity, built up by the patient's own immune system, which has the potential to deliver long-lasting clinical benefit without compromising health or quality of life.

Mendus develops vididencel as a cancer maintenance therapy, aiming to prolong disease-free and overall survival following initial successful treatment. Vididencel is an active immunotherapy, designed to boost the patient's own immune response against residual cancer cells.

Acute Myeloid Leukemia

According to the US National Cancer Institute, new cases of acute myeloid leukemia (AML) affect about people 20.000 per year and AML leads to more than 11.000 cancer deaths in the United States alone⁷. The five-year survival rate is estimated at about 30 percent overall, with survival rates dropping to about 10 percent for patients older than 65. The main reason that AML is such a deadly disease is that patients with AML frequently relapse, even after achieving complete remission with initial chemotherapy⁸. Therapeutic options for AML patients in remission following successful initial treatment are very limited, with the



only potentially curative approach being an allogeneic hematopoietic stem cell transplant (HSCT, or “bone marrow transplant”). Currently the only drug approved for AML maintenance therapy is an oral version of azacitidine, a chemotherapy agent, which was approved in 2020 by the United States Food and Drug Administration specifically for AML maintenance treatment of transplant-ineligible patients following high-intensity chemotherapy⁹. The treatment, which is marketed under the brand name Onureg®, generated annual revenues of USD 168m in 2023¹⁰. It is expected that the need for additional therapeutic options in the AML maintenance market will further grow after this first approval of a maintenance-specific product.

Mendus intends to provide a new therapeutic option for AML maintenance through the development of vididencel in this indication. In 2023, Mendus reported multiple updates based on the ADVANCE II monotherapy Phase 2 trial, studying vididencel as a novel AML maintenance therapy. Most notably, Mendus reported positive survival data from the ADVANCE II trial at the annual American Society of Hematology conference (ASH) in December 2023, demonstrating durable clinical remissions and broad immune responses following vididencel treatment in the majority of patients. The positive Phase 2 monotherapy

data will allow Mendus to develop vididencel in the broader AML maintenance setting, including the combination with oral azacitidine. Additional AML patient populations to benefit from novel maintenance therapies include post-transplant patients, with relapse related to residual disease being the main reason for transplant failure and patients brought in complete remission with new therapies, such as the combination of azacitidine and venetoclax. Eventually, vididencel may also be used as a bridge-to-transplant treatment that allows patients to recover from the high-intensity chemo and provides for additional time to find a donor and prepare for HSCT.

Ovarian Cancer

According to the Centers for Disease Control and Prevention (CDC), ovarian cancer is the second most common gynecological cancer in the United States. The American Cancer Society estimates that some 20,000 women will receive a new diagnosis of ovarian cancer in the US alone, and some 13,000 women will die from ovarian cancer¹¹. Ovarian cancer causes more deaths than any other cancer of the female reproductive system due to its high recurrence rate following initial treatment¹². Available treatment options have shown to be less effective with each recurrence, further highlighting the need

for maintenance therapies aimed at reducing recurrence and extending the progression-free survival. In the past, maintenance therapy using chemotherapy regimens showed little improvement and carried significant toxicity. The more recent development of targeted molecular therapies such as PolyADP-ribose polymerase (PARP) inhibitors has resulted in greater maintenance therapy options with less toxicity and greater therapeutic benefit but significant room for improvement remains¹³.

Mendus is studying vididencel as a potential novel maintenance treatment for ovarian cancer via the ongoing Phase 1 ALISON trial. Positive initial data demonstrating safety and feasibility based on the triggering of immune responses against antigens shown to be relevant for ovarian cancer have been presented at multiple medical-scientific conferences. Mendus expects to present additional data from the ALISON trial in 2024, including a primary read-out in 2024H2.

Soft Tissue Sarcomas

The American Cancer Society estimates that around 13,590 will be diagnosed with soft tissue sarcomas (STS) in the United States and that STS will result in around 5,200 deaths¹⁴. Sarcomas are a group of heterogeneous tumors which comprise more

than 100 subtypes. They are broadly considered immunologically “cold” tumors, resulting in the need for treatment options that can help overcome the immunosuppressive strategies of the tumor.

Besides surgery, several lines of treatment are available for STS, with tyrosine kinase inhibitors (TKI) representing the dominant treatment class. However, following TKI treatment failure there are currently very few available alternative treatment options and STS also poorly respond to checkpoint inhibitors. Mendus is aiming to become active in STS via the development of ilixadencel as an intratumoral immune primer, in combination with TKI and potentially immune checkpoint inhibitors.

Natural Killer Cell Therapy

Natural Killer (NK) cells are a first line of defense against virus-infected and cancerous cells and therefore hold large therapeutic potential¹⁴. The global market for NK cell therapies was estimated at USD 348m in 2021 and is expected to grow to USD 1,6bn in 2031¹⁵. The rapidly evolving field of

NK cell-based therapies generally focuses on the manufacturing of therapeutic quantities of NK cells and on methods to improve NK cell function and persistence in the body following administration. Memory NK cells are a specific class of NK cells which have been associated with improved tumor cell killing capacity and clinical benefit in hematological tumors¹⁶. Mendus is developing a method to expand donor-derived memory NK cells for therapeutic purposes. The method is based on Mendus’ DCOne platform and can potentially be used to generate high-quality NK cells for different therapeutic applications in blood-borne and other tumors.

Research Collaborations

Mendus continues to explore new product opportunities based on its current technology platform, as well as novel therapeutic concepts. The company has established a broad network of collaboration partners to explore new treatment options and therapeutic concepts. A research collaboration with the University Medical Center Groningen explores novel treatment options for ovarian cancer

based on the combination of viduencel with immune checkpoint inhibitors. The alliance receives grant funding from Health-Holland, an organization supported by the Dutch Ministry of Economic Affairs and Climate Policy. Mendus also participates in the public-private partnership Oncode-PACT, which is supported by the National Growth Fund, an initiative of the Dutch Ministry of Economic Affairs and Climate Policy and the Ministry of Finance. The National Growth Fund invests 325 million euros in the Oncode-PACT plan to accelerate the preclinical development process of cancer drug. Within the framework of Oncode-PACT, Mendus may be eligible for matching funds to support part of its research and development programs.

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Erik Manting, CEO:

Vision, Mission and Strategy



How would you describe the vision of the company?

To become a relevant player in the treatment of cancer. Relevant both in terms of clinical benefit for patients and as a company with a solid foundation and long-term future in the biopharmaceutical industry.

And how does that translate into Mendus' mission?

Our mission is to change the course of cancer treatment. More cancer patients than ever are experiencing initial treatment success, but tumor recurrence is a constant threat and responsible for the majority of cancer-related deaths. Mendus focuses on harnessing the power of the immune system to control residual disease in order to achieve deeper and longer-lasting clinical remissions, ultimately leading to a potential cure of tumors that are among the deadliest due to their high recurrence rate. Because we apply this principle as maintenance therapy, when patients have already undergone harsh previous treatments such as chemotherapy, our product candidates must have a strong safety profile. If successful, this approach can make a real difference for clinical outcomes and patient well-being.

What is Mendus' development strategy?

Because the immuno-oncology landscape is very crowded, with many new therapies being combined with immune checkpoint inhibitors as the leading class of compounds, it is important to have a differentiated strategy. Mendus has focused on maintenance therapy, for which immunotherapy is ideally suited based on the opportunity to achieve durable clinical responses combined with relatively mild side effects.

Monotherapy data, based on the effect of a single drug rather than the combination with another compound, are generally a good starting point to demonstrate proof-of-concept. This is why we had chosen acute myeloid leukemia (AML) as a first indication. AML is a disease characterized by very fast relapse, creating a high medical need for maintenance therapy. It was also a disease without any approved maintenance drug when we initiated the ADVANCE II trial, making a monotherapy trial even more interesting. The survival data reported end of 2022, combined with the extensive immunological analyses carried out as part of the trial, therefore represent

clinical proof-of-concept and allow us to move forward more broadly in the AML maintenance setting. Also with our other indications, we deliberately focus on tumors that have been poorly responding to existing therapies, such as ovarian cancer and gastrointestinal stromal tumors.

What about partnering?

The ability to position our programs in the competitive landscape and move them forward in an optimal way is our key priority. We will keep our options to partner one or more of our programs open, if a partnership allows us to accelerate and broaden our clinical development. Of course, this is also dependent on the commercial terms, which will have to be balanced with the future value of such a potential partnership versus the product value as a whole. We are currently pursuing indications that have substantial commercial value, but are small enough for us to be able to develop our products all the way to registration by ourselves. This gives us a strong position in partnering discussions.

Technology background

Dendritic cells play a central role in adaptive immune responses. They train the immune system to recognize antigenic sequences produced by infections or tumor cells and provide for co-stimulation to facilitate the proliferation of T cells and other immune cells. Increasing evidence suggests that there are dynamic interactions between dendritic cells, involving cellular crosstalk and the exchange of cellular content.

ALLOGENEIC DENDRITIC CELL BIOLOGY

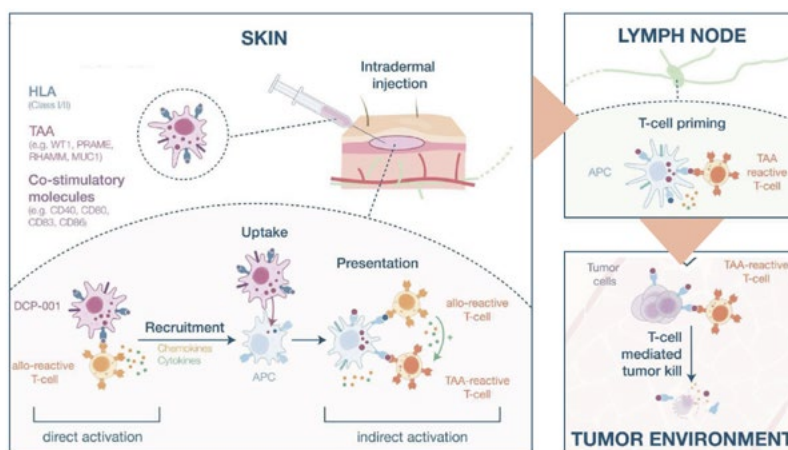
These mechanisms are crucial to the priming of anti-tumor responses and need to be considered when designing cancer immunotherapies based on dendritic cell biology^{1,2,3,4}. These biological pathways also support the design of allogeneic cell-based therapies, which do not rely on patient ma-

terial and allow for the development of highly immunogenic products with improved manufacturability. Mendus has leveraged its expertise in allogeneic dendritic cell biology to design its lead therapeutic programs, vididencel and ilixadencel. Each product relies on specific interactions with the patient's

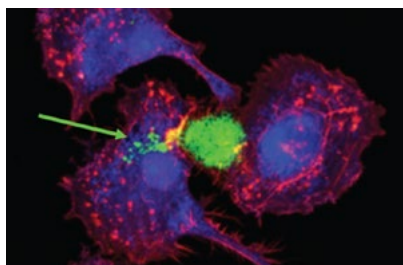
immune cells, including the patient's dendritic cells. In addition, Mendus applies its technology to expand so-called memory natural killer (NK) cells, which may be used as the basis for novel therapeutic approaches.

VIDIDENCCEL

Vididencel is a whole cell-based cancer vaccine derived from Mendus' proprietary DCOne leukemic cell line. For vididencel manufacturing, the DCOne cells are cultured from a qualified working cell bank and are then reprogrammed to express mature dendritic cell phenotype. This renders the cells highly immunogenic and provides for the basis for the vaccine. The resulting cells comprise a broad array of endogenous tumor antigens combined with a mature dendritic cell co-stimulatory profile. Upon intrader-



Vididencel- Mode of action



Vididencel (green) is phagocytosed by surrounding antigen-presenting cells

mal injection of vididencel, the product induces a local inflammatory reaction, leading to recruitment of antigen-presenting cells (APCs) in the skin, which phagocytose ("eat") the vaccine and become activated in the process. These activated APCs subsequently migrate from the skin towards the draining lymph nodes, where they

trigger a broad anti-tumor response. Immune responses against multiple tumor antigens have been observed following vididencel vaccination, including increased levels of tumor antigen-specific T cell activities. The proposed mode of action for vididencel is based on clinical observations and detailed preclinical research^{5,6}.

ILIXADENCEL

Activated, allogeneic dendritic cells derived from healthy donor material represent the basis for ilixadence. These cells, following the administration directly into the tumor, induce a local inflammatory reaction and lead to recruitment and activation of NK cells and recruitment of the patient's own dendritic cells into the tumor microenvironment. The activated NK cells are responsible for the killing of tumor cells and the recruited dendritic cells will encounter and engulf dying tumor cells and tumor cell debris, including tumor specific (neo-)antigens, that will act as an antigen source to activate tumor specific T cells. The proposed mode of action for ilixadence has been demonstrated in preclinical studies and is supported by clinical observations^{7,8}.

MEMORY-NK-CELLS

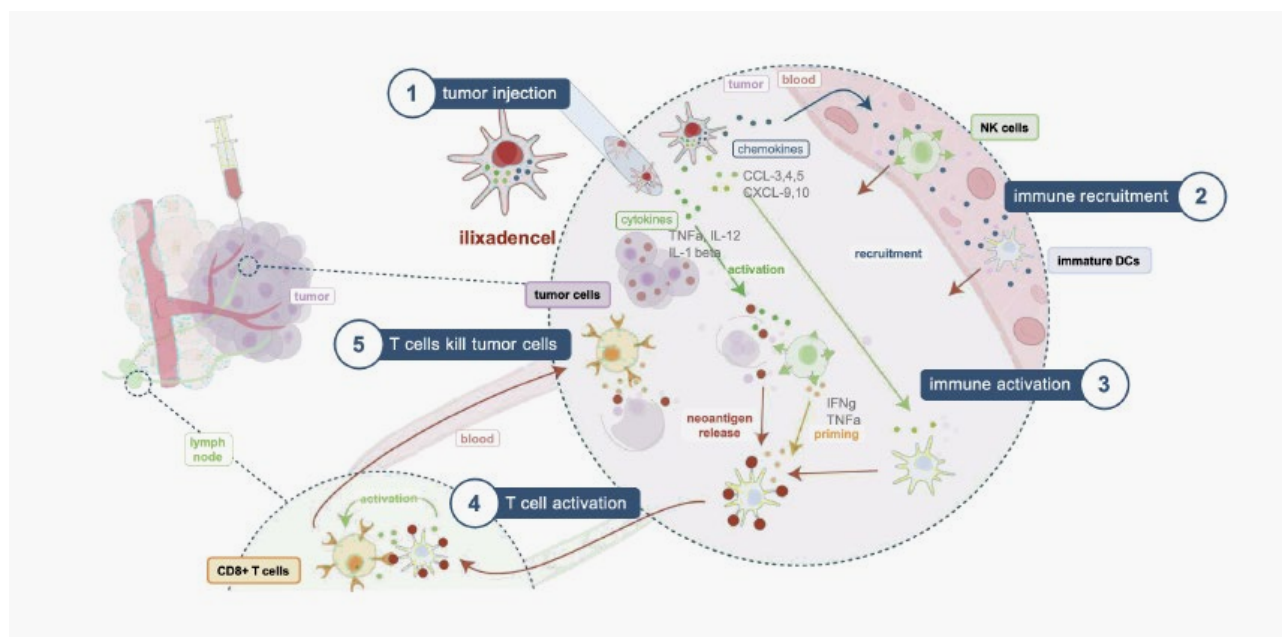
NK cells are part of the innate immune system and form a first line of defense against infections and tumor cells⁹. So-called "memory" or "adaptive" NK cells are associated with improved tumor cell killing and significantly reduced relapse

rates in bone marrow-transplanted leukemia patients^{10,11}. Memory NK cells therefore hold great therapeutic promise in the treatment of hematological cancers and potentially other tumor types. The NK cell research at Mendus has focused on using the proprietary DCOne platform to improve NK cell quality and specifically on the expansion of memory NK cells, which subsequently can be used in different therapeutic applications.

References

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ilixadence – Mode of Action



The figure above shows that ilixadence produces recruiting and activating molecules in the tumor, which then recruit and activate natural killer (NK) cells for the release of tumor antigens and the patient's own dendritic cells (DCs) for the uptake of these tumor neoantigens. Thus, what Immunivic expects to accomplish by means of a standardized primer is to subsequently load the patients' own dendritic cells with their tumor-specific neoantigens in vivo, and in this way offer patients a more potent, individualized treatment. This is something that makes ilixadence a unique cancer immune primer with a favorable positioning.

The Mendus Share

Mendus AB (publ) is a Swedish public limited liability company and is regulated by the Swedish Companies Act (2005:551). Mendus' shares are issued in accordance with the Swedish Companies Act and are denominated in SEK. Shareholders' rights may only be changed in accordance with the procedures set out in the Companies Act.

Each share in the company entitles the holder to one vote at the Annual General Meeting. All shares have equal rights to the company's assets and profits. At general meetings, shareholders may vote for the total number of shares they own and represent, with no restrictions on voting rights. All shares in the company are of the same class and are freely transferable. The share register is maintained by Euroclear Sweden AB.

The Mendus share has been traded on Nasdaq First North since April 22, 2013. As of January 15, 2018, the share is traded on the Nasdaq Stockholm Small Cap list under the ticker IMMU.

Share performance

In 2023, the share price decreased by 81.1 percent. In comparison, the OMX Stockholm Small Cap PI increased by 7.9 percent during the same period. The highest closing price in 2023 was SEK 2.985 and the lowest price was SEK 0.300. Mendus' market capitalization at the end of 2023 amounted to SEK 451 million.

Liquidity

The average trading volume per trading day was SEK 2,104,554 (compared to SEK 644,532 in 2022). A total of 972

million shares (compared to 63 million in 2022) were traded in Mendus in 2023, corresponding to a value of approximately SEK 506 million (2022: 240).

Analyst coverage

Analysts covering the stock at year-end 2023 were: Soo Romanoff and Harry Shrives, Edison Investment Research and Christian Binder, Redeye AB.

Share capital

The number of shares and votes in Mendus changed in 2023 as a result of the issuance of 663,747,772 new shares during the year. In the program with Negma, regarding convertible debentures, a total of 4,774,988 new shares were issued, in the rights issue on July 28, 472,953,859 new shares were issued and in the directed issue to Flerie Invest on the same date, 187,500,000 were issued. In connection with these transactions, the share capital has increased by SEK 33,187,389, from SEK 9,970,030 to SEK 43,157,419, during the year.

The number of shares and votes in the company as of 31 December 2023 amounted to 863,148,371 compared to a total of 199,400,599 shares and votes at the end of 2022. The quota value per share is SEK 0.05.

Share capital development

Year	Event	Change in no. of shares	Total no. of shares	Change in share capital (SEK)	Total share capital (SEK)	Quota value (approx. SEK)
2010	New share issue	1,326	6,629	33,150	165,725	25.00
2012	New share issue	600	7,229	15,000	180,725	25.00
2012	Split 1,000:1	7,221,771	7,229,000	–	180,725	0.025
2012	Bonus issue	12,771,000	20,000,000	319,275	500,000	0.025
2013	Reverse split 2:1	-10,000,000	10,000,000	–	500,000	0.05
2013	New share issue	2,675,000	12,675,000	133,750	633,750	0.05
2013	New share issue	1,100,000	13,775,000	55,000	688,750	0.05
2014	New share issue	3,500,000	17,275,000	175,000	863,750	0.05
2014	New share issue	2,755,000	20,030,000	137,750	1,001,500	0.05
2016	New share issue	130,000	20,160,000	6,500	1,008,000	0.05
2016	New share issue	5,798,541	25,958,541	289,927	1,297,927	0.05
2017	New share issue	24,999,990	50,958,531	1,249,999	2,547,927	0.05
2018	New share issue	41,299,000	92,257,531	2,064,950	4,612,877	0.05
2020	New share issue	73,909,635	166,167,166	3,695,482	8,308,358	0.05
2021	New share issue	33,233,433	199,400,599	1,661,672	9,970,030	0.05
2023	New share issue	663,747,772	863,148,371	33,187,389	43,157,419	0.05

Shareholder Structure

At the end of 2022, Mendus' management and board of directors owned 1.72 percent of the total number of shares in Mendus (down from 2.10 percent at the end of 2021), a decrease in percentage as a result of the total number of shares having increased, in connection with the directed share issue to Flerie Invest AB, during the reporting period.

The single largest shareholder was Adrianus Van Herk with a total of 298,544,464 shares at the end of 2023, corresponding to 34.6 percent of the total number of shares. Mendus' ten largest shareholders owned 74.1 percent of the capital and votes (compared to 64.0 percent at the end of 2022). In terms of geographical breakdown, the shareholding in Sweden amounted to 60.9 percent (compared to 51.8 percent at the end of the 2022 financial year) of total capital and 39.1 (48.2) percent foreign ownership.

Proposed Dividend

Mendus currently has no drugs sold on the market, which means that the company does not generate any significant revenue and reports negative results.

Ahead of the 2024 Annual General Meeting, the Board of Directors has proposed that no dividend be paid for the 2023 financial year.

Incentive Program

The purpose of share-based incentive programs is to promote the company's long-term interests by motivating and rewarding the company's senior executives and other employees in line with the interests of the shareholders. There are currently two active programs in the company.

LTI 2021/2024

At the Annual General Meeting on 4 May 2021, it was resolved to implement an incentive program with employee stock options and share rights, "LTI 2021/2024".

The number of subscribed share rights amounted to 680,000. During 2021-2023, a total of 261,000 share rights have been forfeited in connection with employees leaving. Thus, the number of issued share rights amounts to 419,000, which corresponds to approximately 0.05% dilution if all share rights are exercised. The part of the program that related to employee stock options has been terminated prematurely and all options have been recalled.

LTI 2022/2025

At the Annual General Meeting in May 2022, it was resolved to implement an incentive program with employee stock options "LTI 2022/2025". The program has been terminated prematurely and all employee stock options have been revoked.

LTI 2023/2027

At an Extraordinary General Meeting on 13 December, it was decided to introduce an incentive program with employee stock options. The number of employee stock options amounts to a maximum of 47,333,226. As the subscription period falls after 31 Dec 2023, no employee stock options have been subscribed for at the time of preparation of the annual report.

For more information about the programs, see the minutes from the annual general meeting 2021, 2022 and from the extraordinary general meeting 2023/213 published on the company's website www.mendus.com.

Shareholders as of 2023-12-31

Source: Euroclear Sweden AB

Owners	Shares	% of votes and capital
Adrianus Van Herk	298,544,464	34.59%
Flerie Invest AB	187,500,000	21.72%
Fourth Swedish National Pension Fund	81,999,089	9.50%
Avanza Pension	27,404,662	3.17%
Holger Blomstrand Byggnads AB	12,988,860	1.50%
Nordnet Pension Insurance	8,856,095	1.03%
SEB Funds	6,620,661	0.77%
Staffan Wensing	6,277,671	0.73%
Handelsbanken Funds	5,134,020	0.59%
Erik Manting	4,428,242	0.51%
Dharminder Chahal	4,410,241	0.51%
Bilsen Begovic	2,965,318	0.34%
Reda Jadile	2,410,000	0.28%
WBS Hünicke Vermögensverwaltung	2,314,214	0.27%
FCG Fonder	2,245,130	0.26%
Christer Isberg	2,152,618	0.25%
Theodor Jeansson Jr.	2,000,000	0.23%
Lotta Ferm	2,000,000	0.23%
Swedbank Försäkring	1,983,030	0.23%
Handelsbanken Liv Försäkring AB	1,968,949	0.23%
Others	198,945,107	23.05%
Total	863,148,371	100%

The Board of Directors



CHRISTINE LIND

Chairman since 2021

MBA in Finance and Management from Columbia Business School, born 1974.

Shares: 319,994*
(through related)

Experience: Christine Lind is an American citizen, born in 1974. Christine Lind holds a bachelor's degree in finance and information system from New York University, Stern School of Business, and an MBA-degree in finance and management from Columbia Business School. Christine Lind has extensive experience from management roles in the global biotech industry (e.g. Vice President Business Development at LifeCell Corporation and Executive Vice President Business Development and subsequently CEO of Medivir AB) and as a strategic and financial advisor to biotech and pharmaceutical companies (at Merrill Lynch & Co). Christine Lind is currently a board member of Xspray Pharma AB, CEO and chairman of the board of directors of Lind Growth Strategy AB and Vice President, Commercial of NDA Group AB.

Ongoing engagements: Board member of Xspray Pharma AB, CEO and chairman of the board of directors of Lind Growth Strategy AB and Vice President, Commercial of NDA Group AB

Independency: Christine Lind is independent in relation to the company, its senior executives and major shareholders.



SVEN ANDREASSON

Board Member since 2020

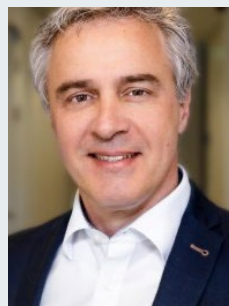
MSc from Stockholm School of Economics and Business Administration, born 1952.

Shares: –

Experience: Sven Andreasson is a Swedish citizen, born in 1952 and resides in Washington DC, US. Sven holds a degree in business administration from Stockholm School of Economics and MBA-educations from IMEDE Lausanne, INSEAD Fontainebleau and Ashridge London. Sven Andreasson has broad experience from biotech and pharmaceutical companies. He was CEO of Active Biotech AB 1999-2008, Beta-Cell NV in Belgium 2008-2012 and Isconova AB 2012-2013 where he initiated and completed a sale of the company in 2013 to the American company Novavax. Sven has also held several senior management positions within Pharmacia in Sweden, Germany, Belgium and France. Previous experience from board assignments includes e.g., TiGenix NV, Belgium, Immunium AB and Cantargia AB as well as Chairman of Erytech SA, France.

Ongoing engagements: Senior Vice President of Novavax with responsibility for Business Development. Board member of Cellastra Inc., US and Erytech SA, France.

Independency: Sven Andreasson is independent in relation to the company, its senior executives and major shareholders.



ANDREA VAN ELSAS

Board Member since 2021

Ph.D. in Immunology and Oncology and an M.S. in Molecular and Cell Biology, born 1966.

Shares: –

Experience: Andrea van Elsas has previously served as Chief Scientific Officer at Aduro Biotech, following the acquisition of BioNovion, a company he co-founded in 2011, and held various positions at Organon (acquired by Schering-Plough and later by Merck) in The Netherlands and Cambridge, Massachusetts, US. While working for Organon and Schering-Plough, he directed the immuno-oncology portfolio and led the anti-PD1 program that later became known as pembrolizumab. As a postdoctoral researcher, he worked in the lab of 2018 Nobel Laureate Jim Allison at the University of California, Berkeley and is a co-inventor on the original anti-CTLA-4 patents that formed the basis for the development of ipilimumab, the first checkpoint inhibitor approved in 2011 by the FDA for the treatment of melanoma.

Ongoing engagements: Partner with Third Rock Ventures, Interim CSO at Abata Therapeutics, Supervisory Board member at InteRNA Technologies, Scientific Advisory Board member at Lava Therapeutics (Chair).

Independency: Andrea van Elsas is independent in relation to the company, its senior executives, and major shareholders.



DHARMINDER CHAHAL

Board Member since 2021

Master's degree in Business Economics, master's degree cum laude in Aerospace Engineering born 1976.

Shares: 5,292,289*

Warrants: 882,048

Experience: Dharminder Chahal is currently the CEO and co-founder of SkylineDx, The Netherlands, developing diagnostic tests in oncology. He is also owner and managing director of Exponential BV in which capacity he acts as consultant to Van Herk Investments. Previously he has held various positions in investment banking and asset management including at Kempen & Co and Robeco.

Ongoing engagements: Board member of Biolnvent, Ceradis, Medis Medical Imaging, Sensara and Vitalnext as well as advisory board member of BioGeneration Ventures II, Thuja Capital Fund I and Gilde Healthcare Funds II and III.

Independency: Dharminder Chahal is independent in relation to the company and its senior executives, and dependent in relation to the major shareholders.

* Number of shares as of 17 April 2024.

The Board of Directors



HANS PREUSTING

Board Member since 2021

Ph.D. in Biochemistry and a M.B.A. from the Rotterdam School of Management born 1962.

Shares: 199,994*

Warrants:
33,332

Experience: Hans Preusting has previously served as the Chief Business Officer and interim COO of uniQure. Prior to that he was the VP of Process Development and Manufacturing at AMT, the predecessor of uniQure. Hans now works as an independent consultant for several biotech companies and is co-founder of two biotech start-up companies. He holds two patents and has published over 20 scientific articles. His expertise is focused on business development, product development and manufacturing. He earned a Ph.D. in biochemistry from the University of Groningen, the Netherlands and an M.B.A. from the Rotterdam School of Management, the Netherlands.

Ongoing engagements:
CEO of Synerkine Pharma B.V. and CDO of DegenRx B.V.

Independency: Hans Preusting is independent in relation to the company, its senior executives, and major shareholders.



HELÉN TUVEßSSON

Board Member since 2020

MSc, Ph.D. from Lund University born 1962.

Shares: 63,997*

Warrants:
10,666

Experience: Helén Tuveßson is a Swedish citizen, born in 1962 and holds a doctor's degree in cellular and molecular biology in medical science at Lund University. She has more than 25 years of experience from the pharmaceutical industry in various positions within Pharmacia and Active Biotech, including as Chief Scientific Officer at Active Biotech for 6 years. In this role she was responsible for the operational research activities and the company's project portfolio in late stage clinical development in neurodegenerative diseases and cancer indications. Since 2017, Helén is the CEO of Active Biotech AB.

Ongoing engagements:
CEO, Active Biotech AB

Independency: Helén Tuveßson is independent in relation to the company, its senior executives and major shareholders.



TED FJÄLLMAN

Board Member since 2023

Ph.D. in Molecular Biology, born 1978

Shares: –

Experience: Dr Ted Fjällman has been CEO of Flerie since January 2023, previously having been Partner, Venture Partner and the CEO of portfolio company Prokarium. He is board member of several drug development companies and was the first CEO of NorthX Biologics after Flerie acquired a manufacturing facility from Charles River to set up this CDMO. Ted has previously worked in clinical research and strategy consulting and holds a PhD in Molecular Biology from the University of Guelph, Canada. He has served as committee member of the UK BioIndustry Association (BIA) and on the Management Board of the international Bacterial Vaccines Network (BactiVac). He also co-founded Tekiu, a knowledge transfer broker active internationally. He enjoys travelling, cultural exchanges and languages and splits his time between Switzerland, Sweden and the UK.

Ongoing engagements:
CEO, Flerie Invest AB. Board member of NorthX Biologics, Geneos Therapeutics, Vitara Biomedical, Amarna Therapeutics, Prokarium, Synerkine Pharma, Alder Therapeutics, XNK Therapeutics, St Andrews Folkestone Ltd and Tekiu Ltd.

Independency: Ted Fjällman is independent in relation to the Company and its senior executives, and dependent in relation to the major shareholder Flerie Invest AB

* Number of shares as of 17 April 2024.

The Executive Management Team



ERIK MANTING

Chief Executive Officer

Ph.D. in Molecular Microbiology and M.Sc. in Medical Biology, born 1971.

Shares: 5,553,890*

Warrants:
885,648

Stock options:
13,253,303 (LTI 2023/2027)

Experience: Erik Manting holds a MSc in Medical Biology and a PhD in Molecular Microbiology. He worked for a number of years as a post-doctoral researcher in the field of immunology before making a career switch to banking in 2001. He spent more than 15 years in different commercial and management roles and his last five years in banking as Executive Director Corporate Finance at Kopenhagen & Co. He became CEO of DCP Prime BV in 2018 and CEO of Immunicum AB in March 2021, following the merger between both companies. The combined company was renamed Mendus in June 2022.

Ongoing engagements:
Supervisory board member Synerkine Pharma BV, Independent Director Transcode Therapeutics Inc.



LOTTA FERM

Chief Financial Officer

Degree in Business Administration and Economics from Högskolan Kristianstad and Växjö University, born 1966.

Shares: 2,700,000* (private and through related persons' holdings)

Warrants:
500,000

Stock options:
6,626,652 (LTI 2023/2027)

Experience: Lotta Ferm has nearly 30 years of finance and controlling experience from a range of corporations including most recently Doktor24 Healthcare AB and Medivir AB in the healthcare and life science sectors. She has held CFO, Head of Finance and Head of Controlling positions consistently over the last decade and led the corporate finance and accounting functions for multiple transitions for dynamic and innovative companies.

Ongoing engagements: –



ALEX KARLSSON-PARRA

Chief Scientific Officer

M.D., Ph.D. Adjunct Professor in Clinical Immunology, Uppsala University, Sweden, born 1950.

Shares: 782,476* (private and through related persons' holdings)

Warrants:
35,720

Stock options:
3,786,658 (LTI 2023/2027)

Experience: Alex Karlsson-Parra has more than 20 years of experience within transplantation immunology. In addition to his position as Co-Founder and CSO at Mendus, he also serves as Associate Professor in Clinical Immunology at Uppsala University, Uppsala, Sweden, with special expertise in transplantation immunology and cancer immunotherapy and is former chairman of the Swedish Expert Group for Clinical Immunology. In 2014, Dr. Karlsson-Parra was awarded the Athena Prize, the most prestigious award for clinical research in the Swedish healthcare community. Prior to his current positions, he served as Associate Professor and Senior Physician at the Department of Clinical Immunology at Sahlgrenska University Hospital, Gothenburg, Sweden and Uppsala University Hospital, Sweden.

Ongoing engagements: –

* Number of shares as of 17 April 2024.

The Executive Management Team



JEROEN ROVERS

Chief Medical Officer

M.D., Ph.D., Dr. Rovers has a medical degree from Leiden University and a Ph.D. in Surgical Oncology, born 1970.

Shares: 2,150,511*

Warrants:
362,672

Stock options:
6,626,652 (LTI 2023/2027)

Experience: Jeroen Rovers trained as a pharmaceutical physician at the European Center of Pharmaceutical Medicine in Basel. In the past 20 years he worked in different academic institutes and companies, such as Wyeth and Organon and most recently at Kiadis Pharma where he held the role as Chief Medical Officer. Most of the products he worked on are related to oncology, haematology and transplantation.

Ongoing engagements: –



LEOPOLD BERTEA

Chief Technology Officer

Ph.D. in Chemical Engineering, born 1964

Shares: 1,205,361*

Warrants:
267,858

Stock options:
6,626,652 (LTI 2023/2027)

Experience: Leopold Bertea joined Mendus from Collectis in 2022, a clinical-stage biotechnology company using a proprietary gene-editing platform to develop cell and gene therapies, where he most recently held the position of Senior Vice President Technical Operations Europe and Member of the Collectis Executive Committee. With previous senior roles at Novartis, LFB Biotechnologies, and LFB's subsidiary CELLforCURE, Sanofi, and Ciba-Geigy, Dr. Bertea brings a total of 27 years of biopharmaceutical industry experience to Mendus.

Ongoing engagements: –

* Number of shares as of 17 April 2024.

FINANCIAL
INFORMATION

Board of Directors' Report

The Board of Directors and the CEO of Mendus AB (publ), 556629-1786, hereby submits consolidated accounts and annual accounts for the financial year 2023-01-01-2023-12-31.

Mendus AB was founded in 2002 as a spin-off from Sahlgrenska University Hospital in Gothenburg. In December 2020, Mendus AB acquired 100% of the shares in Mendus BV, a Dutch privately held company. The company's shares are listed on Nasdaq Stockholm Small Cap. The company is a public limited liability company registered in Sweden, with its registered office in Stockholm. The company has its laboratories and additional facilities in Leiden, the Netherlands. The address of the head office is Västra Trädgårdsgatan 15, 11153 Stockholm, Sweden.

Mendus Operations

Mendus is a clinical-level biopharmaceutical company based on the company's expertise in allogeneic dendritic cell biology focused on the development of immunotherapies that address tumor recurrence and hard-to-treat established tumors.

Mendus presented three clinical abstracts at the American Society of Hematology Annual Meeting (ASH) held in December 2023, including an oral presentation of survival data from the Phase 2 ADVANCE II study. The clinical development of vididencel is supported by strong regulatory documentation, with orphan drug designation granted in Europe and the US. In June 2023, Mendus received an ATMP certificate from the EMA, which validated our investments in vididencel's preclinical dossier and manufacturing process and also in 2023 granted the US Food and Drug Administration Fast Track Designation for vididencel in AML.

In December 2023, Mendus announced a collaboration with the Australasian Leukemia and Lymphoma Group (ALLG) to expand the clinical development of vididencel in combination with oral azacitidine, currently the only approved AML maintenance therapy.

The data presented at various conferences in 2023 from the Phase 1 ALISON study of vididencel in ovarian cancer confirmed safety and revealed triggering of T cell responses against several tumor antigens previously identified as relevant for this indication.

In addition to clinical activities, Mendus conducts preclinical research, which aims to advance the company's understanding of dendritic cell biology and further optimization of its manufacturing processes.

Changes in the composition of the Board of Directors

At an extraordinary general meeting in Mendus AB, on 13 December 2023, the meeting resolved in accordance with the major shareholders' proposal to elect Ted Fjällman as new board member.

Changes to the Scientific Advisory Board

In June 2023, Mendus, NK cell, appointed pioneer Lewis Lanier, as a member of the company's Scientific Advisory Board.

Financial information

The Group

Revenue

No turnover was reported for the year – (-). Other operating income amounted to KSEK 29,613 (3,375) and mainly consists of revenue from patent transfers. The group has recognized the part of the RVO loan that has been written off in connection with the redemption of the loan.

Operating expenses

The total operating costs amounted to KSEK -130,263 (-137,060). Operating expenses were associated with administrative and R&D expenses for the DCOne® platform and the Vididencel and Ilixadencel programs.

Research and development costs

Research and development costs amounted to KSEK -92,653 (-87,049). The costs consist mainly of research and development costs for the DCOne® platform as well as the programs for Vididencel and Ilixadencel.

Administrative expenses

Administration expenses amounted to KSEK -37,051 (-48,876). Included administrative (G&A) costs are mainly attributable to the finance department, corporate management and costs related to activities related to financing and investor relations.

Result

For the year, operating profit amounted to KSEK -100,650 (-133,685). The net result amounted to KSEK -101,619 (-138,785). The improved result is mainly due to a grant from

the innovation loan that was previously charged to the group, along with cost savings.

Earnings per share before and after dilution for the group amounted to KSEK -0.22 (-0.70).

Tax

No tax was reported for the year – (-).

Cash flow, investments and financial position

The cash flow from operating activities amounted to KSEK -162,761 (-109,332). The negative cash flow is according to plan and is mainly explained by a prepaid expense of KSEK 62,338 per balance day in Mendus B.V. related to the Vididencel program..

During the year, cash flow from investing activities amounted to KSEK -442 (-12,324). The reason why the cash flow from investing activities is better this year, compared to the previous year, is that the company has sold equipment.

The cash flow from financing activities amounted to KSEK 242,097 (8,194) and relates primarily to a new share issue in the third quarter and repayment of loans. During the third quarter, all outstanding loans of the Group were repaid.

As of December 31, 2023, the company's cash and cash equivalents amounted to KSEK 120,782 (41,851).

Total equity as of December 31, 2023 amounted to KSEK 704,727 (514,439), corresponding to SEK 0.82 (2.58) per share. The company's solvency at the year-end is 93% (83%).

Financial summary

Amounts in KSEK	2023	2022	2021	2020	2019
Net sales	–	–	–	–	–
Operating profit/loss	-100,650	-133,685	-130,100	-86,027	-44,856
Profit/loss before tax	-101,619	-138,785	-133,410	-89,248	-47,771
Profit/loss for the period	-101,619	-138,785	-133,410	-89,248	-47,771
Earnings per share before and after dilution (SEK)	-0.22	-0.70	-0.73	-1.17	-0.65
Cash flow from operating activities	-162,761	-109,332	-138,033	-56,626	-57,569
Shareholders' equity	704,727	514,439	656,742	661,094	-5,677
Cash and cash equivalents end of period	120,782	41,851	155,313	167,643	14,032

Financial information

Parent Company Mendus AB (publ)

Revenue

No turnover was reported for the year. Other operating income amounted to KSEK 6,613 (5,740) and consisted mainly of pass-through costs to Mendus B.V and revenue for patent transfer.

Operating expenses

Total operating expenses amounted to KSEK -40,838 (-69,893). Operating expenses were related to administrative expenses and R&D expenses for Ilixadencel.

Research and development costs

Research and development costs amounted to KSEK -15,208 (-24,963). The costs consist mainly of activities relating to clinical studies. The decrease in costs for the year is due to less activity in the Ilixadencel program compared to the previous year.

Administrative expenses

Administrative expenses for the full year amounted to KSEK -25,071 (-43,814). Included costs within administrative expenses (G&A) are mainly attributable to the finance department, corporate management and costs related to financing and investor relations activities. The company has had lower costs for external advisors and consultants during the current year, compared with the previous year.

Result

For the year, operating profit amounted to KSEK -34,225 (-64,153). The net result amounted to KSEK -33,802 (-64,647). Earnings per share before and after dilution for the parent company were SEK -0.07 (-0.32).

Tax

No tax was reported for the full year – (-).

Cash flow, investments and financial position

The cash flow from operating activities amounted to KSEK -36,621 (-65,979). The continued negative cash flow is according to plan and is mainly explained by the fact that the company is in a development phase.

During the year, cash flow from investing activities amounted to KSEK -178,165 (-61,442). The cash flow is primarily attributable to shareholder contributions to Mendus B.V.

The cash flow from financing activities amounted to KSEK 287,904 (10,107) and is mainly attributable to new share issues.

As of December 31, 2023, the Company's cash and cash equivalents amounted to KSEK 100,427 (27,840).

Total equity as of December 31, 2023 amounted to KSEK 985,337 (721,832), corresponding to SEK 1.14 (3.62) per share. The company's solvency at the year-end was 99% (97%).

Financial summary

Amounts in KSEK	2023	2022	2021	2020	2019
Net sales	-	-	-	-	-
Operating profit/loss	-34,225	-64,153	-69,593	-106,621	-132,324
Profit/loss before tax	-33,802	-64,647	-69,347	-106,308	-134,016
Profit/loss for the period	-33,802	-64,647	-69,347	-106,308	-134,016
Earnings per share before and after dilution (SEK)	-0.07	-0.32	-0.39	-1.13	-1.46
Cash flow from operating activities	-36,621	-65,979	-70,018	-120,690	-145,808
Shareholders' equity	985,337	721,832	786,177	726,123	272,781
Cash and cash equivalents end of period	100,427	27,840	145,156	157,762	296,811

Significant events

- » Mendus presented an update on the use of its DCOne platform to source high-quality NK cell therapies at the 8th Annual Innate Killer Summit
- » Mendus secured a second shareholder loan from Van Herk Investments and reduced the number of outstanding convertible bonds with Negma Group
- » The INN name “vididencel” for DCP-001 was selected by the World Health Organization’s International Non-proprietary Names Expert Committee
- » Mendus announced the request of a first tranche of convertible loan from Negma Group
- » Mendus presented updated clinical data from ADVANCE II trial in an oral presentation and a scientific poster on a next-generation immune primer program at the 2023 CIMT Annual Meeting
- » Mendus presented positive data from the ALISON trial in ovarian cancer at the AACR Annual Meeting 2023
- » Mendus held an investor update call following the Annual Report publication on April 17th
- » Mendus redeemed the outstanding convertible bonds from Negma Group
- » Mendus receives ATMP certificate from European Medicines Agency supporting its lead pipeline program vididencel.
- » Mendus presents comprehensive ADVANCE II immunomonitoring data at the EHA Annual Meeting 2023
- » Mendus appoints NK cell pioneer Lewis Lanier to Scientific Advisory Board
- » Mendus reports outcome from the Annual General Meeting on May 12, 2023
- » Mendus secures third shareholder loan from Van Herk Investments
- » Mendus announces a directed share issue and a fully secured rights issue of units totaling approximately SEK 317 million in financing
- » Mendus and NorthX Biologics to enter into strategic cell therapy manufacturing alliance supported by new investor Flerie
- » Mendus’ provides update and outlook on vididencel program in online and on-site events on June 27, 2023
- » Mendus reports outcome from the Extraordinary General Meeting on July 10, 2023
- » Mendus publishes prospectus regarding previously announced rights issue and directed issue
- » Mendus reports outcome of previously announced rights issue and directed issue
- » At an extraordinary general meeting in Mendus AB, on 10 July 2023, the meeting resolved in accordance with the board of directors’ proposal to amend the articles of association with respect to the company’s limits for the share capital and the number of shares. Furthermore, the EGM approved the issue of shares and warrants (units) with preferential rights for existing shareholders.
- » Mendus publishes preclinical data demonstrating synergies of ilixadencel and 4-1BB-targeting immunotherapies.
- » Mendus receives U.S. FDA Fast Track Designation for vididencel in Acute Myeloid Leukemia (AML)
- » Mendus presents novel data supporting the broad potential of its proprietary cancer vaccine platform at CICON23
- » Mendus announces multiple abstracts to be presented at ASH 2023 including oral presentation on ADVANCE II survival data.
- » Mendus Phase 1 vididencel clinical trial results in AML and high-risk MDS patients is published in peer-reviewed medical journal.
- » Mendus presents updated ALISON clinical trial data for vididencel in ovarian cancer at SITC 2023
- » Mendus to host KOL Event to review Phase 2 data with vididencel in Acute Myeloid Leukemia presented at ASH 2023 on December 14, 2023
- » Mendus and Australasian Leukaemia & Lymphoma Group announce expansion of vididencel clinical development as maintenance treatment for AML.
- » Mendus announces positive survival data from Phase 2 ADVANCE II trial evaluating vididencel as maintenance therapy for AML at ASH 2023
- » At the extraordinary general meeting (the “EGM”) of Mendus AB on 13 December 2023, the EGM resolved, in accordance with the major shareholders’ proposal, on the election of a new board member and the determination of remuneration. The EGM further resolved, in accordance with the board of directors’ proposal, on amendment of the articles of association and the resolution on an issue of warrants of series 2023/2027 and to implement a performance-based incentive program 2023/2027.
- » Mendus reports completion of the long-term follow up of the MERECA trial studying the intratumoral immune primer ilixadencel in metastatic renal cell carcinoma (mRCC). Mendus also confirms that the Phase 1 ALISON trial with its cancer maintenance therapy vididencel in ovarian cancer is now fully recruited.

Significant events after the end of the fiscal year

- » Mendus announces approval from the ethics committee for the AMLM22-CADENCE study with the drug candidate vididencel in AML.
- » Mendus receives approximately 69.1 million SEK through subscription options of series TO3.

Mendus is a research and development company without historical earning capacity

Mendus has not yet, either independently or via partners, launched any cancer immune primers or any other drug on the market. Therefore, the company has not engaged in the sale of any pharmaceutical products, nor has it generated any revenue. If the present product candidates' introduction on the market is delayed, are made more expensive, or never occur, it could have a significant negative impact on the company's business operations, financial results and financial position.

Risks related to possible future income

Mendus' future earnings will, inter alia, be dependent on the company being able to enter into agreements for the licensing of the company's product candidates and/or technology platforms. If Mendus fails to enter into agreements for the licensing of products, sales of intellectual property rights or similar transactions on terms and conditions that are favorable to the company, if such agreements lead to delays and/or increase costs, or if payments to be made pursuant to such agreements are delayed or are not received at all, this could have a significant negative impact on the company's business operations, financial results and financial position.

Additional financing needs

It may take a long time for the company's pharmaceutical products to be sold commercially and generate regular cash flow from the company's operations. The company's planned clinical studies entail significant costs and there is a risk that the company's development of product candidates can be more time- and resource-demanding than planned. Mendus will therefore continue in the future to have a need to raise additional capital in order to carry out further research and development. There is a risk that new capital cannot be obtained when the need arises, that it cannot be acquired on preferential terms, or that it cannot be acquired at all. If Mendus cannot obtain financing, the company may be forced to seriously restrict its research and development activities or in the worst case, suspend its operations, which could have a significant negative impact on the company's business operations, financial results and financial position.

Dependence on key people and qualified personnel

Mendus activities are highly dependent on a number of key individuals, some of whom hold senior positions and are shareholders in the company. If Mendus cannot recruit and retain key persons and other qualified personnel to the extent and under the terms and conditions that are required, it could have a significant negative impact on the company's operations, financial results and financial position.

Research and Development

The preclinical development and clinical studies that the company pursues are based on ilixadencel and the DCon^e technology platform. Neither ilixadencel nor any product based on this technology platform has yet to be approved for release on the market. Before a medicinal product can be put on the market, the safety and efficacy concerning the treatment of humans must be assured for each individual indication, which is proven by preclinical investigations carried out with animals and with clinical trials in humans. Unforeseen trial results or the late or non-recruitment of patients may delay or prevent the market launch of product candidates, should government agencies or other decision-makers

decide that the company's product candidates do not meet the established criteria. If Mendus cannot prove to a sufficient extent via clinical studies that a product candidate is safe and effective, and thus enabling it to be commercialized, that could have a significant negative impact on the company's business operations, financial results and financial position.

Intellectual property rights, know-how and confidentiality

Mendus' future success will largely depend on its ability to obtain and maintain the protection of intellectual property rights, mainly patent protection, in the USA, EU, Asia and other countries, for the intellectual property rights relating to the company's product candidates. There is a risk that the company will not be able to maintain its intellectual property rights or that these will not provide adequate commercial protection, which would have a significant negative impact on the company's business operations, financial results and financial position.

Competition

Mendus operates in a competitive industry, and many companies, universities and research institutions are engaged in research and development of pharmaceutical products, including those who can, or may in the future, compete with the company's product candidates. If the company is not able to effectively compete in the market, it could have a significant negative impact on the company's business operations, financial results and financial position.

Changes in the pharmaceutical industry can make the company's products obsolete

The pharmaceutical industry is characterized by rapid changes in legislation, authorization requirements, technology, new technological advances and an ongoing improvement of industrial know-how. There is a risk that such conditions could increase the company's costs, impede the development of the company's product candidates or cause the company's existing or future planned products to lose their commercial value, which would have a significant negative impact on the company's business operations, financial results and financial position.

The recommendation of the Board of Directors for the appropriation of the company's profits/losses

Amount in SEK

The following unrestricted shareholders' equity are available to the Annual General Meeting for its disposition:

Share premium reserve	1,679,946,068
Retained earnings	-703,963,780
Net profit/loss for the year	-33,802,595
Total	942,179,693

The Board of Directors proposes that the profits available for distribution and unrestricted reserves be allocated as follows:

To be carried forward	942,179,693
Total	942,179,693

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THE GROUP

Consolidated income statement

Amounts in KSEK	Note	2023	2022
Net sales	7	–	–
Other operating income	7	29,613	3,375
Total revenue and other operating income		29,613	3,375
OPERATING EXPENSES			
Administration expenses	8, 9, 10, 11	-37,051	-48,876
Research and development expenses	8, 9, 10, 11	-92,653	-87,049
Other operating expenses	12	-559	-1,134
Operating profit/loss		-100,650	-133,685
RESULT FROM FINANCIAL ITEMS			
Financial income	13	2,147	163
Financial costs	14	-3,115	-5,264
Profit/loss after financial items		-101,619	-138,785
TOTAL PROFIT/LOSS BEFORE TAXES			
Income tax expense	15	–	–
PROFIT/LOSS FOR THE PERIOD		-101,619	-138,785
Earnings/loss per share before and after dilution (SEK), for profit attributable to owner of the parent company's shareholders.	16	-0,22	-0,70

Consolidated statement of comprehensive income

Amounts in KSEK	2023	2022
Result for the period	-101,619	-138,785
Other comprehensive income	–	–
Exchange differences on translation of foreign operations	-5,403	-3,819
Other comprehensive income for the period	-5,403	-3,819
Total comprehensive income for the period	-107,022	-142,604

Profit/loss for the period and total comprehensive income, are in their entirety attributable to the parent company's shareholders.

Consolidated statement of financial position

Amounts in KSEK	Note	2023-12-31	2022-12-31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	17	108,350	108,350
Technology	17	424,091	424,091
Right-of-use assets	8	23,247	26,216
Equipment	19	11,197	13,899
Other long term receivables	20, 21	624	618
Other long term receivables		567,509	573,174
CURRENT ASSETS			
Other receivables	22	3,302	3,442
Prepaid expenses and accrued income	23	64,359	1,919
Cash and cash equivalents	24	120,782	41,851
Total current assets		188,443	47,212
TOTAL ASSETS		755,952	620,386
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	25	43,157	9,970
Additional paid-in capital		1,394,758	1,130,636
Reserves		-5,584	-182
Retained earnings (including profit/loss for the period)		-727,604	-625,985
Total equity attributable to the shareholders of the parent company		704,727	514,439
LIABILITIES			
Non-current liabilities			
Other long-term liabilities	26	850	22,844
Lease liabilities	8	21,115	23,706
Total non-current liabilities		21,965	46,550
Current liabilities			
Lease liabilities	8	2,523	2,413
Accounts payable		8,129	7,411
Short-term part of long-term liabilities	27	-	29,198
Other liabilities	27	1,633	4,765
Accrued expenses and deferred income	28	16,975	15,610
Total current liabilities		29,260	59,397
Total liabilities		51,225	105,947
Total shareholders' equity and liabilities		755,952	620,386

Consolidated statement of changes in equity

Attributable to owners of Mendus AB (publ)

Amounts in KSEK	Share capital	Additional paid in capital	Reserves	Retained earnings inc. profit/loss for the period	Total
Opening shareholders' equity 2023-01-01	9,970	1,130,636	-181	-625,985	514,440
Profit/loss for the period	-	-	-	-101,619	-101,619
Other comprehensive income	-	-	-5,403	-	-5,403
Total comprehensive income	-	-	-5,403	-101,619	-107,022
Transactions with owners					
Issued warrants	30	-595	-	-	-595
Share issue	33,187	288,605	-	-	321,792
Costs for new share issue	-	-23,889	-	-	-23,889
Total transaction with owners	33,187	264,122	-	-	297,309
Shareholders' equity 2023-12-31	43,157	1,394,758	-5,584	-727,604	704,727
Opening shareholders' equity 2022-01-01	9,970	1,130,334	3,638	-487,199	656,743
Profit/loss for the period	-	-	-	-138,786	-138,786
Other comprehensive income	-	-	-3,819	-	-3,819
Total comprehensive income	-	-	-3,819	-138,786	-142,605
Transactions with owners					
Issued warrants	30	302	-	-	302
Share issue	-	-	-	-	-
Costs for new share issue	-	-	-	-	-
Total transaction with owners	-	302	-	-	302
Shareholders' equity 2022-12-31	9,970	1,130,636	-181	-625,985	514,440

Consolidated statement of cash flows

Amounts in KSEK	Note	2023	2022
OPERATING ACTIVITIES			
Operating profit/loss		-100,650	-133,685
Adjustment for items Note included in cash flow	32	4,337	-1,542
Interest income	13	2,147	-
Interest expense paid	14	-3,115	-1,135
Cash flow from operating activities before changes in working capital		-97,281	-136,362
Increase/decrease in other current receivables		-64,377	23,465
Increase/decrease in accounts payable		729	-4,146
Investments in long-term receivables		-1,831	7,711
Cash flow from operating activities		-162,761	-109,332
INVESTMENT ACTIVITIES			
Investment in tangible fixed assets	19	-1,823	-12,324
Divestments of tangible fixed assets	19	1,387	-
Investments in long-term receivables	20, 21	-7	-
Cash flow from investing activities		-442	-12,324
Financing activities			
New Share issue		321,793	-
New share Issue costs		-23,889	-
Repayment of borrowings	26	-95,807	-2,731
New loans	26	40,000	10,925
Cash flow from financing activities		242,097	8,194
Cash and cash equivalents at the beginning of the period		41,851	155,313
Cash flow for the period		78,894	-113,461
Foreign exchange difference in cash and cash equivalents		37	-1
Cash and cash equivalents at the end of the period	24	120,782	41,851

Notes

Note 1 – General information

This report covers the Swedish company Mendus AB (publ) (Mendus), Swedish corporate identity no. 556629-1786. The Company is a Swedish public limited company registered in Stockholm and with its registered office in Stockholm. The Board of Directors approved this Annual Report on April 17, 2024, and it will be presented for adoption at the Annual General Meeting on May 17th, 2024.

Note 2 – Accounting policies

The note contains a list of the significant accounting principles applied when these annual and consolidated accounts were prepared. These principles have been applied consistent for all years presented, unless otherwise stated.

2.1 Basis for the preparation of the report

The annual and consolidated accounts for Mendus have been prepared in accordance with the Annual Accounts Act, RFR 1 Supplementary accounting rules for groups, and International Financial Reporting Standards (IFRS) that have been adopted by the EU. The consolidated financial statements have been prepared according to the acquisition value method. To prepare reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, the management is required to do some assessments in the application of the Group's accounting principles. The areas that include a high degree of assessment, which are complex or such areas where assumptions and estimates are essential for the consolidated accounts is stated in note 5.

2.2 Consolidated financial statements Subsidiaries

Subsidiaries are all companies over which the Group has controlling influence

2.3 Foreign currency translation Functional currency and reporting currency

The consolidated accounts are presented in SEK, which is the Parent Company's functional currency and the Group's presentation currency. All amounts are, unless otherwise stated, rounded off to the nearest thousand kronor (KSEK).

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency according to the exchange rates that apply on the transaction date. Receivables and liabilities in foreign currency have recalculated at the exchange rate on the balance sheet date. Exchange rate gains and exchange losses on the business' receivables and liabilities are added to the operating profit. Gains and losses on financial receivables and liabilities are reported as financial items.

Group companys

Earnings and financial position for all Group companies which has a functional currency other than the reporting currency are converted to the Group's reporting currency as follows:

- » Assets and liabilities for each of the balance sheets are translated at the exchange rate on the balance sheet date;
- » Income and expenses for each of the income statements are translated at the average exchange rate, and
- » All resulting exchange differences

2.4 Government grant

Grants received are reported in the balance sheet as prepaid income and recognized in the income statement in the period when the cost which the grant is intended to be reported. Government grants are reported as other operating income when it is clear that the conditions that are associated with the contributions are met.

2.5 Leasing

The Group as a lessee

Lease contracts are normally signed for fixed periods of between one and two years with an option for extension. The conditions are negotiated separately for each lease and include a large number of different terms. Right-of-use assets are depreciated on a straight-line basis over the shorter of the expected useful life of the asset and the lease term. Assets and liabilities arising from leasing agreements is initially reported at present value. Included in the leasing debt the present value of fixed fees and / or variable leasing fees which depends on an index or an interest rate. Future fees are discounted using the agreement's implicit interest. If it can Note be determined, the Group's marginal borrowing rate is used instead.

For leases where the underlying asset is of low value or for short-term leases, the Group applies the recognition exemptions in IFRS 16, which means that the lease payment is expensed on a straight-line basis over the lease term in the income statement and no right-of-use asset or lease liability is recognized in the balance sheet.

In the consolidated statement of cash flows, the main payment attributable to leases is recognized in financing activities as payments pertaining to repayment of lease liabilities. The interest portion is recognized in operating activities and is included in the item "Interest paid".

Options to extend and terminate agreements

Options to extend or terminate a lease are included in the asset and the liability in cases when it is considered reasonably certain that the Company will exercise extension options or Note exercise options to terminate the lease.

2.6 Remuneration to employees

Post-employment obligations

The company only offers fee-based pension plans.

Share-based payments

The group has a share-based compensation plan where the company receives services from employees as remuneration for the group's equity instrument.

Employee stock option program

The Group has an employee stock option program that entitles employees to allot options based on employment. The options are reported as a personnel cost with a corresponding increase in equity.

For further information, see Note 30.

2.7 Income tax

The Company is currently in a tax position and therefore does not pay income tax. Deferred tax assets relating to unutilized losses carried forward and deductible temporary differences are recognized only to the extent that it is probable that these will be able to be utilized against future taxable profits. As there is uncertainty as to when in time the Company's loss carry-forwards will be able to be used Annual Report 2022 36 for settlement against taxable profits, deferred tax assets are only recognized to the extent that there are future taxable temporary differences. The remaining part of the loss carry-forwards is not assigned any value.

2.8 Goodwill

Goodwill is not amortized, but is impaired annually or more often about events or changes in relationships indicates a possible depreciation. Goodwill is reported to acquisition value less accumulated writedowns.

In order to test impairment, goodwill is distributed as acquired in a business combination to cash-generating units or groups of cash-generating units expected benefit from synergies from the acquisition. Each device or group of units to which goodwill has been allocated the lowest level in the Group at which the goodwill in question monitored in the internal control, which for Mendus corresponds to the group as a whole. Thus, there is only one cash-generating unit.

2.9 Expenditures for research and development

Research costs refer to expenditures for research aimed at obtaining new scientific or technical knowledge. Development expenditure means expenditure when research

findings or knowhow are applied to achieve new or improved products or processes.

Research costs are expensed in the period incurred. Development expenditure is recognized as an intangible asset in the event that the asset is expected to generate future economic benefits and then only on condition that it is technically and financially possible to complete the asset, the intention and the conditions exist to use the asset in operations or sold and the value can be measured reliably. The Company has made the assessment that there is currently no prerequisite for capitalization of development costs.

2.10 Technology

Technology that has been acquired through a business acquisition is reported at fair value on the acquisition date. Technology consists of the cell therapy product ilixadencel which is an immune activator that is storable and developed for the treatment of solid tumors. The asset is not yet in such a state that it can be used to generate income.

2.11 Equipment

Equipment is valued at acquisition value less accumulated depreciation. The acquisition value is including expenses that can be directly attributed to the acquisition of the asset. Equipment is depreciated on a straight-line basis over the assets' expectations useful life amounting to 5 years.

2.12 Impairment of non-financial assets

Goodwill and intangible assets that are not ready for use, is not written off but tested annually, or in the event of an indication of impairment, with regard to any impairment.

2.13 Financial instruments

Financial instruments are any form of agreement that provides giving rise to a financial asset, financial liability or a equity instrument in another company. For the group this includes cash and cash equivalents, other current receivables, other long-term receivables, other long-term securities holdings, accounts payable, other liabilities and borrowings. Cash and cash equivalents consist of bank balances and are reported at fair value. Others are reported at accrued acquisition value.

Impairment of financial assets

The Group values the future expected credit losses related to investments in debt instruments reported at accrued acquisition value on forward-looking information. The Group chooses a reservation method based on whether there has been a significant increase in credit risk or not.

2.14 Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new ordinary shares are reported, net after tax.

Earnings per share before dilution

Earnings per share before dilution are calculated by divide:
– results attributable to the parent company's shareholders

- with a weighted average number of outstanding shares during the period, adjusted for the bonus issue element in ordinary shares issued during the year.

Earnings per share after dilution

For the calculation of earnings per share after dilution, the amounts used to calculate earnings per share are adjusted. share before dilution by considering:

- the weighted average of the additional ordinary shares which would have been outstanding at a conversion of all potential ordinary shares.

2.15 Operating segment

It is on the basis of the Group as a whole that the Chief Executive Officer makes decisions on the allocation of resources and assesses results. Internal reporting is also based on the Group's result as a whole. The Group's operations currently consist of research and development for pharmaceuticals. In light of the above, the assessment is that the Group has one operation and thus has one operating segment, which constitutes the Group as a whole

2.16 Cash flow statement

The cash flow analysis is prepared according to the indirect method. The reported cash flow only includes transactions that resulted in inflows or outflow

Note 3 – Financial risks and management of capital

Through its operations, the Group is exposed to different financial risks: market risks (including exchange-rate risk, interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of the financial markets and strives to reduce potential unfavorable effects on the Group's financial earnings. The Group's financial transactions and risks are managed centrally by the Company through the Company's CFO and CEO. The overall aim in relation to financial risks is to provide cost-effective financing and liquidity management as well as to ensure that all payment obligations are managed in a timely manner. Every year, the Board of Directors establishes a Finance Policy with associated risk parameters.

Currency risk

Mendus foreign exchange exposure increases as development projects progress in the value chain and the costs for services in connection with clinical trials increase. These services are partially carried out outside of Sweden and paid for in foreign currency. According to the Finance Policy,

the Group is Note to apply any form of currency hedging activities other than cash denominated in foreign currency. Mendus is primarily exposed to changes in the EUR/SEK and USD/SEK exchange rates related to accounts payable.

Exposure	2023-12-31		2022-12-31	
	EUR	USD	EUR	USD
Balance sheet exposure				
Trade payables	6,052	782	6,695	-279

Operating exchange rate differences for the financial year amount to a net loss of KSEK 559 (1,134).

The Group is exposed to certain effects regarding changes in foreign exchange rates, mainly for the currencies EUR and USD. A revaluation of book values in the balance sheet as of December 31, 2023 for items in foreign currencies following a change in exchange rates of +1% (where foreign currencies increase in value against SEK) would have a earnings effect of +/- KSEK 114 for EUR, and +/- KSEK 8 for USD.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates to bank deposits, and from interest bearing liabilities. Interest rate risk exposure is considered low as the Group mainly has a fixed interest rate. During the financial year, the Group paid interest on interest-bearing liabilities totaling KSEK 3,115 (5,264).

Credit risk

Credit risk is the risk that a counterparty will not be able to complete its own agreed obligations towards Mendus and thus cause a financial loss to the company. Mendus invests its liquid assets with banks with a high credit rating. In accordance with the above investments are assessed credit risks as small.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties fulfilling its obligations associated with financial liabilities. The Board of Directors manages liquidity risk by continuously monitoring the cash flow to reduce liquidity risk and to ensure the Company's ability to pay. Considering that the Group currently does not have its own earnings capacity, it is of the utmost importance that financing can be secured from owners and independent investors so that the Group's operations can be conducted according to plan. The Board of Directors conducts long-term work with owners and independent investors to ensure that liquidity is available for the Company as the need arises. The objective is to have cash on hand for at least 12 month runway.

As of December 31, 2023	Less than 1 year	Between 1 and 3 years	After 3 years	Total contractual cash flows	Carrying amount
Financial liabilities					
Other long-term liabilities	–	–	850	850	850
Lease liabilities	2,523	8,280	12,834	23,637	23,637
Other short-term liabilities	1,633	–	–	1,633	1,633
Accounts payable	8,129	–	–	8,129	8,129
Accrued expenses and deferred income	16,975	–	–	16,975	16,975
Total	29,260	8,280	13,684	51,225	51,225

The table above analyzes the Group's financial liabilities broken down by the time remaining on the balance sheet date until the contractual maturity date. The amounts disclosed in the table are the contractual, undiscounted cash flows. Future cash flows in foreign currency have been calculated on the basis of the exchange rate applied on the balance sheet date.

Note 4 – Management of capital

An effective risk assessment combines Mendus business opportunities and results with shareholders' and other stakeholders' demands for sustainable profitability, stable long-term value development and control. Research and drug development until approved registration is both a risky and capital-intensive process. The Group's objective regarding the capital structure is to safeguard the Group's ability to continue its operations, so that it can continue to generate value growth for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to keep costs of capital down. In order to maintain, operate and broaden the research portfolio over time and thereby generate future values, Mendus needs a strong capital base. The Group's equity amounts to KSEK 704,727 (514,439). Cash and cash equivalents amount to KSEK 120,782 (41,851).

Note 5 – Key estimates and assessments for accounting purposes

The preparation of financial statements requires the use of accounting estimates, which will rarely correspond to actual profit or loss. Management also makes assessments when applying the Group's accounting principles. This note provides an overview of the areas that often involve a higher degree of complexity in assessments and over items where an adjustment due to incorrect estimates and assessments can in many cases become material.

Research and development

Development expenses are recognized as an intangible asset in the event that the asset is deemed to be able to generate future economic benefits and then only provided that it is technically and financially possible to complete the asset, the intention is and condition is that the asset can be used in the business or sold and that the value can be calculated reliably. The Group has made the assessment that there is currently no prerequisite for activation of development costs

Impairment test for goodwill and technology

Each year, the Group examines whether there is any need for impairment for intangible assets with an indefinite useful life and development projects that have not yet been completed. Other intangible assets are tested for impairment when events or changes indicate that the carrying amount is not recoverable. When calculating value in use, future cash flows are discounted using an interest rate that considers the market's assessment of risk-free interest rate and risk (WACC). The Group bases these calculations on achieved results, estimated forecasts and business plans.

The underlying assumptions about forecasted revenues, costs and margins are based on both internal and external sources of information. For the purposes of impairment assessment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). The estimates and assumptions made by management when assessing whether impairment exists may have a major impact on the Group's reported earnings. Impairment is recognized if the estimated value in use is less than the carrying amount and is charged to profit for the year. The acquisition of Mendus B.V. (reverse takeover), which has resulted in the goodwill and technology items, occurred at market terms on December 21, 2020.

Note 6 – Segment assets

The total of non-current assets other than financial instruments and deferred tax assets, broken down by location of the assets, is shown in the following table:

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Sweden	532,441	532,441
Netherlands	34,444	40,116
Total	566,885	572,557

Note 7 – Income

No turnover was reported for the full year - (-). Other operating income amounts to KSEK 29,613 (3,375) and consists of government support and revenue from patent transfers. The company has recognized the portion of the RVO loan received as a grant in connection with the loan redemption.

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Exchange rate gains	1,124	352
Government grants	28,213	1,201
Transfer of patent	273	1,794
Other	2	28
Total	29,613	3,375

Note 8 – Leases

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
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The balance sheet shows the following amounts relating to leases:

Right-of-use assets:		
Properties	23,247	26,216
Total	23,247	26,216

Lease liabilities:		
Current	21,115	23,706
Non-current	2,523	2,413
Total	23,637	26,119

Depreciation charge of right-of-use assets:		
Properties	2,921	2,685
Total	2,921	2,685

Interest expense (included in finance cost)	1,238	1,073
Expense relating to short-term leases (included in R&D and Admin expenses)	1,174	793

Expense relating to leases of low-value assets that are Note shown above as short-term leases (included in administration expenses) 275 2,551

The total cash outflow for leases in 2023 was KSEK 3,667 (3,306). Maturity analysis for lease liabilities is presented in note 3.

Note 9 – Remuneration to the auditor

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
EY		
Audit assignment	1,800	2,206
Tax advisory	-	-
Other audit-related fees	291	-
Review of prospectus	189	-
Ruitenburg		
Audit fees	506	455
Tax advisory	-	23
Other audit-related fees	26	22
Total	2,813	2,707

The audit assignment involves review of the Annual Report, interim reports and financial accounts and the administration by the Board of Directors and the CEO.

Note 10 – Employees and personnel costs

Average number of employees geographically broken down by country	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Sweden	6	6
of which men	(2)	(1)
Netherlands	24	28
of which men	(9)	(12)
Total	30	34

Salaries, other remuneration and social costs

Salaries and other remuneration	37,376	30,606
Social costs	10,395	11,431
(of which, pension costs)	(5,178)	(4,971)
Total	47,772	42,037

Salaries and other remuneration regarding other employees

Board Members and senior management	16,745	14,549
(of which bonus and similar remunerations)	(4,130)	-
Other employees	20,631	16,056
(of which bonus and similar remunerations)	(1,948)	(996)
Total	37,376	30,606
(of which bonus and similar remunerations)	(6,078)	(996)

For further information see parent company note 7.

Note 11 – Depreciation

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Equipment	3,382	2,163
Total	3,382	2,163

Note 12 – Other operating expenses

Other operating expenses amount to KSEK 559 (1,134) and refers to currency exchange loss from accounts payable.

Note 13 – Finance income

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Interest income	2,147	163
Total	2,147	163

Note 14 – Finance costs

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Interest costs	1,877	4,191*
Financial costs for lease liabilities	1,238	1,073
Total	3,115	5,264

* Of the interest expenses, only TSEK -1,135 affects the cash flow.

Note 15 – Taxes

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Difference between recognized tax expense and an estimated tax expense based on the current tax rate:		
Total profit/loss before taxes	-101,619	-138,785
Income tax according to current tax rate	15,243	20,818
Tax effect of non-deductible expenses	93	-89
Tax effect of non-taxable income	139	-
Deductible issue costs reported over equity	-	-
Tax effect of a deductible deficiency for which no deferred tax assets have been taken into account	-	-
	17,472	-24,283
Tax expense	-	-

The current tax rate is 19,0% (15%)

Unutilized deductible deficiency for which no deferred tax asset has been recognized 1,356,831 1,249,447

Note 16 – Earnings per share

Belopp i SEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Earnings per share, before dilution		
Net profit/loss for the year	-101,618,632	-138,785,784
Average number of shares outstanding	462,550,921	199,400,599
Earnings per share, before dilution, SEK	-0.22	-0.70
Earnings per share, after dilution		
Net profit/loss for the year	-101,618,632	-138,785,784
Average number of shares outstanding	462,550,921	199,400,599
Earnings per share, after dilution, SEK	-0.22	-0.70

Earnings per share before dilution is based on the financial results for the year and the weighted average of the number of shares outstanding. Earnings per share after dilution is based on the financial results for the year and the weighted average of the number of shares outstanding plus the dilutive effect of potential shares. There is no dilution effect for the stock option program, as earnings for the periods have been negative.

Note 17 – Immateriella tillgångar

Amounts in KSEK	Goodwill	Teknologi
Opening balance	108,350	424,091
Acquisition of business	–	–
Closing balance accumulated acquisition values	108,350	424,091
Closing book value December 31, 2023	108,350	424,091

Impairment tests for goodwill and technology

The management assesses the operating performance based on the Group as a whole and monitor goodwill at the same level. The recoverable amount of goodwill has been determined based on calculations of the value in use. Management believes that the probability that the company's products will reach the market is the most significant assumption in the test to test the need for impairment, since the value of the assets depends on future expected revenues. The calculations of value in use are based on estimates and assumptions about future pre-tax cash flows based on market data and management's forecasts. The operating margin and discount rate used in the model are based on data from corresponding companies in the pharmaceutical industry.

Significant assumptions used for calculations of value in use:

	2023	2022
– Discount rate before tax,	15,6%	14,7%
– EBIT margin,	50%	50%

Sensitivity analysis for goodwill and technology:

The recoverable amount exceeds the carrying amounts of goodwill by a margin. This also applies to assumptions if:

- the discount rate before tax had been 1.5% (1.5%) higher
- the EBIT margin had been 6% (6%) lower.

Note 18 – Investments in subsidiaries

The Group had the following legal subsidiary as of December 31, 2023:

Name	Country of registration and operations	Operations	Ownership interest held by the group
Mendus B.V.	Netherlands	Research and development of cancer immunotherapies within the field of relapse vaccines.	100%
Mendus Australia Pty.	Australia	Research and development of cancer immunotherapies within the field of relapse vaccines.	100%

Note 19 – Equipment, tools and installations

Amounts in KSEK	Equipment	Övrigt
Opening balance accumulated acquisition values, January 1 2022	5,755	767
Acquisition during the year	12,097	1,025
Exchange differences	766	-115
Closing balance accumulated acquisition values, December 31, 2022	18,618	1,677
Opening balance accumulated acquisition values, January 1 2022	-3,896	-517
Depreciation for the year according to plan	-2,209	-227
Exchange differences	278	175
Closing balance accumulated depreciation, December 31, 2021	-5,827	-569
Closing book value, December 31, 2022	12,791	1,108
Opening balance accumulated acquisition values, January 1 2023	18,618	1,667
Acquisition during the year	1,823	326
Sales & divestment during the year	-1,387	-146
Exchange differences	-68	-10
Closing balance accumulated acquisition values, December 31, 2023	18,985	1,847
Opening balance accumulated acquisition values, January 1 2023	-5,827	-569
Acquisition during the year	-3,382	-333
Reverse depreciation sales & divestment	274	72
Exchange differences	120	10
Closing balance accumulated depreciation, December 31, 2023	-8,816	-819
Closing book value, December 31, 2023	10,170	1,027

Note 20 – Other long term securities

Amounts in KSEK	2023-12-31	2022-12-31
Holdings of shares of LFF Service AB	1	1
Total	1	1

The share in LFF Service AB is pledged and gives Läkemedelsföreningens Service AB an option to acquire the share at its quotient value (KSEK 1) if Mendus AB (publ) withdraws from the share agreement with LFF Service AB.

Note 21 – Other long term receivables

Amounts in KSEK	2023-12-31	2022-12-31
Deposit lease	142	142
Deposit credit card	481	474
Other deposit	1	1
Total	624	617

Note 22 – Other receivables

Amounts in KSEK	2023-12-31	2022-12-31
VAT receivable	1,928	2,624
Other receivables	1,374	818
Summa	3,302	3,442

Note 23 – Prepaid expenses and accrued income

Amounts in KSEK	2023-12-31	2022-12-31
Prepaid expenses relating to preclinical development/clinical trials	592	1,046
Prepaid expenses relating to tech transfer to NorthX	62,338	–
Prepaid insurance premiums	75	317
Other prepaid expenses	1,354	556
Total	64,359	1,919

Note 24 – Cash and cash equivalents

Cash and cash equivalents refers to cash at bank KSEK 120,782 (41,851).

Note 25 – Share capital

Equity consists of share capital, other contributed capital, reserves and balanced income including the period results. For information regarding the share capital, see the parent company's note 19.

Note 26 – Other long term liabilities

Amounts in KSEK	2023-12-31	2022-12-31
Non-current borrowings		
Conditional credits from Region Västra Götaland ¹⁾	850	850
Innovation Credit RVO ²⁾	–	11,888
Van Herk Investment B.V. ³⁾	–	10,107
Total non-current borrowings	850	22,844

- 1) The terms of repayment for the conditional credits from Region Västra Götaland are 5% per year of the debt from potential future income. The interest is calculated as the reference rate set by the Swedish National Bank for the calendar half-year in question, plus an additional 2 (two) percentage points. At present, no repayment of the loan has been initiated.
- 2) The Innovation Credit RVO covered the project “Therapeutic Vaccine for AML”, an interest rate of 9.5% was charged annually with repayment of interest of EUR 11,000. The remaining amount including interest has been repaid in August 2023. The amount outstanding of this part of the project was EUR 1,536,440 (principal plus accumulated interest). A final exemption was granted for the repayment of part of the project, constituting a principal of EUR 1,301,000 plus accumulated interest of EUR 865,000.
- 3) The long-term debt to Van Herk Investments B.V. of KSEK 10,107 was signed on October 25, 2022. The loan was a shareholder loan with the right to borrow up to KSEK 50 000, of which KSEK 10,000 has been used and KSEK 107 was accrued interest. Repayment must take place no later than October 24, 2024. The interest rate for 2022 has been 6.00%. During the full year 2022, the interest has been paid with KSEK 107. The loan is repaid full as of December 31, 2023.

Note 27 – Other liabilities

Amounts in KSEK	2023-12-31	2022-12-31
Wage taxes	1,555	1,970
Debt RVO ¹⁾	–	29 198
Bonus provision	–	847
Other	79	1 948
Total	1,634	33,963

1) See Note 26

Note 28 – Accrued expenses and deferred income

Amounts in KSEK	2023-12-31	2022-12-31
Accrued expenses relating to preclinical development/clinical trials	4,855	7,020
Accrued personnel-related costs	7,058	1,151
Audit fee	1,223	1,200
Consultancy fee	664	336
Commitment fee Negma	–	3,700
Other accrued expenses	3,176	2,204
Total	16,975	15,610

Note 29 – Financial assets and liabilities

Financial assets and liabilities as of December 31, 2023

Amounts in KSEK	Financial assets at amortized cost	Non-financial assets	Total reported value
Assets			
Financial fixed assets	624	–	624
Other receivables	1,374	1,928	3 302
Prepaid expenses and accrued income	64,958	–	64,958
Cash and cash equivalents	120,782	–	120,782
Liabilities			
Account payables	8,129	–	8,129
Long term interest bearing debts	850	–	850
Other current liabilities	319	1,315	1,634
Accrued expenses and deferred income	16,574	402	16,976

Financial assets and liabilities as of December 31, 2022

Amounts in KSEK	Financial assets at amortized cost	Non-financial assets	Total reported value
Assets			
Financial fixed assets	618	–	618
Other receivables	818	2,624	3,442
Prepaid expenses and accrued income	1,919	–	1,919
Cash and cash equivalents	41,850	–	41 850
Liabilities			
Account payables	9,255	–	9 255
Long term interest bearing debts	22,845	–	22,845
Other current liabilities	32,129	1,834	33,963
Accrued expenses and deferred income	15,405	203	15,607

Fair value

For all of the above items, the book value is an approximation of the fair value.

Note 30 – Share option program

The purpose of share-related incentive programs is to promote the company's long-term interests by motivating and rewarding the company's senior executives and other employees in line with the shareholders' interests. There are currently two active programs in the company.

LTI 2021/2024

In accordance with a decision by the Annual General Meeting on May 4, 2021, it was resolved to introduce an incentive program with warrants and restricted shares; "LTI 2021/2024".

The number of subscribed share rights amounted to 680,000. During 2021-2023, a total of 261,000 restricted shares have been forfeited in connection with employees leaving. This brings the number of restricted shares issued amounted to 419,000. The part of the program that related to warrants has been terminated prematurely and all options have been recalled.

LTI 2022/2024

In accordance with a decision by the Annual General Meeting on May 2022, it was resolved to introduce an incentive program with warrants; "LTI 2022/2025". The program has been terminated prematurely and all warrants have been revoked.

LTI 2023/2027

At an Extraordinary General Meeting on December 13, 2023, it was decided to introduce an incentive program with warrants. The maximum number of warrants is 47,333,226. As the subscription period falls after December 31, 2023, no warrants have been subscribed at the time of preparation of the annual report.

For more information about the programs, see the minutes from the Annual General Meeting 2021, 2022 and from the Extraordinary General Meeting 2023¹213 published on the Company's website www.mendus.com.

Note 31 – Pledged assets

Amounts in KSEK	2023-12-31	2022-12-31
Pledged assets for own liabilities and provisions		
Pledged bank deposit	489	456
Total	489	456

Note 32- Adjustments in cashflow

Amounts in KSEK	2023-12-31	2022-12-31
Adjustments for items not included in the cashflow, consists of the following		
Depreciation	6,290	4,848
Warrants	-595	302
Translation differences	-3,202	-3,397
Accrued interest	-	-3,215
Other, non cash items	1,844	-80
Total	4,337	-1,542

Note 33 – Transactions with related parties

The parent company Mendus AB is related to the subsidiary Mendus BV and Mendus Australia Pty. For the full year, purchases of goods and services in Mendus AB amounted to KSEK -14,471 (-16,243) and sales amount to KSEK 5,217 (3,674). As of December 31, 2023, there is an outstanding debt to Mendus Australia Pty amounting to KSEK 1. No further transactions were made with related parties during the year. Transactions with related parties are conducted on market terms.

Note 34 – Significant events after end of period

- » Mendus announces ethics committee approval for the AMLM22-CADENCE trial with lead product vididencel in AML
- » Mendus raises approximately SEK 69.1 million through the warrants of series TO3

FINANCIAL REPORTS
PARENT COMPANY

Parent Company income statement

Amounts in KSEK	Note	2023	2022
Revenue	4	–	–
Other operating income	4	6,613	5,740
Total revenue		6,613	5,740
OPERATING EXPENSES			
Administration expenses	5, 6, 7	-25,071	-43,814
Research and development expenses	5, 6, 7	-15,208	-24,963
Other operating expenses	8	-559	-1,116
Operating profit/loss		-34,225	-64,153
RESULT FROM FINANCIAL ITEMS			
Financial income	9	2,012	163
Financial costs	10	-1,589	-657
Profit/loss after financial items		-33,802	-64,647
TOTAL PROFIT/LOSS BEFORE TAXES			
Income tax	11	–	–
PROFIT/LOSS FOR THE PERIOD		-33,802	-64,647
Earnings/loss per share before and after dilution (SEK), for profit attributable to owner of the parent company's shareholders.		-0.07	-0.32

Parent Company statement of comprehensive income

Amounts in KSEK	Note	2023	2022
Result for the period		-33,802	-64,647
Other comprehensive income		–	–
Total comprehensive income for the period		-33,802	-64,647

Parent Company balance sheet

Amounts in KSEK	Note	2023-12-31	2022-12-31
ASSETS			
Tangible assets			
Participants in Group companies	14	889,580	711,422
Other long-term securities	13	1	1
Other long term receivables	15	401	394
Total financial assets		889,981	711,816
Total fixed assets		889,981	711,816
CURRENT ASSETS			
Tax credits and related receivables	27	–	1,076
Other receivables	16	627	1,480
Prepaid expenses and accrued income	18	1,026	854
Total current receivable		1,653	3,410
Cash and bank balances	17	100,427	27,840
Total current assets		102,080	31,250
TOTAL ASSETS		992,061	743,066
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity			
Share capital	19	43,157	9,970
Total restricted equity		43,157	9,970
Unrestricted equity			
Share premium reserve		1,679,946	1,415,825
Retained earnings		-703,964	-639,316
Profit/loss for the period		-33,802	-64,647
Total unrestricted equity	24	942,180	711,862
Total shareholders' equity		985,337	721,832
LIABILITIES			
LONG-TERM LIABILITIES			
Other long-term liabilities	20	850	10,957
Total long-term liabilities		850	10,957
CURRENT LIABILITIES			
Accounts payable		1,808	773
Intercompany liabilities	27	–	1,844
Other liabilities	21	564	663
Accrued expenses and deferred income	22	3,502	6,997
Total current liabilities		5,874	10,277
Total liabilities		6,724	21,234
Total shareholders' equity and liabilities		992,061	743,066

Parent Company statement of changes in equity

Amounts in KSEK	Share capital	Share premium reserve	Retained earnings inc. profit/loss for the period	Total
Opening shareholders' equity 2023-01-01	9,970	1,415,825	-703,963	721,832
Profit/loss for the period	-	-	-33,802	-33,802
Total comprehensive income	-	-	-33,802	-33,802
Transactions with owners				
Issued warrants	-	-595	-	-595
Share issue	33,187	288,605	-	321,792
Costs for new share issue	-	-23,889	-	-23,889
Total transaction with owners	33,187	264,121	-	297,308
Shareholders' equity 2023-12-31	43,157	1,679,946	-737,766	985,337
Opening shareholders' equity 2022-01-01	9,970	1,415,523	-639,316	786,177
Profit/loss for the period	-	-	-64,647	-64,647
Total comprehensive income	-	-	-64,647	-64,647
Transactions with owners				
Issued warrants	-	302	-	302
Share issue	-	-	-	-
Costs for new share issue	-	-	-	-
Total transaction with owners	-	302	-	302
Shareholders' equity 2022-12-31	9,970	1,415,825	-703,963	721,832

Parent Company cash flow statement

Amounts in KSEK	Note	2023	2022
Operating activities			
Profit/loss before taxes		-33,802	-64,153
Adjustment for items not included in cash flow	26	-595	302
Interest income	9	2,012	163
Interest expense paid	10	423	-657
Cash flow from operating activities before changes in working capital		-33,974	-64,345
Changes in accounts receivable		1,076	3,207
Changes in other current receivables		681	3,776
Changes in accounts payable		-809	-9,585
Changes in other current liabilities		-3,595	968
Cash flow from operating activities		-36,621	-65,979
Investment activities			
Investment in financial assets	14, 15	-178,165	-61,442
Cash flow from investing activities		-178,165	-61,442
Financing activities			
New share issues		321,793	-
New share issues cost		-23,889	-
Premiums for repurchased warrants	20	-50,000	-
Premiums for sold warrants	20	40,000	10,107
Cash flow from financing activities		287,904	10,107
Cash and cash equivalents at the beginning of the period		27,840	145,156
Cash flow for the period		73,118	-117,315
Foreign exchange difference in cash and cash equivalents		-531	-1
Cash and cash equivalents at the end of the period		100,427	27,840
	17		

Notes

Note 1 – General information

Mendus AB (publ) (hereinafter "Mendus"), 556629-1786 is a Swedish public company based in Stockholm. The address of the Company's head office is Västra Trädgårdsgatan 15, 111 53 Stockholm. The Board of Directors approved this Annual Report on April 17, 2024, and it will be presented for adoption at the Annual General Meeting on 17 May, 2024.

Note 2 – Accounting policies

The most important accounting principles applied when this annual report has been prepared are stated below. These principles have been applied consistently for all years presented, unless otherwise stated.

The annual report for the parent company has been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act. In cases where the parent company applies other accounting principles than the Group's accounting principles, which are described in Note 2 to the consolidated accounts, these are stated below.

Presentation format

The income statement and balance sheet follow the presentation of the Annual Accounts Act. The statement of changes in equity follows the Group's presentation but must contain the columns specified in the ÅRL. Furthermore, it means a difference in terms, compared with the consolidated accounts, mainly regarding financial income and expenses and equity.

Lease agreement

All leasing agreements are reported as operational leasing, regardless of whether the agreements are financial or operational. The leasing fee is recognized as a cost linearly over the leasing period.

Note 3 – Financial risks and management of capital

The group applies joint risk management for all entities. The description found in the Group's Note 3 Financial risk management and Note 4 Management of capital is therefore in all material aspects also applicable to the parent company. Below follows supplementary quantitative information for the parent company.

Note 4 – Revenue

No turnover was reported for the full year – (-). Other operating income amounts to KSEK 6,613 (5,740) and mainly consists transfer of patents and invoicing of management fees to Mendus B.V.

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Exchange rate gains	1,120	272
Intercompany Mendus B.V.	5,217	3,674
Transfer of patent	273	1,794
Other operating income	3	–
Total	6,613	5,740

Note 5 – Operating leases

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
The company's operating leases relate only to the rental of office premises where the business is conducted. Future minimum fees according to non-cancellable operating leases at the end of the reporting period fall due for payment as follows:		
Within one year	167	168
Later than one year, but within five years	–	–
Later than five years	–	–
Total	167	168

During the year, the leasing cost for renting an office amounted to

595	759
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General description of significant leases for the company:

Lease agreement for office space in Gothenburg is an ongoing agreement with 6 months notice period. The agreement limits the company to operating within Life Science, the agreement contains an index clause based on changes in the CPI. A lease agreement for office space in Stockholm is an ongoing agreement with a 3-month notice period. The rent is listed at 3% per year from 1 Jan 2023.

Note 6 – Remuneration to the auditor

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Ernst & Young		
Audit assignment	1,800	2,206
Tax advisory	–	–
Other audit-related fees	291	–
Review of prospectus	189	–
Total	2,280	2,206

The audit assignment involves review of the Annual Report, interim reports and financial accounts and the administration by the Board of Directors and the CEO.

Note 7 – Employees and personnel costs

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Average number of employees		
Men	2	1
Women	4	5
Total	6	6
Gender breakdown of Members of the Board and senior management		
Board Members	7	6
of which, men	5	4
CEO, and others in senior management	2	1
of which, men	1	–
Salaries, other remuneration and social costs		
Salaries and other remuneration	9,039	7,648
Social costs	2,180	4,018
(of which, pension costs)	(931)	(1,281)
Total	11,219	11,666
Salaries and other remuneration distributed between Board Members, senior management and other employees		
Board Members and senior management	5,775	4,258
(of which bonus and similar remunerations)	(928)	–
Other employees	3,264	3,390
(of which bonus and similar remunerations)	(116)	(187)
Total	9,039	7,648
(of which bonus and similar remunerations)	(116)	(187)
Remuneration and other benefits provided to Board Members		
Christine Lind	688	675
Sven Andreasson	321	315
Helen Tuveesson	351	345
Dharminder Singh Chahal	351	345
Andrea Van Elsas	306	300
Hans Peusting	326	320
CEO's remuneration and employment benefits ¹⁾		
Fixed salary ¹⁾	–	–
Variable remuneration	–	–
Other benefits	–	–
Pension costs	–	–
1) Erik Manting was appointed CEO March 16, 2021. He is employed by Mendus B.V and his salary is paid by that company.		
Remuneration and employment benefits to other senior management		
2 persons (1 person)		
Fixed salary ¹⁾	2 503	1 958
Variable remuneration	928	–
Other benefits	5	8
Pension costs	421	439

1) During 2023, only the Company's CFO and CSO are included in senior executives. Other senior executives are employed by Mendus B.V.

The Company's CSO is employed in Mendus AB as of 1 May 2023, having formerly been employed by Mendus B.V.

2) The variable remuneration refers to the bonus for the fiscal year 2023. For the fiscal year 2022, no bonus has been paid. For information on how bonuses are calculated, see below.

3) Other benefits refers to housing and travelling to and from the workplace and health insurance.

Remuneration to the Members of the Board of Director

Fees are paid to the Board of Directors in accordance with the resolution of the Annual General Meeting. The Annual General Meeting on May 12, 2023 resolved that fees, based on a financial year comprising a period of 12 months, would be paid in total of SEK 2,370,000 to be distributed as follows: The chairman of the board of directors is entitled to remuneration of SEK 620,000 and other board members are entitled to remuneration of SEK 285,000 per member. Furthermore, a fee for committee work shall be paid in the amount of SEK 70,000 to the chairman of the audit committee, SEK 40,000 to each of the other board members in the audit committee, SEK 50,000 to the chairman of the scientific committee, SEK 25,000 to each of the other board members in the scientific committee, SEK 35,000 to the chairman of the remuneration committee and SEK 20,000 to each of the other board members of the remuneration committee.

Remuneration to Senior executives

At the Annual General Meeting on May 4, 2021, it was resolved to approve the Board of Directors' proposal for guidelines for remuneration to senior executives as set out below to be valid until further notice.

Periods of notice and severance pay

For the Company's senior executives, there is a mutual notice period of three to six months. During the notice period, senior executives are entitled to full salary and other employment benefits. No agreement have been made regarding severance pay. For the senior executives with consulting contracts, the agreements must be time-limited.

Pension

For the CEO and other members of the management team, pension benefits, including health insurance, shall be defined contribution and may not exceed 30% of the fixed annual salary.

Bonus

The senior management has a possibility to earn a variable remuneration if meeting pre-set objectives. The bonus could according to the corporate guidelines not exceed 50 percent of the fixed yearly salary.

Note 8 – Other operating expenses

Other operating expenses amount to KSEK 559 (1,116) and refers to currency exchange loss from accounts payable

Note 9 – Interest income and similar items

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Other interest income	2,012	163
Total	2,012	163

Note 10 – Interest expenses and similar items

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Other interest expenses	-1,589	-657
Total	-1,589	-657

Note 11 – Income tax

Amounts in KSEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Current taxes	-	-
Deferred taxes	-	-
Recognised tax expense on the year's net income	-	-

Difference between recognised tax expense and an estimated tax expense based on the current tax rate:

Total profit/loss before taxes	-33,802	-64,647
Total profit/loss before taxes	6,963	13,317
Tax effect of non-deductible expenses	20	41
Tax effect of non-taxable income	-5	-
Deductible issue costs reported over equity	-	-
Tax effect of a deductible deficiency for which no deferred tax assets have been taken into account	-6,978	-13,358
Tax expense	-	-

The current tax rate is 20.6% (20.6%)

Unutilised deductible deficiency for which no deferred tax asset has been recognised 824,044 790,315

Note 12 – Earnings per share, parent company

Belopp i SEK	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Earnings per share, before dilution		
Net profit/loss for the year	-33,802,595	-64,647,324
Average number of shares outstanding	462,550,921	199,400,599
Earnings per share, before dilution, SEK	-0.07	-0.32
Earnings per share, before dilution		
Net profit/loss for the year	-33,802,595	-64,647,324
Average number of shares outstanding	462,550,921	199,400,599
Earnings per share, after dilution, SEK	-0.07	-0.32

Earnings per share before dilution is based on the financial results for the year and the weighted average of the number of shares outstanding.

Earnings per share after dilution is based on the financial results for the year and the weighted average of the number of shares outstanding plus the dilutive effect of potential shares. There is no dilution effect for the stock option program, as earnings for the periods have been negative.

Note 13 – Other long-term securities

Amounts in KSEK	2023-12-31	2022-12-31
Holdings of shares of LFF Service AB	1	1
Total	1	1

The share in LFF Service AB is pledged and gives Läkemedelsföreningens Service AB an option to acquire the share at its quotient value (SEK 1,000) if Mendus AB (publ) withdraws from the share agreement.

Note 14 – Shares in Group companies

Amounts in KSEK	2023-12-31	2022-12-31
Holdings of shares Mendus B.V.	889,579	711,422
Holdings of shares Mendus Australia Pty.	1	–
Total	889,580	711,422

Mendus AB acquired all shares in DCprime BV (Mendus B.V.), organizational number 34224535, on 21 December 2020, with Mendus holding 100% of the capital and votes. Mendus B.V. is a Dutch company based in Leiden, The Netherlands. During the year, shareholder contributions were made with KSEK 178,618. Mendus Australia Pty was established on October 9, 2023 and Mendus AB holds 100% of the capital and voting rights. The number of shares amounts to 100.

Note 15 – Other longterm receivables

The company has an agreed card limit for Business Card amounting to KSEK 300 (300). The company has provided collateral for this credit through a general pledge of bank funds of KSEK 259 (251). Deposit for office rent at Kapitel 8 Kontor AB amounts to KSEK 142 (142).

Note 16 – Other receivables

Amounts in KSEK	2023-12-31	2022-12-31
VAT receivable	621	1,429
Other receivables	6	51
Total	627	1,480

Note 17 – Cash and cash equivalents

Cash and cash equivalents refers to cash at bank KSEK 100,427 (27,840).

Note 18 – Prepaid expenses and accrued income

Amounts in KSEK	2023-12-31	2022-12-31
Prepaid expenses relating to preclinical development/clinical trials	21	–
Prepaid insurance premiums	40	261
Prepaid rents	152	155
Other prepaid expenses	813	438
Total	1,026	854

Note 19 – Share capital

Mendus's share capital as of December 31, 2023 amounted to SEK 43,157,419 (9 970 030) divided into 863 148 371 (199 400 599) shares with a quotient value of SEK 0.05.

Note 20 – Other longterm liabilities

The Company has previously received financing in the form of conditional credits from Region Västra Götaland amounting to KSEK 850. The terms of repayment for these loans are 5 percent of the debt per year of potential future income, with the addition of interest at the reference rate set by the Swedish National Bank for the calendar half-year in question, plus an additional two percentage points. Today, no repayment of the loan has begun.

The long-term debt to Van Herk Investments B.V. of KSEK 10,107 was signed on October 25, 2022. The loan was a shareholder loan with the right to borrow up to KSEK 50 000, of which KSEK 10,000 has been used and KSEK 107 was accrued interest. Repayment must take place no later than October 24, 2024. The interest rate for 2022 has been 6.00%. During the full year 2022, the interest has been paid with KSEK 107. The loan is repaid full as of Dec 31, 2023.

Note 21 – Other liabilities

Amounts in KSEK	2023-12-31	2022-12-31
Wage taxes	492	565
Other	72	97
Total	564	663

Note 22 – Accrued expenses

Amounts in KSEK	2023-12-31	2022-12-31
Accrued expenses relating to preclinical development/clinical trials	21	712
Accrued personnel-related costs	1,949	689
Audit fee	890	1,200
Consultancy fee	597	336
Commitment fee Negma	–	3,700
Other accrued expenses	45	360
Total	3,502	6,997

Note 23 – Financial assets and liabilities

Amounts in KSEK	Financial assets recognized at amortized cost	Not financial assets	Sum reported value
Financial assets			
Financial fixed assets	889,981	–	889,981
Other receivables	6	621	627
Prepaid expenses and accrued income	1,026	–	1,026
Cash and cash equivalents	100,427	–	100,427
Financial liabilities			
Account payables	1,808	–	1,808
Long term interest bearing debts	850	–	850
Other current liabilities	78	486	564
Accrued expenses and deferred income	3,100	402	3,502

Note 24 – Appropriation of profit and loss

Belopp i SEK	2023-12-31
The following unrestricted shareholders' equity are available to the Annual General Meeting for its disposition:	
Share premium reserve	-1,679,789,200
Retained earnings	703,963,780
Net profit/loss for the year	33,802,595
Warrants	-156,868
Total	-942,179,693
The Board of Directors proposes that the profits available for distribution and unrestricted reserves be allocated as follows to be carried forward	
	-942,179,693
Total	-942,179,693

Note 25 – Pledged assets

Amounts in KSEK	2023-12-31	2022-12-31
Pledged assets for own liabilities and provisions		
Pledged bank deposit	259	251
Total	259	251

Note 26 – Adjustments in cashflow

Amounts in KSEK	2023-12-31	2022-12-31
Adjustments for items not included in the cashflow, consists of the following		
Warrants	-595	302
Total	-595	302

Note 27 – Transactions with related parties

The parent company Mendus AB is related to the subsidiary Mendus BV and Mendus Australia Pty. For the full year, purchases of goods and services in Mendus AB amounted to KSEK -14,471 (-16,243) and sales amount to KSEK 5,217 (3,674). As of December 31, 2023, there is an outstanding debt to Mendus Australia Pty amounting to KSEK 1. No further transactions were made with related parties during the year. Transactions with related parties are conducted on market terms.

Note 28 – Events after the balance day

» Mendus raises approximately SEK 69.1 million through the warrants of series TO3

* Summary of related party transactions as of 2023

The parent company Mendus AB is related to its subsidiaries Mendus BV and Mendus Australia Pty.

Amounts in KSEK	Sales of goods and services to related parties	Purchase of goods and services to related parties	Outstanding debts as of Dec 31	Outstanding receivables as of Dec 31
Mendus B.V.	5,217	14,471	-	-
Mendus Australia Pty	-	-	1	-

Assurance of the Board of Directors and CEO

The Board of Directors and the CEO hereby assure that the consolidated accounts and annual report were prepared as per the International Financial Reporting Standards (IFRS) as adopted by the EU, and generally accepted accounting principles, respectively, and provide a true and fair view of the development of the Group's and Parent Company's financial position and performance, and that the Board of

Directors' report provides a true and fair view of the Group's and Parent Company's operations, financial position and performance as well as describing material risks and uncertainties faced by the companies that are part of the Group. The income statements and balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 17, 2024.

Stockholm 2024-04-17

Christine Lind
Chairman

Hans Preusting
Board member

Sven Andreasson
Board member

Helén Tuve
Board member

Andrea Van Elsas
Board member

Ted Fjällman
Board member

Dharminder Chahal
Board member

Erik Manting
Chief Executive Officer

Stockholm on the day shown in our electronic signature
Ernst & Young AB

Charlotte Holmstrand
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Mendus AB (publ),
corporate identity number 556629-1786

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Mendus AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 22-52 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the groups statement of comprehensive income and statements of financial position and the parent company income statement and balance sheet.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our

professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and trademarks

DESCRIPTION

As of December 31, 2023, the Group's goodwill amounts to 108 MSEK and technology amounts to 424 MSEK. The Group examines, when indicating a decline in value, but at least annually, that the reported values do not exceed the estimated recoverable amounts for these assets. Recoverable amounts are determined using accepted discounted cash flow models based on management's estimates of future cash flows and other material assumptions such as discount rates and growth that may have a significant impact on estimated recoverable amount. Management's impairment test of intangible assets has therefore been considered a particularly important area of the audit. A description of the impairment test is set out in Note 17 and in the section "Key estimates and assessments for accounting purposes" in Note 5.

HOW OUR AUDIT ADDRESSED THIS KEY AUDIT MATTER

In our audit, we examined management's models, judgements and assumptions underlying the recoverable amount of goodwill and technology. We have reviewed the reasonableness of the forecasts and assumptions made by the board that form the basis for this year's impairment test. We have also examined assumptions made against comparable companies in the industry in which the Group operates. With the support of our valuation specialists, we have reviewed the Group's models and method for conducting impairment tests. We have conducted our own sensitivity analyses of key assumptions and possible influencing factors. Finally, we have reviewed the information provided in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-21 and 53-66. The remuneration report for the financial year 2023, which will be submitted after the date of this auditor's report, also constitutes of other information. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated ac-

counts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning the other information we obtained before the date of this audit report, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

If, when reading the remuneration report, we conclude that there is a material error in it, we must raise that issue with the Board of Directors and request that it be corrected.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors and the Managing Director.
- » Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- » Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must

also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Men-dus AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- » has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- » in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Mendus AB (publ) for the year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Mendus AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Ernst & Young AB, Hamngatan 26, 111 47 Stockholm, was appointed auditor of Mendus AB (publ) by the general meeting of the shareholders on May 12, 2023 and has been the company's auditor since April 25, 2019.

Stockholm 2024-04-17
ERNST & YOUNG AB

Charlotte Holmstrand

Authorized Public Accountant

Corporate Governance Report

Mendus AB (publ), corporate identity number 556629-1786, is a Swedish public company with its registered office in Stockholm. The company's share is listed on Nasdaq Stockholm Small Cap and are traded under the short name IMMU.

Corporate governance refers to regulations and decision-making hierarchies that contribute to the efficient and controlled management of a company's operations. Mendus' corporate governance is based on applicable laws, rules, and recommendations for listed companies, such as the Swedish Code of Corporate Governance (the "Code"), Nasdaq Stockholm's rulebook for issuers, the Articles of Association and company-specific rules and guidelines. This report, which is separate from the annual report, relates to the financial year 2023 and has been reviewed by the company's auditor.

Deviations from the Code, stock exchange rules or good practice in the stock market

During the financial year 2023, the company has deviated from the Code with regard to the attendance of board members at General Meetings. According to paragraph 1.2 of the Code, at General Meetings the Chairman of the Board of Directors and as many of the other members of the Board of Directors so that the Board is quorate shall be present. No members of the Board of Directors attended the Extraordinary General Meeting on 10 July 2023 and only the Chairman of the Board of Directors attended the Extraordinary General Meeting on 13 December 2023. The reason for the deviation is that these two Extraordinary General Meetings were scheduled at short notice where it was important that the General Meetings were held as soon as possible after the resolution to convene an Extraordinary General Meeting. The company then made the assessment that it was in the company's interest to hold the General Meetings as soon as possible rather than holding the General Meetings at a later date in order to fulfil the requirement for board members to attend the General Meeting. The majority of the board members are resident abroad, which means that physical presence at a General Meeting gives less room for flexibility. At the Annual General

Meeting on 12 May 2023, all board members participated. Otherwise, the company has not deviated from stock exchange rules and has not been subject to decisions by Nasdaq Stockholm's Disciplinary Board or decisions on breaches of good practice on the stock market by the Swedish Securities Council.

Corporate governance at Mendus

The purpose of corporate governance within Mendus is to create a clear division of roles and responsibilities between shareholders, the Board of Directors and company management. Governance, management and control of Mendus is divided between the General Meeting, the Board of Directors, its elected committees and the CEO..

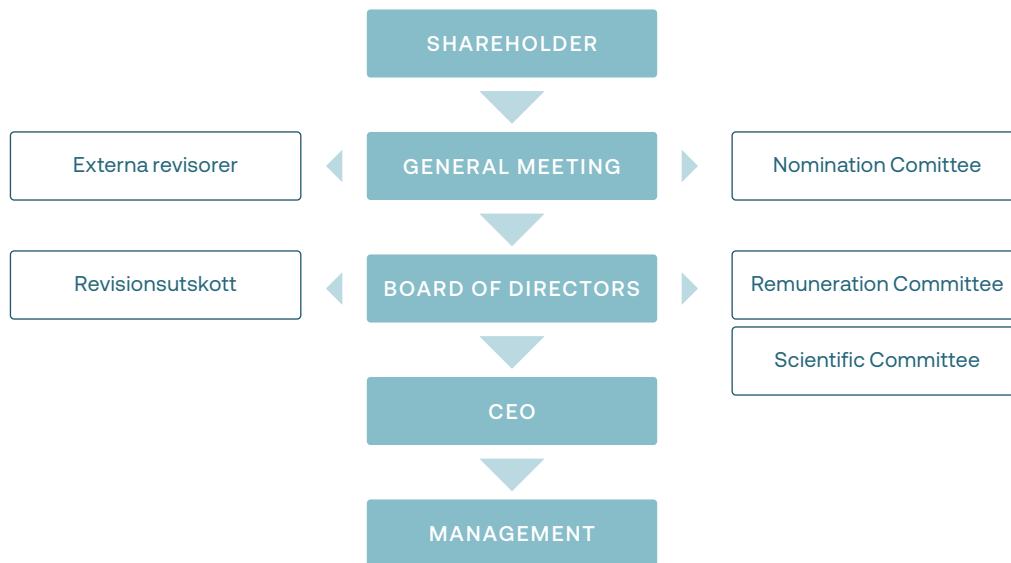
External regulations affecting corporate governance

- » Swedish Companies Act
- » Regulations for external accounting
- » Nasdaq Stockholm's Rulebook for Issuers
- » Swedish Code of Corporate Governance
- » Other applicable laws and regulations

Important internal regulations and documents

- » Articles of Association
- » Rules of procedure for the Board including instructions for the Board's committees
- » CEO instruction including instructions on financial reporting
- » Guidelines for remuneration to senior executives
- » IT policy
- » Financial Handbook
- » Authorization instruction
- » Personnel handbook
- » Code of Conduct
- » Information and insider policy

Corporate governance structure



Shareholders and the share

Mendus AB is a CSD-registered company, which means that the company's share register is kept by Euroclear Sweden AB. The share capital in Mendus AB consists of one class of shares entitling to equal voting rights and equal rights to share in the company's assets. Mendus share is admitted to trading on Nasdaq Stockholm in the Small Cap segment. At year-end, Mendus had 10,882 (9,733) shareholders, of which 469 (419) were registered as legal entities and 9,977 (9,314) as natural persons. The share capital is owned 60.9 (51.8) percent by Swedish-registered owners and 39.1 (48.2) percent by foreign owners. For further information about shareholders and Mendus share, see the annual report pages 16-17 and www.mendus.se.

General Meeting

In accordance with the Swedish Companies Act, the shareholders' influence of the company is exercised at the General Meeting, which is the company's highest decision-making body. At the General Meeting, the shareholders decide on key issues, including amendments of the Articles of Association, adoption of income statements and balance sheets, possible dividends and disposition of the company's result, election of Board members and auditors, as well as resolution on remuneration to the same and discharge from liability for the Board of Directors and the CEO. The General Meeting also resolves on guidelines for remuneration to senior executives.

In accordance with the Articles of Association, notice of a General Meeting shall be given by advertising in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and by making the notice available on the company's website. At the same time as notice is given, the company shall, through an advertisement in Dagens Industri, inform that notice has been given. Notice of the Annual General Meeting and notice of an Extraordinary General Meeting where amend-

ment of the Articles of Association will be dealt with shall be issued no earlier than six weeks and no later than four weeks before the Meeting. Notice of other Extraordinary General Meetings shall be issued no earlier than six weeks and no later than three weeks before the meeting.

Shareholders who have been entered in the share register in the manner prescribed in the Swedish Companies Act and who have registered with the company no later than the date stated in the notice convening the meeting have the right to participate in the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth weekday before the meeting.

At the Annual General Meeting, the following matters shall be dealt with:

1. Election of chairman of the Meeting
2. Preparation and approval of voting list
3. Presentation and approval of the agenda
4. Election of one or two persons to verify the minutes
5. Determination of whether the meeting has been duly convened
6. Presentation of the annual report and the auditor's report and, where applicable, the consolidated financial statements and the auditor's report on the consolidated accounts
7. Resolution on:
 - a) adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet
 - b) disposition of the company's profit or loss according to the adopted balance sheet;
 - c) discharge from liability towards the company for the members of the Board of Directors and the CEO
8. Determination of remuneration to the Board of Directors and auditors

9. Election of the Board of Directors and auditors and any deputy auditors
10. Other business that is the responsibility of the meeting in accordance with the Swedish Companies Act or the Articles of Association

Annual General Meeting 2023

The Annual General Meeting 2023 of Mendus was held on Friday 12 May at Tändstickspalatset on Västra Trädgårdsgatan 15 in Stockholm. At the Meeting, 54.34 per cent of the shares and votes in the company was represented. The AGM resolved on, among other things:

- » Discharge from liability for the Board of Directors and the CEO for the financial year 2022 and that no dividend would be paid for the financial year 2022.
- » Re-election of the board members Sven Andreasson, Dharminder Chahal, Andrea van Elsas, Christine Lind, Hans Preusting and Helén Tuveson, for the period until the end of the next Annual General Meeting.
- » Re-election of Christine Lind as Chairman of the Board.
- » Re-election of the registered auditing company Ernst & Young AB, which has appointed Charlotte Holmstrand as auditor in charge, for the period until the end of the next Annual General Meeting.
- » To authorize the Board of Directors, during the period until the next Annual General Meeting, on one or more occasions and with or without deviation from the shareholders' preferential rights, to resolve on new issues of shares and issues of warrants and/or convertibles. The number of shares or warrants or convertibles entitling to subscription of shares shall amount to a maximum of 20 percent of the number of registered shares at the time of the Board of Directors' first resolution under the authorisation.

Minutes as well as complete resolutions and more detailed information from the AGM 2023 are available on www.mendus.se, under "Corporate Governance"

Extraordinary General Meeting July 2023

On 8 June 2023, the Board of Directors resolved, subject to the General Meeting's subsequent approval, to carry out a capital raise of approximately SEK 317 million, comprising of a directed issue of approximately SEK 90 million to Flerie Invest AB, consisting of shares and warrants, in combination with a rights issue of units of approximately SEK 227 million. At the Extraordinary General Meeting on 10 July 2023, the General Meeting approved the Board's resolution on the directed issue and the rights issue. Furthermore, it was resolved to amend the Articles of Association with regard to the limits of the number of shares and the share capital.

Minutes as well as complete resolutions and more detailed information from the Extraordinary General Meeting are available on www.mendus.se, under "Corporate Governance".

Extraordinary General Meeting December 2023

On 13 December 2023 an Extraordinary General Meeting was held where the General Meeting resolved, among other

things, on:

- » Election of Ted Fjällman as new board member
- » Issue of warrants and implementation of a new performance-based incentive program based on employee stock options directed to senior executives and key employees (LTIP 2023/2027). The employee stock option program consists of 47,333,226 employee stock options wherein 47,333,226 warrants have been issued to secure delivery of shares under the incentive program.
- » Amendment of the Articles of Association, introducing provisions whereby the Board of Directors may decide to collect proxies prior to a General Meeting and decide that shareholders may exercise their voting rights by post before the General Meeting.

Minutes as well as full resolutions and more detailed information from the Extraordinary General Meeting are available on www.mendus.se, under "Corporate Governance".

Annual General Meeting 2024

The Annual General Meeting 2024 of Mendus will be held on 17 May at 9:30 at Tändstickspalatset, Västra Trädgårdsgatan 15 in Stockholm. For further information and the right to participate, see page 65 of the Annual Report or www.mendus.se. The minutes of the Annual General Meeting will be available on www.mendus.se.

Nomination Committee

The Nomination Committee represents Mendus' shareholders and is tasked with preparing the Annual General Meeting's resolutions on election and remuneration issues. In accordance with the instructions adopted by the Annual General Meeting on 4 May 2021, which applies until further notice, the Nomination Committee shall consist of four members appointed by the four largest shareholders, based on the ownership structure of Euroclear Sweden AB as of 31 August, who have accepted the invitation to participate in the Nomination Committee. If any of the four largest shareholders waives its right to participate in the Nomination Committee, the next largest shareholder in terms of voting rights, who does not already have the right to appoint a member of the Nomination Committee, shall be offered the opportunity to appoint a member to the Nomination Committee. The Nomination Committee shall elect a Chairman from among its members.

The members of the Nomination Committee shall be published on the company's website no later than six months before the Annual General Meeting. If four shareholders at this time have not notified their intention to participate in the Nomination Committee, the Nomination Committee shall consist of fewer members. If there is a change in the ownership structure of the Nomination Committee after 31 August but before the Nomination Committee's complete proposal for resolutions has been published, and if shareholders who after this change have become one of the four largest shareholders in terms of voting rights in the company submit a wish to the Chairman of the Nomination Committee to be a member of the Nomination Committee, this shareholder shall have the right to appoint an additional member

of the Nomination Committee. The term of office of the Nomination Committee shall extend until a new Nomination Committee has been appointed. Changes in the composition of the Nomination Committee shall be announced as soon as they have occurred.

Shareholders in the company have the right to submit proposals for Board members for consideration by the Nomination Committee. The Nomination Committee shall take into account that the Board of Directors shall have an appropriate composition based on the company's operations, stage of development, etc., and demonstrate diversity and breadth in terms of qualifications, experience and background. The members of the Nomination Committee are not entitled to any remuneration. However, the company shall bear all reasonable costs for the work of the Nomination Committee. If deemed necessary, the Nomination Committee may engage external consultants to find candidates with relevant experience and the company shall bear the costs of such consultants. The company shall also assist with human resources necessary to support the work of the Nomination Committee.

Ahead of the 2024 Annual General Meeting, the Chairman of Mendus, Christine Lind, contacted the largest shareholders to appoint a Nomination Committee. The following members have been appointed by the three largest shareholders who accepted the invitation to participate in the Nomination Committee:

- » Dharminder Chahal, appointed by Van Herk Investments B.V
- » Karl Elmqvist, appointed by Flerie Invest AB
- » Arne Lööv, appointed by Fjärde AP-fonden

The Nomination Committee has appointed Karl Elmqvist as Chairman of the Nomination Committee.

The composition of the Nomination Committee as described above was announced in a press release on 17 November 2023.

The Nomination Committee's assignment includes preparing the following proposals for resolutions to the Annual General Meeting 2024: (i) election of the Chairman of the Annual General Meeting; (ii) election of members of the Board of Directors; (iii) election of Chairman of the Board; (iv) remuneration to the Board of Directors; (v) election of auditor; (vi) auditor remuneration; and (vii) amendment of the principles for the nomination process for the Annual General Meeting (if necessary).

According to the Code, the Nomination Committee shall, in connection with the issuance of notice to the Annual General Meeting, submit a reasoned opinion on the company's website regarding its proposal for the Board of Directors, taking into account the Code's rules on the composition of the Board, and in particular justify the proposal in light of the requirement that an even gender distribution shall be sought, and provide a brief account of how the Nomination

Committee's work has been conducted. On the website, the Nomination Committee shall at the same time provide relevant information about members proposed for new election or re-election, including main education and work experience, significant assignments within and outside the company and own or closely related persons' holdings of shares in the company.

The Board of Directors

Composition and independence of the Board of Directors

According to Mendus' Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of eight members without deputies. At the Annual General Meeting on 12 May 2023, six ordinary members were elected; Christine Lind (Chairman of the Board), Sven Andreasson, Andrea van Elsa, Dharminder Chahal, Hans Preusting and Helén Tuveesson, all of whom are appointed until the end of the next Annual General Meeting. At the Extraordinary General Meeting on 13 December 2023, Ted Fjällman was elected as new board member.

Dharminder Chahal is considered to be independent in relation to the company and its management but dependent in relation to major shareholders in the company through his assignments for Van Herk Investments B.V. Ted Fjällman is considered to be independent in relation to the company and its management but dependent in relation to major shareholders in the company through his assignments for Flerie Invest AB (publ). Other members are considered to be independent in relation to the company and its management as well as to the company's major shareholders. A major shareholder refers to a shareholder who directly or indirectly controls ten percent or more of the shares and votes in the company.

According to the Code, a majority of the members of the Board of Directors shall be independent in relation to the company and its management. At least two of the members who are independent in relation to the company and its management shall also be independent in relation to the company's major shareholders. In accordance with the above description, Mendus fulfils the requirement for board members' independence in the Code.

Information about the members of the Board of Directors with information about year of birth, year of election to the Board, education, experience, current and previous assignments and shareholding in the company can be found in the Annual Report 2023 on pages 18-19. Shareholding in the company includes own and/or closely related persons' holdings.

Responsibilities of the Board of Directors and its work

The duties of the Board of Directors are regulated in the Swedish Companies Act, the Articles of Association and the Code. The Board has also adopted written rules of procedure that regulate the Board's work, division of duties and responsibilities between the Board, committees, Chairman of the Board and CEO. In addition, the rules of procedure

deal with the number of ordinary meetings and matters to be dealt with at these meetings, the form of notices, the meeting and decision-making procedures, documentation for Board meetings, the duties of the Chairman of the Board, minutes, bias and conflicts of interest, mandatory matters that the CEO must submit to the Board, financial reports and signatories. The rules of procedure of the Board of Directors shall be adopted annually. In addition, the Board of Directors has adopted instructions for the CEO and other special policies such as ethical guidelines (so-called Code of Conduct), finance policy and authorization instructions, as well as information and insider policy. In addition to Board meetings, the Chairman and CEO have an ongoing dialogue regarding the company for material issues.

The Board of Directors is responsible for the company's organization and management of its affairs, the company's overall business plan, significant organizational changes, changes in the company's business focus and income statement and balance sheet. The Board of Directors shall also decide on investments, acquisitions or disposals of significant assets, shares or businesses, loans and credits, the provision of guarantees, and the conclusion or amendment of significant agreements. In addition, the Board of Directors shall deal with matters referred to the Board by the CEO. The Board of Directors has the overall responsibility for ensuring that the company's organization is designed so that accounting, asset management and the company's financial conditions in general are controlled in a satisfactory manner and is responsible for ongoing evaluation of the CEO's work. The Board is also responsible for ensuring the quality of financial reporting, including systems for monitoring and internal control of the company's financial reporting and position. In addition, the Board of Directors is responsible for ensuring that the company's external disclosure of information is characterized by openness and is correct, relevant and clear. The Board is also responsible for drawing up the necessary guidelines and other policy documents.

The Chairman of the Board leads and organizes the work of the Board and has a special responsibility for ensuring that the Board's work is well organised and conducted efficiently. The Chairman of the Board is responsible, in consultation with the company's CEO, for ensuring that an agenda for each meeting and the necessary decision documentation are provided to the members in sufficient time before each Board meeting. The Chairman of the Board shall also ensure that each Board member continuously updates and deepens his or her knowledge of the company and that a new Board member undergoes the necessary introductory training and other training that the Chairman of the Board and the new member deem appropriate. The Chairman of the Board is also responsible for contacts with shareholders on ownership matters and for conveying the views of the shareholders to the Board and also for ensuring that the Board's work is evaluated annually through a systematic and structured process with the aim of developing the Board's working methods and methodology. The results of the evaluation are reported to the company's Nomination Committee.

The Board's work and significant events during 2023

The Board normally meets six times a year. In addition to these meetings, additional meetings may be organised to deal with matters that cannot be referred to a regular meeting. During 2023, the Board held 13 recorded meetings excluding per capsulam meetings. The attendance of members at Board meetings is shown in the table on page 61. During 2023, the Board dealt with the following issues:

- » The company's strategic direction
- » Financing, including the capital raise carried out in July 2023
- » Product development
- » Risk management and risk assessment
- » Governing documents
- » Evaluation of the CEO
- » Financial reports including reporting from the auditors

For 2024, the Board has scheduled six (6) meetings.

Board committees

The Board has established three committees from among its members; The Audit Committee, the Scientific Committee and the Remuneration Committee, which work in accordance with the Board's established instructions.

Audit committee

The Board of Directors has appointed an Audit Committee consisting of the Board members Dharminder Chahal (Chairman of the Committee), Sven Andreasson and Christine Lind. The committee meets the requirements of the Swedish Companies Act for independence and accounting and auditing competence.

The Board of Directors shall annually draw up instructions for the Audit Committee's duties. According to the instructions to the Audit Committee, the Audit Committee shall, without prejudice to the Board's responsibilities and tasks in general, monitor the company's financial reporting, monitor the effectiveness of the company's internal control and risk management with regard to financial reporting, keep itself informed about the audit of the annual report and other financial reports, review and monitor the auditor's impartiality and independence, paying particular attention to if the auditor provides the company with services other than auditing services. The Audit Committee shall also meet annually with the auditor to keep itself informed about the scope and focus of the auditor's review, as well as the auditor's observations in the audit work. The Audit Committee shall also evaluate the audit work and assist in the preparation of proposals to the Annual General Meeting and decisions on the election of auditors. In addition, the Audit Committee shall, together with the company's auditor, review related party transactions and significant accounting principles in connection with quarterly reports and annual reports. The Audit Committee shall hold at least four meetings per year and the Chairman of the Audit Committee shall submit a report at Board meetings on what has been discussed during the last meeting of the Audit Committee.

The Audit Committee has met three (3) times during the year. At these meetings, the committee has discussed periodic financial information, risks, internal control, accounting principles, the auditors' review of the company and the financial reports.

Remuneration Committee

The Board of Directors has appointed a Remuneration Committee consisting of the Board members Christine Lind (Chairman of the Remuneration Committee), Hans Preusting and Helén Tuveesson. The committee fulfils the Code's requirements for independence and is deemed to have the necessary knowledge and experience in matters of remuneration to senior executives. The main tasks of the Remuneration Committee are to prepare the Board's decisions on matters relating to remuneration principles, including the preparation of proposals for the General Meeting's resolution on guidelines for remuneration to senior executives, remuneration and other terms of employment for the company's CEO and senior executives, to monitor and evaluate variable remuneration for senior executives and to monitor and evaluate the application of the guidelines for remuneration to senior executives and current remuneration structures and levels in the company. In addition, the Remuneration Committee shall monitor and continuously evaluate ongoing and completed programs for variable remuneration to senior executives and prepare questions regarding proposals for possible incentive programs.

The Remuneration Committee has met two (2) times during the year. At these meetings, the committee discussed incentive programs and annual variable remuneration based

on fulfilment of corporate objectives.

For information on salaries and remuneration to the CEO and senior executives, see Note 7 in the Annual Report 2023.

Scientific Committee

The Board of Directors has appointed a Scientific Committee consisting of the Board members Helén Tuveesson (Chairman of the Committee), Andrea van Elsas and Hans Preusting. None of the members of the committee are employees by the company.

The Board shall annually draw up the rules of procedure for the work of the Scientific Committee. The Chairman of the Scientific Committee and one other member of the Scientific Committee shall be members of the Board of Directors and none of these shall be employed by the company. The company's Chief Scientific Officer and/or the CEO shall prepare the meetings of the Scientific Committee. The Scientific Committee may, if necessary, seek external advice or advice from the company's Scientific Council. The Chair of the Scientific Committee shall inform the Management Board of the work of the Committee and shall annually evaluate its work and compliance with the Statutes.

The Scientific Committee has met three (3) times during the year. At these meetings, the committee has mainly discussed the development of the company's two product candidates, ilixiadencel and vididencel. The committee has also discussed the preclinical studies and has had an ongoing dialogue with the company's CMO and CSO.

The 2023 annual general meeting decided the fees for the board members

	Independence in relation to the			Compensation, KSEK				Total
	Function	Company	Owners	Board fees	Audit Committee	Remuneration Committee	Scientific Committee	
Christine Lind	Chairman	x	x	620	40	35		695
Helén Tuveesson	Board member	x	x	285		20	50	355
Sven Andreasson	Board member	x	x	285	40			325
Dharminder Chahal	Board member	x		285	70			355
Andrea van Elsas	Board member	x	x	285			25	310
Hans Preusting	Board member	x	x	285		20	25	330
Ted Fjällman 1)	Board member	x		285				285
				2,330	150	75	100	2,655

Attendance

	Board	Audit Committee	Remuneration Committee	Scientific Committee
Christine Lind	13/13	3/3	2/2	
Helén Tuveesson	13/13		2/2	3/3
Sven Andreasson	13/13	3/3		
Dharminder Chahal	12/13	3/3		
Andrea van Elsas	7/13			2/3
Hans Preusting	11/13		2/2	3/3
Ted Fjällman 1)	1/1			

1) Board member since the extraordinary general meeting on December 13, 2023. At the meeting, it was decided that Ted Fjällman shall receive the same remuneration as the other board members, adjusted pro rata based on the time from the election until the annual general meeting in 2024.

The CEO and management

The CEO is responsible for the day-to-day management and development of Mendus in accordance with applicable legislation and applicable rules, including Nasdaq Stockholm's Rule Book for Issuers as well as the Code and the guidelines, instructions and strategies established by the Board of Directors. The CEO shall ensure that the Board receives such factual and relevant information as is required for the Board to be able to make well-founded decisions. In addition, the CEO monitors compliance with Mendus' goals, policies and strategic plans established by the Board and is responsible for informing the Board about Mendus' development between Board meetings.

Erik Manting has been the company's CEO throughout 2023. The CEO leads the work of the management team, which is responsible for the overall development of the company's operations and business. In addition to the CEO, the management team during the year consisted of Mendus' Chief Financial Officer (CFO), Chief Medical Officer (CMO), Chief Scientific Officer (CSO) and Chief Technology Officer (a total of five people).

A presentation of the CEO and other members of the management team can be found under the section Organization on page 20-21 in the annual report.

Remuneration

REMUNERATION TO THE BOARD OF DIRECTORS

The Nomination Committee, which is appointed according to the principles approved by the Annual General Meeting, provides its proposals for remuneration to the Board of Directors. Remuneration to the Board is payable pursuant to the resolution by the General Meeting and are presented in the table on page 61.

REMUNERATION TO SENIOR MANAGEMENT

Remuneration matters for senior executives are addressed by the Board of Directors' Remuneration Committee. The Board of Directors decides the CEO's remuneration based on the proposal from the Remuneration Committee. Remuneration and terms for senior executives are to be based on market conditions and a balanced mix of a fixed annual salary, variable salary, pension benefits, other benefits and terms upon termination of employment.

GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

According to the guidelines for remuneration to senior executives that were adopted at the Annual General Meeting on May 4, 2021, Mendus shall offer a total compensation package at market level that enables the recruitment and retention of qualified senior executives, both from a national and international perspective.

Forms for remuneration etc.

Remuneration shall be on market terms, in relation to responsibilities and powers and consist of the following components: fixed salary, any variable remuneration as agreed, pension and other benefits. In addition - and independently of these guidelines - the General Meeting may decide on share and share price related instruments that form part of the remuneration.

Fixed salary

The fixed salary shall form the basis of the total remuneration and shall consist of a fixed cash salary, which shall be reviewed annually. The fixed salary shall be competitive and reflect the requirements of the position in terms of competence, responsibility, complexity and contribution to the achievement of the corporate objectives.

Variable salary

In addition to a fixed salary, the CEO and other members of management may, according to a separate agreement, receive variable target-based remuneration upon fulfilment of agreed criteria. Any variable remuneration shall consist of an annual variable cash salary and may not exceed 50 per cent of the fixed annual salary. The variable salary shall be linked to one or more predetermined and measurable criteria which shall be designed to promote the company's business strategy and long-term interests, including sustainability, and shall be determined by the Board of Directors. The criteria shall be dependent on the individual's fulfilment of quantitative and qualitative objectives.

Pension

Pension benefits, including health insurance, shall be premium-based and may not exceed 30 per cent of the fixed annual salary. Variable salary shall not contribute to pension.

Other benefits

Other benefits, which may include travel and medical insurance, shall be in line with market conditions and may only represent a limited part of the total remuneration. Premiums and other costs related to such benefits may not exceed 15 per cent of the fixed annual salary.

Conditions in case of termination

The notice period shall be a maximum of

twelve months. In the event of termination by the company, severance pay corresponding to a maximum of twelve months' fixed salary may be paid.

Preparation and decision-making process

The Board has established a Remuneration Committee. The Committee's tasks include preparing principles for remuneration to the management and the Board's decision on proposals for guidelines for remuneration to senior executives. The Board of Directors shall prepare proposals for new guidelines at least every fourth year and submit the proposal for decision to the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the General Meeting.

Deviation from guidelines

The Board of Directors may decide to deviate from the guidelines, in whole or in part, if there are specific reasons in an individual case and a deviation is necessary to meet the long-term interests of the Company or to ensure the financial viability of the Company. As stated above, the Remuneration Committee's tasks include preparing the Board's decisions on remuneration issues, including decisions on deviations from the guidelines. The Board has not deviated from the guidelines in 2023.

EXTERNAL AUDITOR

The Company's auditor is elected by the Annual General Meeting. Mendus auditor is the registered accounting firm Ernst & Young AB with the authorized public accountant Charlotte Holmstrand as auditor in charge. See section External audit for further information on the external audit.

The remuneration invoiced by the auditors for the last two financial years is presented in note 6 of the annual report 2023.

Internal control and risk management

The overall purpose of the internal control is to ensure to a reasonable degree that the company's operative strategies and goals are followed up and that the owners' investments are protected. The internal control is also to ensure that the external financial reporting is to a reasonable degree reliable and prepared in accordance with good accounting practice, that applicable laws and regulations are followed, and that the demands made on listed companies are met. Within Mendus, internal control of the financial reporting is, for example, directed at ensuring an effective and reliable handling and reporting of accrued costs.

The internal control environment is largely comprised of the following five elements: control environment, risk assessment, control activities, information and communication, and follow-up.

Control environment

The control environment within Mendus constitutes the frame for the direction and culture communicated to the organization by the company's Board and management. Internal management and control in accordance with accepted frameworks are a prioritized area of the management work. The Board and management of Mendus define and shape decision pathways, powers and responsibilities which are clearly defined and communicated in the organization. The company's Board also strives to ensure that steering documents such as internal instructions and policies cover identified significant areas and that they provide the right guidance to the different senior executives in their work at the company.

Risk assessment

Mendus Board works continuously and systematically with risk assessments in order to identify risks and take appropriate measures in respect of these. The company has an annual risk process in place where risks are identified from a company perspective to provide an overview of the most important risks for Mendus, which are followed up by the management team during the year. Each identified risk is to be documented with a potential action plan to reduce the risk whenever possible. The risk assessment is also designed to identify such risks that significantly impact the internal control of the financial reporting.

Control activities

The primary purpose of the control activities is to prevent, discover and rectify errors in the financial reporting. Routines and activities have been designed to manage and deal with significant risks which are related to the financial reporting. The activities include analytical follow-up and comparison of earnings trends or items, reconciliation of accounts and balance sheet specifications, as well as approval of all bank transactions and cooperation agreements, powers of attorney and authorization instructions, and accounting and valuation principles. Access to financial systems is restricted according to authority, responsibility and role.

Information and communication

In addition to the very high demands of Nasdaq Stockholm and supervisory authorities regarding the scope and accuracy of information, Mendus has internal control functions for informa-

tion and communication in place to ensure that correct financial and other company information is communicated to co-workers and other stakeholders. The company's internal instructions and policies are available to all co-workers and give detailed information about routines that apply in all parts of the company and describe the control functions and how they are implemented. The security around all information that can affect the company's market value and ensuring that such information is communicated externally in a correct and timely manner are cornerstones in the company's commitment as a listed company. These two factors and the routines for managing them ensure that the financial reports are received by the financial market's actors at the same time and present a true and fair view of the company's financial result and position.

Follow-up

Compliance with internal policies, directives, guidelines and codes, and the suitability for purpose and functionality of established control activities are followed up continuously. Measures and routines in respect of the financial reporting are subjected to continuous follow-up. The CEO ensures that the Board of Directors constantly receives reports on the development of the company's operations, including the development of the company's results and position as well as information about important events including research results and important agreements. The Board reviews the Annual Report and interim reports prior to their publication. The Board meets the company's auditors once a year to discuss the internal control and the financial reporting.

Special assessment of the need for internal audit

Mendus has no special scrutinizing function (internal audit). The company has an uncomplicated legal and operative structure in which the Board continually follows up the company's internal control in conjunction with external and internal financial reporting. In addition, the Audit Committee monitors the efficiency of the internal control and the risk management of the financial reporting. In light of the foregoing, the Board of Directors has decided not to establish a separate internal audit function but shall evaluate the matter annually.

External audit

The company's auditor is appointed by the Annual General Meeting for the period until the end of the next Annual General Meeting. The external audit plan and risk management are discussed with the Audit Committee. The auditors conduct a review of the quarterly report for the third quarter and audit the Annual Report. The auditors also express an opinion on whether this corporate governance report has been prepared and whether certain disclosures therein are consistent with the Annual Report. The auditors report the results of their audit of the annual accounts and their review of the corporate governance report through the audit report and the corporate governance report, as well as a special statement on compliance with remuneration to senior executives that is presented at the Annual General Meeting. In addition, the auditors provide reports on the audits performed to the Audit Committee and to the Board of Directors as a whole.

Stockholm, April 17, 2024

Christine Lind
Chairman

Hans Preusting
Board member

Sven Andreasson
Board member

Helén Tuve
Board member

Andrea Van Elsas
Board member

Ted Fjällman
Board member

Dharminder Chahal
Board member

Erik Manting
Chief Executive Officer

Auditor's report on the corporate governance statement

To the Annual General Meeting of Mendus AB (publ),
corporate identity number 556629-1786.

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2023 on pages 56-63 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement


is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, April 17, 2024
ERNST & YOUNG AB

Charlotte Holmstrand
Authorized Public Accountant



Welcome to the 2024 Annual General Meeting

Mendus Annual General Meeting will be held on May 17, 2024 at Tändstickspalatset, Västra Trädgårdsgatan 15 in Stockholm at 10:30. Registration starts at 09:30. Shareholders who wish to participate shall be registered in the shareholders' register maintained by Euroclear by 13 May 2024.

Notification

Registration for participation in the Annual General Meeting must be made no later than 13 May 2024.

Registration must be made in writing to Mendus AB (publ), Västra Trädgårdsgatan 15, 111 53 Stockholm, or via e-mail to info@mendus.com.

In the notification, the shareholder shall provide:

- » Name
- » Personal/Corporate Registration Number
- » Address and daytime telephone number
- » Number of shares
- » Where appropriate, information about any proxies/assistants

Nominee-registered shares

Shareholders who have had their shares registered with a bank or another nominee must, in order to be entitled to participate in the Annual General Meeting, temporarily re-register the shares in their own name. Shareholders who wish such re-registration, so-called registration of voting rights, must in good time before 8 May 2024, when the re-registration must be executed, request it from its trustee.

Proxy

Shareholders who will be represented by a proxy must issue a written, signed and dated power of attorney. If the power of attorney is issued by a legal entity, a certified copy of relevant registration certificates for the legal entity or an equivalent document for foreign legal entities) must be attached to the power of attorney. Power of attorney is valid for one year after issuing, or the longer applicable period given in the document, though no longer than five years.

Shareholder information

Interim reports, annual reports and Immunicum's press releases are available on Mendus.se and can be ordered from Mendus AB, Västra Trädgårdsgatan 15, 111 53 Stockholm. The annual report for 2023 in printed format is sent to anyone who so requests and is constantly available for download on mendus.se.

Calendar 2023

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|---------------------------------------------|------------------|
| » Publication of the annual report for 2023 | 17 April |
| » Annual General Meeting 2024 | 17 May |
| » Publication of Q1 interim report | 17 May |
| » Publication of Q2 interim report | 23 August |
| » Publication of Q3 interim report | 8 November |
| » Publication of year-end report 2024 | 13 February 2025 |

