

Symphogen A/S

Pederstrupvej 93, 2750 Ballerup, Denmark

CVR no. 10 01 32 67

Annual Report 2021/22

For the financial year October 1, 2021 – September 30, 2022

Approved at the Company's annual general meeting on March 15, 2023

Chairman of the AGM:

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Gyrithe Falck



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Management's review

Key figures and ratios

	2021/2022 (12 months ended September 30)	2020/2021 (12 months ended September 30)	2020 (9 months ended September 30) *	2019 (12 months ended December 31)	2018 (12 months ended December 31)
Income statement					
Revenue	70,019	458,964	112,600	168,282	173,176
Other Operating Income	532,688	-	-	-	-
Research and development expenses	(378,775)	(337,101)	(225,857)	(289,579)	(463,277)
General and administrative expenses	(27,630)	(27,367)	(75,498)	(85,318)	(86,371)
Operating result	196,302	94,496	(188,755)	(206,615)	(376,471)
Net financial items	1,857	(4,644)	(24,044)	(112,289)	(74,996)
Net Result	165,734	86,877	(204,707)	(313,704)	(445,972)
Statement of financial position					
Total non-current assets	144,721	147,025	171,306	183,297	208,769
Cash and cash equivalents	54,168	83,007	101,546	90,644	125,089
Marketable securities	-	-	-	109,197	241,567
Total assets	303,252	285,011	315,470	408,333	616,028
Total shareholders' equity	137,275	(28,459)	(115,336)	(468,430)	(659,380)
Cash flow statement					
Cash flows from operating activities	(3,253)	2,442	(309,711)	(352,722)	(391,851)
Cash flow from investing activities	(18,237)	(9,737)	100,939	128,729	35,177
Hereof investment in property, plant, and equipment	(18,237)	(9,737)	(7,767)	(3,449)	(12,834)
Cash flows from financing activities	(7,366)	(11,244)	219,679	187,633	(9,089)
Net cash flow for the year	(28,855)	(18,539)	10,907	(36,360)	(365,764)
Financial ratios					
Equity ratio (%)	45%	(10%)	(37%)	(115%)	(107%)
Average number of employees	119	103	92	101	116

Definition of financial ratios: Equity ratio: Shareholders' equity / Total assets x 100

* In June 2020, Symphogen changed its financial year from January 1 – December 31 to October 1 – September 30. The comparatives information for the nine-month period ending September 30, 2020, has not been restated because of change in the financial year in 2020 and is hence incomparable with other periods presented.



Management's review

Symphogen in brief and principal activities

Following the acquisition by Les Laboratoires Servier in 2020, Symphogen has become Les Laboratoires Servier's Center of Excellence for Antibodies, with the goal of strengthening the Group's pipeline in various therapeutic areas, including oncology. As part of the global research and development (R&D) R&D function, and as the biologic's specialist, The Antibody Center of Excellence, Symphogen's focus is to continuously develop antibody technologies and provide new discoveries and early development therapeutic antibody compounds as combination or stand-alone therapies. These activities are performed in Symphogen as part of the global R&D function and with Symphogen as participant in international project groups.

Knowledge resources

Symphogen is a knowledge-based company. In 2021/22 Symphony employed in average 119 employees and several insourced consultants working closely with the Symphogen team. Symphogen is organized as a combined project and line organization with various research, pre-clinical, CMC, clinical and regulatory functions in a tight connection with project teams, counterparts, and colleagues in France.

The R&D line organizations in Symphogen are supported by specialists and service functions such as finance, IT, QA, HR, and administration.

State-of-the-art antibody discovery platform

Over the years, the antibody discovery platform has been continuously improved – and today it stands out as state-of-the-art and highly competitive. The platform is based on natural immune responses, which is considered an unparalleled capacity for antibody diversification and quality, by using the immune system's excellent ability for natural affinity maturation, while keeping high specificity to immunogenic epitopes owing to natural tolerance mechanisms.

Key for the Symphogen antibody discovery developed platform is the now Les Laboratoires Servier owned proprietary method - for cloning of all antigen's specific antibodies from single sorted B cells purified from animals or humans. Optimized procedures allow expression of the entire repertoire of full-length antibodies and to perform multiparameter screening, including binding, epitope binning, affinity, function, immunogenicity risk, and manufacturing quality (developability). Coupled with next generation sequencing, this provides a multi-dimensional property space for each of thousands of antigen-specific antibodies from which selection of leads with optimal properties can be made. The technology is very flexible and can be used for discovery of mono- or multi-specific antibodies, it works very robustly, even against difficult targets like GPCRs, where other methods continue to face major challenges.

During 2021/22 in-format screening of bispecific antibodies and microfluidic workflows that will allow faster, and more efficient identification of functional antibody lead molecules have been integrated in the platform. This antibody discovery platform is highly flexible and similarly suitable for delivering drug molecule for cancer and other indications. Further to the antibody discovery platform optimization an evaluation to acquire a synthetic antibody library from Specifica to supplement the company's own biologic's platform, was performed. This alternative platform can provide further options in the discovery and early research phases and ensure the company's up-to-date knowledge of alternative formats and Ab technology developments enabling the center of excellence to stay in the forefront of antibody discovery and development.

Further during the period, research and preclinical development activities for several bispecific and immune engager programs has advanced.

Sale of Symphogen's IP Assets

On the 3rd of June 2020, Les Laboratoires Servier completed the acquisition of 100% of the shares in Symphogen and Symphogen became a 100% owned affiliate of Les Laboratoires Servier, as the dedicated Center of Excellence for Antibodies, and part of the global R&D function.

Pursuant to Les Laboratoires Servier's strategy of owning its affiliates' intellectual property rights, Symphogen's IP Assets were sold, transferred, and assigned to Les Laboratoires Servier effective as of September 30, 2022. From this date Symphogen is operating under a specified service agreement, as a "service provider" with special assignment regarding strategic Ab development and with dedicated project work as part of the global R&D development strategies for the Les Laboratoires Servier Group. Refer to note 2.6 in the financial statements.

Development in activities and financial matters

In 2021/22 Symphogen realized revenue of DKK 70,019 thousand compared to DKK 458,964 thousand in 2020/21. Revenue comprise revenue from payments provided by the research, option and license agreement with Les



Laboratoires Servier and revenue from research and development activities rendered to Les Laboratoires Servier under a cost plus service agreement. In 2021/22 operating expenses totaled DKK 406,405 thousand compared to DKK 364,468 thousand in 2020/21. Other operating income of DKK 532,688 thousand in 2021/22 comprise income from sale of IP rights.

Net result for the year ended September 30, 2022, amounted to a profit of DKK 165,734 thousand compared to profit of DKK 86,877 thousand for the year ended September 30, 2021.

On September 30, 2022, total equity amounted DKK 137,275 thousand and total assets amounted DKK 303,252 thousand.

Development in 2021/22 compared to prior years expressed expectations

In the financial statement for 2020/21 our outlook for 2021/22 expressed expected revenue for 2021/2022 within the range of DKK 600-700 million and net result within the range of DKK 0-110 million. Revenue and net result for 2021/22 deviates from those expressed expectations, primarily to the effect of the sale of intellectual property rights in 2021/22 recognized in other operating income and the reimbursement of payments provided by the License agreement with Les Laboratoires Servier as a result of the early termination of this agreement.

Financing and going concern assumptions

On September 30, 2022, Symphogen's current assets, current liabilities, and total equity amounted DKK 158,531 thousand, DKK 71,251, and DKK 137,275 thousand, respectively. Symphogen's cash-flow from operating activities for the twelve-month period ended September 30, 2022, amounted DKK -3,253 thousand. For 2022/23 Symphogen plans to operate and render service to Les Laboratoires Servier under a research and development service agreement between the parties.

Symphogen has obtained a letter of financial support from its sole shareholder, Les Laboratoires Servier, according to which Les Laboratoires Servier guarantees that it will support Symphogen financially at least through September 30, 2023. On this basis, the Board of Directors and management continues to view the Company as a going concern.

Uncertainty as to recognition and measurement

Symphogen is subject to income taxes regulation in Denmark. Considering the complexity, by nature, associated with transactions implying the transfer of intellectual property rights and the various estimates and judgements made in relation to such transactions, Symphogen has recognized a provision for uncertain tax positions of DKK 20 million as of September 30, 2022. Due to the uncertainties, the provision for uncertain tax positions may deviate from the actual obligation. Refer to note 6.1 in the financial statements.

Outlook

Symphogen, as the Center of Excellence for Antibodies, is working under a Les Laboratoires Servier service agreement and will continue its work to provide new antibody discoveries and improved research technologies.

Further Symphogen under this agreement will continue to optimize the early development capabilities and to conduct IND enabling studies and early clinical stage projects. In 2022/2023 Symphogen will continue to provide new antibodies with unique functionalities both within the oncology and immune inflammatory space, aiming to be best or first in class, thereby leveraging opportunities to develop innovative therapeutics.

In the period 2022/2023, it is foreseen, that Symphogen will continue the cross-national clinical programs in collaboration with global R&D, take part in partner programs at different stages (e.g. CMC developments) and will further develop and strengthen its discovery and preclinical work. It is foreseen that the company will take on additional early-stage projects during the period and continue being involved in the R&D global programs.

Income for 2022/23 is expected to be within the range of DKK 500-600 million and net result is expected to be within a range of DKK 0-60 million.

Subsequent events

No events that could significantly affect the consolidated financial statements have occurred after the reporting period closing September 30, 2022.



Financial Statements

Statement of profit or loss

Note	DKK'000	2021/2022	2020/2021
2.1	Revenue from contracts with customers	70,019	458,964
2.3/2.5	Research and development expenses	(378,775)	(337,101)
2.4/2.5	General and administrative expenses	(27,630)	(27,367)
	Operating expenses	(406,405)	(364,468)
2.6	Other operating income	532,688	-
	Operating result	196,302	94,496
4.5	Financial income	5,581	700
4.5	Financial expenses	(3,724)	(5,344)
	Net result before tax	198,159	89,852
6.1	Income tax	(32,425)	(2,975)
	Net result	165,734	86,877
	Attributable to: Shareholder of Symphogen A/S	165,734	86,877

Statement of other comprehensive income

Note	DKK'000	2021/2022	2020/2021
	Net Result	165,734	86,877
	<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</i>	-	-
	Total comprehensive income	165,734	86,877
	Attributable to: Shareholder of Symphogen A/S	165,734	86,877



Financial statements

Balance sheet

Note	DKK'000	September 30, 2022	September 30, 2021
	ASSETS		
3.1	Property, plant, and equipment	120,666	119,808
4.4	Leasehold deposits	7,514	6,847
3.2	Receivables	16,542	20,370
	Total non-current assets	144,722	147,025
3.2	Receivables	104,363	54,979
	Cash and cash equivalents	54,168	83,007
	Total current assets	158,531	137,986
	TOTAL ASSETS	303,252	285,011
	EQUITY AND LIABILITIES		
4.2	Share capital	11,292	11,292
	Share premium	1,006,540	1,006,541
	Accumulated deficit	(880,557)	(1,046,292)
4.1	Total equity	137,275	(28,459)
	Non-current liabilities		
2.1	Contract liabilities	-	78,092
6.1	Income tax liability	20,000	-
4.3	Lease liabilities	74,726	78,982
	Total non-current liabilities	94,726	157,074
2.1	Contract liabilities	-	87,676
4.3	Lease liabilities	11,402	11,808
4.3	Trade payables	18,373	33,005
3.3	Other payables	41,476	23,907
	Total current liabilities	71,251	156,396
	Total liabilities	165,977	313,470
	TOTAL EQUITY AND LIABILITIES	303,252	285,011



Financial statements

Cash flow statement

Note	DKK'000	2021/2022	2020/2021
	Net result for the year	165,734	86,877
3.5	Adjustments for non-cash items	58,960	32,720
3.4	Changes in net working capital	(229,456)	(118,968)
	Changes in non-current receivables	3,828	812
	Changes in non-current financial assets – leasehold deposits	(666)	(59)
	Cash flows from operating activities before financial items and tax	-1,601	1,382
	Interest received	188	–
	Interest paid	(2,794)	(4,440)
	Income taxes received/(paid), net	(7,792)	5,500
	Cash flows from operating activities	(3,585)	2,442
3.1	Investments in property, plant, and equipment	(18,237)	(9,737)
	Cash flows from investing activities	(18,237)	(9,737)
.6	Payment of leasing liability	(14,204)	(11,244)
	Cash flows from financing activities	(14,204)	(11,244)
	Changes in cash and cash equivalents	(28,855)	(18,539)
	Cash and cash equivalents, beginning of year	83,007	101,546
	Exchange rate adjustments on cash and cash equivalents	16	–
	Cash and cash equivalents, year-end	54,168	83,007



Financial statements

Statement of changes in equity

Note	DKK'000	Share capital	Share premium	Accumulated deficit	Total
	Equity on September 30, 2020	11,292	1,006,541	(1,133,169)	(115,336)
	Net result for the year	-	-	86,877	86,877
	Other comprehensive income	-	-	-	-
	Equity on September 30, 2021	11,292	1,006,541	(1,046,292)	(28,459)
	Net result for the year	-	-	165,734	165,734
	Other comprehensive income	-	-	-	-
	Equity on September 30, 2022	11,292	1,006,541	(880,558)	137,275



Note 1.1 Accounting policies

Symphogen A/S is a limited liability company incorporated and domiciled in Denmark and has since June 3, 2020, been a part of the Les Laboratoires Servier and is after the acquisition 100% owned by Les Laboratoires Servier (LLS) domiciled in France.

The address of Symphogen A/S' registered office is Pederstrupvej 93, 2750 Ballerup, Denmark.

Significant accounting policies related to specific financial statement line items are included in the notes related to these items.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act to medium-sized reporting Class C enterprises.

The financial statements are presented in DKK (presentation currency). All values are rounded to the nearest thousand DKK where indicated.

The financial statements have been prepared on a going concern basis.

Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the legal entities operate (functional currency). The functional currency of the company is Danish Kroner (DKK).

Transactions denominated in foreign currencies are translated into the functional currency at the monthly average exchange rates unless the exchange rates fluctuate significantly in which case the exchange rate at the date of transaction is applied. Monetary items denominated in foreign currencies are translated into the functional currency at closing rates ruling at the reporting date.

All foreign currency gains and losses are recognized in the statement of profit or loss under "Financial income" and "Financial expenses".

Non-monetary items in foreign currency which are measured at cost at the balance sheet date are translated using the rates of exchanges at the date of the transaction.

Cash flow statement

The cash flow statement is presented using the indirect method with basis in the net result for the year and shows Symphogen's net cash flows for the year, presented as cash flows from operating, investing, and financing activities, the year's changes in cash and cash equivalents and Symphogen's cash and cash equivalents at the beginning and at the end of the year.

Note 1.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of Symphogen's financial statements for the year ended September 30, 2022. Symphogen has not early adopted any standards, interpretations or amendments that have been issued but is not yet effective.

Adoption of new standards

No new standards were adopted in 2021/2022.

1.4 Going concern assumptions

On September 30, 2022, Symphogen's current assets, current liabilities, and total equity amounted DKK 158,531 thousand, DKK 71,251 thousand, and DKK 137,275 thousand, respectively. Symphogen plans to continue operate and render service to Les Laboratoires Servier under a research and development service agreement between the parties.

Symphogen has obtained a letter of financial support from its sole shareholder, Les Laboratoires Servier according to which Les Laboratoires Servier guarantees, that it will support Symphogen financially at least through September 30, 2023. On this basis, the Board of Directors and management continues to view the Company as a going concern.

1.5 Subsequent events

No events that could significantly affect the financial statements have occurred after the reporting period closing date.



2.1 Revenue

DKK'000	2021/2022	2020/2021
Revenue from upfront payment from collaboration partner (recognized over time)	165,768	109,104
Revenue from research and development services (recognized over time)	(95,749)	349,860
Total revenue	70,019	458,964
Revenue split by collaboration partner/ group companies		
Les Laboratoires Servier	70,019	458,964
Total external revenue	70,019	458,964

Contract liabilities recognized on the balance sheet

Contract liabilities split by collaboration partner/ group companies		
Servier	-	165,768
Total deferred revenue at the end of the fiscal year	-	165,768
On October 1	165,768	274,872
Recognized in the statement of profit and loss	(165,768)	(109,104)
Total deferred revenue at the end of the fiscal year	-	165,768
Current	-	87,676
Non-current	-	78,092
Total deferred revenue at the end of the fiscal year	-	165,768

Management's commentary

Revenue from contracts with customers consists of upfront payment and payments received as per the research, option, and license agreement with Les Laboratoires Servier (i.e. the Baxalta License Agreement) entered in 2015 (and as amended in 2020/21 and terminated on September 30, 2022), and revenue from research and development services rendered under a service agreement with Servier entered in 2020/21.

Accounting policies

Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duty.

Revenue is recognized when the customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements, the following five steps are performed: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The five-step model to contracts is only applied when it is probable that the consideration Symphogen is entitled to in exchange for the goods or services it transfers to the customer will be collected. At contract inception, Symphogen assesses the goods or services promised within each contract and identifies, as a performance obligation, and assesses whether each promised good or service is distinct. Revenue is recognized in the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Revenue from rendering of research and development services is recognized over service period, over time, given that customer simultaneously receives and consumes the benefits of the research and development services rendered.

Contract liabilities (deferred revenue) represents the aggregated amount of consideration to which Symphogen has obtained unconditional right to but for which performance obligations are not yet satisfied at the end of the reporting period. The split between current and non-current deferred revenue is based on underlying development plans under which the performance obligations are expected to be satisfied.



Accounting for 'Baxalta' License Agreement entered in 2015 and amended in 2020/21 and terminated in 2022

In December 2015, Symphogen and Baxalta entered a License Agreement which was subsequently transferred to Servier in 2018. Upon contract initiation, Symphogen received a DKK 1,198 million upfront payment under the research, option and license agreement. The agreement also included considerations in form of potential milestone payments, option fees, licenses, and royalties.

In 2020/2021, the parties to the Baxalta Agreement entered an amendment signed on July 24, 2021, effective as from October 1, 2020. As per the amendment, (i) Symphogen became entitled to receive payments amounting to the actual operating expenses incurred for the performance of the development plan and the development activities subject to the License Agreement dated December 2015 with a mark-up and (ii) Les Laboratoires Servier shall not be able to support costs above the amount of the relevant milestones.

As a consequence to the acquisition of the intangible assets of Symphogen by Les Laboratoires Servier (refer to note 2.6), the parties agreed to terminate the Baxalta License Agreement, effective on September 30, 2022. As part of the termination, and in line with the intent of the parties, the parties agreed that the payments (i) would reduce the amounts that would be due by Les Laboratoires Servier as milestones as per the Baxalta Agreement dated December 2015 and that (ii) in any event, Les Laboratoires Servier shall not support costs above the amount of the relevant milestones. At the time of such termination, the parties, released from their mutual obligations, acknowledged that considering the very early stages of the research operations and the R&D programs, as of the date of termination of the Baxalta Agreement, no milestone payment was due by Les Laboratoires Servier to Symphogen. As a consequence, the parties agreed in the IP purchase agreement dated September 30, 2022, that Symphogen shall reimburse payments received from Les Laboratoires Servier from October 1, 2020 through 30 September 2022. In 2021/22, Symphogen hence issued two credit notes as per the above contractual obligations. In total DKK 434,529 thousand, of which DKK 244,350 thousand and DKK 190,179 thousand relates to 2020/21 and 2021/22, respectively. The reimbursement was recognized against 'revenue from research and development activity' in 2021/22.

Upon termination in 2021/22, Symphogen was released from its obligations under the agreement and the remaining portion of DKK 165,768 thousand from the upfront payment received in 2016 was released from deferred revenue and recognized as revenue in 2021/22.

Agreement	Performance obligations	When performance obligations are met	Significant payment terms	Nature of goods and services promised
Strategic collaboration with the purpose of advancing novel therapeutics	Provision of research and development services	The research and development services are satisfied over time given that customer simultaneously receives and consumes the benefits provided.	The agreement with does not contain a significant financing component as a substantial amount of the consideration promised by the customer is variable and the amount or timing of that consideration varies on the basis of the occurrence or non-occurrence of a future event that is not substantially within the control of Symphogen. Payments under the agreement shall be made in DKK with 30 days payment terms.	Shall discover, identify, research, develop and attempt to reach phase IIA Ready Status for each target selected by the customer.

Accounting for service agreement entered in 2020/2021

In 2020/21, Symphogen and Servier entered a service agreement under which Symphogen renders research and development services to Servier concerning intellectual property and projects owned by Servier, starting October 1, 2020. Under the terms of the Servier service agreement, Symphogen receive remuneration corresponding to the actual operating expenses incurred by Symphogen for the performance of the research and development services with a mark-up.

Agreement	Performance obligations	When performance obligations are met	Significant payment terms	Nature of goods and services promised
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Research and development service agreement for products and intellectual property owned by costumer	Provision of research and development services	Research and development services rendered under the service agreement are performed and satisfied over time given that the customer simultaneously receives and consumes the benefits provided by Symphogen	Payments are made in DKK with 30 days payment terms.	Symphogen shall render research and development services in drug discovery or design, in non-clinical and early clinical development and in CMC laboratory, pilot and/or industrial scaly
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Management's judgments and estimates

Symphogen has entered collaboration agreements in connection with Symphogen's research and development projects and the clinical testing of development candidates. There is significant judgment involved in determining the accounting for collaboration agreements and significant estimates involved in determining the stage in the revenue earnings process.

Evaluating the criteria for revenue recognition under license and collaboration agreements requires management's judgment to assess and determine the following, (i) the nature of performance obligations and whether they are distinct or should be combined with other, (ii) whether performance obligations are satisfied over time or at a point in time, (iii) an assessment of whether the achievement of milestone payments is highly probable, and (iiii) the stand-alone selling price of each performance obligation identified in the contract using key assumptions which may include forecasted revenues, development timelines, reimbursement rates for personnel costs, discount rates and probabilities of technical and regulatory success.

Significant judgments in determining			
Performance obligations	The timing of satisfaction of performance obligations	The allocation of transaction price to performance obligations	Recognition of credit notes issued in connection with termination of the Baxalta agreement
Provision of research and development services	<p>Upfront payments that are deemed attributable to subsequent research and development services are initially recognized as contract liabilities and recognized as revenue over the planned research and development period based on output method to measure the Company's progress towards complete satisfaction of performance obligations. Symphogen applies the output-based method (time elapsed) when determining the timing of satisfaction of performance obligations as the development services are performed by an indeterminate number of acts over the development timeline and accordingly, time elapsed as an output measure is the unit which most appropriately depicts the transfer of control of services to Servier.</p> <p>Judgments and estimates in respect of output is made when entering the agreement and is based on research and development budgets and plans. The planned service periods (output) and cost to complete for the respective research and development projects are assessed on an ongoing basis. If the expected service period is changed significantly, this will require a reassessment.</p>	The consideration transferred at contract inception is consideration payable to Symphogen for performance of development services until defined development status of certain product candidate is achieved.	Determination of recognition of reimbursement of research and development revenue, as part of the termination of the agreement, in revenue.



2.3 Research and development expenses

Note	DKK'000	2021/2022	2020/2021
2.5	Employee benefit expenses	95,647	82,874
	External expenses	261,965	236,907
3.1	Depreciation	21,163	17,320
	Total research and development expenses	378,775	337,101

Management's commentary

Symphogen's research and development expenses consist mainly of employee benefits and external expenses related to clinical and pre-clinical research and development activities, manufacturing (CMC), consumables and laboratory equipment as well as expenses related to intellectual property rights.

Accounting policies

Research and development expenses include wages and salaries, external research and development expenses, expenses relating to obtaining and maintaining patents and premises, other expenses, including IT and depreciation, relating to research and development and maintenance of Symphogen's technology platforms.

The research activities cover activities before filing an IND (investigational new drug) or equivalent clinical-enabling activities for such development candidates. All research expenses are expensed in the year in which they are incurred.

The development activities cover the activities following the filing of an IND or equivalent clinical-enabling activities for such development candidates, including but not limited to, research and clinical research activities.

Development expenses are capitalized if it is probable that the expected future earnings from the product can cover not only production, selling and administrative expenses, but also the development expenses themselves. Symphogen has assessed that the future economic benefits relating to product development cannot be estimated with enough certainty, until the development has been completed and the necessary regulatory approvals have been obtained. Therefore, the development expenses are expensed as incurred.

External research and development expenses for services related to clinical trials are incurred and expensed when such services are rendered. Clinical trial expenses are typically categorized into directly attributable expenses, start-up expenses, patient-treatment expenses, and wrap-up expenses. If services received cannot be reliably estimated due to the diverse nature of services or lack of timely information related to such services, the expenses are ratably recognized over the estimated service period. External expenses include accrued expenses related to clinical trials as further discussed in note 3.3.

2.4 General and administrative expenses

Note	DKK'000	2021/2022	2020/2021
2.5	Employee benefit expenses,	15,463	15,912
	External expenses	8,586	8,260
3.1	Depreciation	3,581	3,195
	Total general and administrative expenses	27,630	27,367

Accounting policies

General and administrative expenses include wages and salaries, expenses relating to premises, other expenses, including IT and depreciation, relating to the management, corporate and business development, and administration of Symphogen.



2.5 Employee benefit expenses

Note	DKK'000	2021/2022	2020/2021
	Wages and salaries	97,027	87,345
	Defined contribution plans	8,435	5,798
	Other social security expenses	758	624
	Other staff expenses	4,889	5,018
	Total	111,110	98,786
2.3	Research and development expenses	95,647	82,874
2.4	General and administrative expenses	15,463	15,912
	Total	111,110	98,786
	Average number of full-time employees	119	103

Refer to note 5.1 for remuneration of the Board of Directors and Executive Management.

Accounting policies

Wages and salaries

Wages and salaries, bonuses, pensions, severance payments, social security expenses and other staff expenses are recognized in the year in which the associated services are rendered by employees of Symphogen.

2.6 Other operating income

Note	DKK'000	2021/2022	2020/2021
	Sale and transfer to SYM022 IP to Chia Tai Tianqing Pharmaceutical	70,137	-
	Sale and transfer of Symphogen IP to Les Laboratoires Servier	462,550	-
	Total other income	532,688	-

Sale of SYM022: In 2021/2022, Symphogen entered agreement with Chia Tai Tianqing Pharmaceutical Group Co Ltd in June 2022 regarding the sale and transfer of the intellectual property rights relating to SYM022. Under the terms of the agreement Symphogen received in consideration a one-time payment of DKK 70,136 thousand (10.1 mUSD) and became entitled to sales milestone of up to 20 mUSD. In the accounting for the sale of SYM022 the variable payments relating to the sales milestones have been excluded from the transaction price and the carrying amount of the asset was Zero. As such, the gain from the sale of SYM022 recognized as other operating income amounted DKK 70,137 thousand.

Sale of Symphogen IP: On 30 September 2022, Symphogen entered agreement with its French parent company, Les Laboratoires Servier ("Les Laboratoires Servier"), regarding sale of IP from Symphogen to Les Laboratoires Servier. Under the terms of the agreement, the Symphogen IP and related obligations are transferred to Les Laboratoires Servier. In consideration for Symphogen IP, Les Laboratoires Servier paid to Symphogen a one-time, non-refundable, and non-creditable lump sum payment of DKK 462,550 thousand. In the accounting for the sale of the Symphogen IP, the carrying amount of the assets were Zero. As such, the gain from the sale of Symphogen IP recognized as other operating income amounted DKK 462,550 thousand.

Accounting policies

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain is recognised in profit or loss when the asset is derecognised. Gains from sale of intangible rights are classified as other operating income.



3 Operating assets and liabilities

3.1 Property, plant, and equipment

DKK'000	Right-of-use assets	Leasehold improvements	Laboratory equipment	Other equipment	Total
2020/2021					
Cost on October 1	137,714	23,135	109,649	20,019	290,517
Additions during the year	1,781	1,372	6,292	2,074	11,519
Scrap or disposals during the year	(1,598)	–	(2,896)	(408)	(4,902)
Lease modifications	(14,243)	–	–	–	(14,243)
Cost on September 30	123,654	24,507	113,045	21,685	282,891
Depreciation on October 1	(24,759)	(15,144)	(89,981)	(17,298)	(147,182)
Depreciation for the year	(9,499)	(2,917)	(6,324)	(1,775)	(20,515)
Depreciation reversed on disposals/scraping during the year	1,328	–	2,880	406	4,614
Depreciation on September 30	(32,930)	(18,061)	(93,425)	(18,667)	(163,083)
Carrying amount on September 30	90,724	6,446	19,620	3,018	119,808
2021/2022					
Cost on October 1	123,654	24,507	113,045	21,685	282,892
Additions during the year	-	635	14,929	2,672	18,236
Scrap or disposals during the year	-	-	(2,076)	(61)	(2,137)
Remeasurement of Lease Liability	7,366	-	-	-	7,366
Cost on September 30	131,020	25,142	125,898	24,296	306,356
Depreciation on October 1	(32,930)	(18,061)	(93,425)	(18,667)	(163,083)
Depreciation for the year	(12,425)	(3,064)	(7,384)	(1,871)	(24,744)
Depreciation reversed on disposals/scraping during the year	-	-	2,076	61	2,137
Depreciation on September 30	(45,355)	(21,125)	(98,733)	(20,477)	(185,690)
Carrying amount on September 30	85,665	4,017	27,165	3,820	120,666

Depreciation included in the statement of profit or loss

Note	DKK'000	2021/2022	2020/2021
2.3	Research and development expenses	21,163	17,320
2.4	General and administrative expenses	3,581	3,195
	Total depreciation included in the statement of profit or loss	24,744	20,515

Management's commentary

On 30 September 2022, Symphogen's property, plant and equipment are in Denmark. All laboratory facilities are in Denmark together with Symphogen's other scientific and office functions.

Symphogen has entered lease contracts relating to its domicile, facility lease and other equipment. These leases are presented as Right-of-use assets.

Management's review of indicators of impairment did not identify any indicators of impairment on September 30, 2022, respectively.



Accounting policies

Property, plant, and equipment include leasehold improvements, laboratory equipment and other equipment. Property, plant, and equipment are measured at cost less accumulated depreciation and impairment. The cost includes the cost of acquisition and expenses directly related to the acquisition until such time when the asset is available for use.

Depreciation

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

Assets	Useful life	Residual value
Right of use assets	The lifetime of the underlying lease contracts	Zero
Leasehold improvements	The lifetime of the underlying leasehold contracts and up to 10 years	Zero
Laboratory equipment	6 years	Zero
Other equipment	3-6 years	Zero

The useful lives and residual values are reviewed and adjusted if appropriate at the end of each reporting period.

Impairment

If circumstances or changes in Symphogen's operations indicate that the carrying amount of non-current assets in a cash-generating unit may not be recoverable, management reviews the asset for impairment. The basis for the review is the recoverable amount of the assets, determined as the greater of the fair value less cost to sell or its value in use. Value in use is calculated as the net present value of future cash inflow generated from the asset. If the carrying amount of an asset is greater than the recoverable amount, the asset is written down to the recoverable amount. An impairment loss is recognized in the statement of profit or loss when the impairment is identified.

Right of use assets and lease liabilities

Management's commentary

In 2013, Symphogen A/S entered a 10-year lease agreement with and 10-year extension option for its domicile in Ballerup, Denmark. The domicile is owned by the former shareholder, PKA, who held a minority shareholder in Symphogen A/S until the acquisition by Servier in June 2020. Symphogen A/S has an option to acquire the domicile in the lease term based on the higher of a minimum fixed price and a base price plus the development in the Danish Net Price Index. Symphogen A/S believes the value of the option is zero, as the buy option represents the fair market value.

During 2021/22, Symphogen has remeasured the lease liability due to an increase in contractual lease payments. The effect on the lease liability and right-of-use assets is disclosed in the tables in note 4.6 and 3.1.

Accounting policies

Right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Symphogen's incremental borrowing rate. Generally, Symphogen uses its incremental borrowing rate as the discount rate.

Lease liability

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and



- the exercise price under a purchase option that Symphogen is reasonably certain to exercise, lease payments in an optional renewal period if Symphogen is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Symphogen is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Symphogen's estimate of the amount expected to be payable under a residual value guarantee, or if Symphogen changes its assessment of whether it will exercise a purchase, extension, or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Symphogen presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

Symphogen has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. Symphogen recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Reassessment of the lease liability

Symphogen remeasures the carrying amount of its lease liabilities to reflect reassessments or revised in-substance fixed payments by discounting the revised lease payments. When the change in lease payments results from a change in floating interest rates, Symphogen uses a revised discount rate that reflects changes in the interest rate. Symphogen recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

3.2 Receivables

Note	DKK'000	September 30, 2022	September 30, 2021
	Prepayment to manufacturing partners and CROs	6,840	9,776
6.1	Tax receivables	-	7,792
	VAT receivables	19,787	12,601
	Receivables from group companies	68,290	17,071
	Other receivables	5,862	5,120
	Other prepayments	3,584	2,619
	Total current receivables	104,363	54,979
	Prepayment to manufacturing partner	13,028	16,751
	Prepayment to CROs	3,514	3,619
	Total non-current receivables	16,542	20,370

Receivables and prepayments

Receivables from collaboration partners, group companies, and other receivables are designated as receivables and are initially measured at fair value or transaction price and subsequently measured in the balance sheet at amortized cost, which generally corresponds to nominal value less expected credit loss provision. This is consistent with prior periods classification.

Prepayments include expenditures related to future financial periods and are measured at nominal value.



Impairment

Symphogen to record an allowance for expected credit losses for receivables and other receivables other financial assets not held at fair value through profit and loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Symphogen expects to receive.

For receivables with collaboration partners, group companies, and other receivables, Symphogen has applied the standard's simplified approach and has calculated expected credit losses based on lifetime expected credit losses.

The provision for expected credit losses was not significant given that Symphogen has no history of credit losses and the nature of Symphogen's collaboration partners.

3.3 Other payables

DKK'000	September 30, 2022	September 30, 2021
Clinical trial payables	8,211	5,906
Employee cost liabilities	18,921	14,201
Tax liabilities	12,425	2,975
Other payables and liabilities	1,920	825
Total other payables and liabilities	41,476	23,907

Accounting policies

Other liabilities are initially measured at fair value adjusted for transaction costs. Subsequently, other liabilities are measured at amortized cost which generally corresponds to nominal value. Payables related to research and development clinical trials comprise professional fees, pass through costs and investigator fees related to the conduct of clinical trials. Employee cost liabilities comprise provision for holiday allowance, provision for salaries and other employee related provisions.

Management's judgments and estimates

Research and development clinical trial expenses and payables

Symphogen incurs substantial expenses associated with clinical trials. Accounting for clinical trials relating to activities performed by clinical research organizations (CROs) and other external vendors requires management to exercise significant estimates regarding timing and accounting for these expenses.

The diverse nature of services being provided under CROs and other arrangements, the different compensation arrangements that exist for each type of service and the lack of timely information related to certain clinical activities complicates the estimation of accruals for services rendered by CROs and other vendors in connection with clinical trials. In estimating the duration of a clinical study, Symphogen evaluates the start-up, treatment and wrap-up periods, compensation arrangements and services rendered attributable to each clinical trial and fluctuations are regularly tested against payment plans and trial completion assumptions.

3.4 Changes in net working capital

Note	DKK'000	2021/2022	2020/2021
3.2	Change in prepayment to manufacturing partner (current)	2,936	(176)
3.2	Change in prepayment to CROs	-	763
3.2	Change in other receivables	(743)	478
3.2	Change in VAT receivables	(7,185)	(3,416)
3.2	Change in prepayments	(965)	807
3.2	Change in receivables from group companies, adj for income taxes paid	(51,219)	(16,317)
	Change in trade payables	(14,632)	19,587
2.1	Change in contract liabilities	(165,768)	(109,104)
3.3	Change in clinical trials payables	2,305	(5,203)
3.3	Change in employee cost liabilities	4,719	(6,195)
3.3	Change in other liabilities	1,095	(192)
	Change in net working capital	(229,456)	(118,968)

Working capital is defined as current assets less current liabilities and measures the net liquid assets Symphogen has available for the business. The changes in the working capital during the year are specified in the table above.



3.5 Adjustments for non-cash items

Note	DKK'000	2021/2022	2020/2021
Reversals of non-cash items in the statement of profit or loss			
6.1	Income tax expense/(benefit)	32,425	2,975
3.1	Depreciation	24,744	20,515
4.5	Interest income	(188)	–
4.5	Interest expenses	2,794	4,440
	Loss on modification on lease	-	4,772
	Other adjustments, primarily exchange rate adjustments	-815	18
	Total adjustments for non-cash items	58,960	32,720

For the purpose of presenting the cash flow statement, non-cash items with effect on the statement of profit or loss or balance sheet must be reversed to identify the actual cash flow effect from the operating activities. The adjustments are specified in the table above.

3.6 Changes in liabilities arising from financing activities

DKK'000	2021/2022	2020/2021
Lease liabilities at 1 October	90,790	109,994
Cash-flows	(14,204)	(11,244)
<i>Non-cash changes</i>		
Lease adjustment/modification	7,366	-7,961
Interest	2,176	3,826
Lease liabilities at 30 September	86,128	90,790

4 Capital structure and financial matters

4.1 Capital management

The Board of Directors monitors the share and capital structure to ensure that the Company's capital resources support its strategic goals. The overall objective is to maintain a strong capital base to maintain confidence from creditors, employees and collaboration partners, and business in general.

Symphogen is financed through shareholders equity and financial support from its sole shareholder, Les Laboratoires Servier, as disclosed in note 1.4.

4.2 Share capital

There are no changes in share capital in 2022/2021 and 2020/2021.

On September 30, 2022, and 2021, Symphogen's share capital amounts to DKK 11,292,369 divided into shares of DKK 1. The share capital consists of DKK 0 class D shares (common shares), DKK 7,434,726 class J shares (preferred shares) and DKK 3,857,643 class L shares (preferred shares). Class J shares and class L shares are convertible into common shares in certain situations and subject to certain conditions and at various terms and conditions.

Share premium

The share premium reserve is comprised of the amount received, attributable to shareholders' equity, more than the nominal amount of the shares issued by the company, reduced by any external expenses directly attributable to the issuance of share. The share premium reserve can be distributed.

4.3 Financial risks

Symphogen is exposed to multiple financial risks due to its operations. The financial risks primarily include funding, interest, and credit risks. The financial risk exposures are described in further detail below:



Risk exposure	Impact	Comments	Risk Management
Funding risk	Low	The exposure to funding risk relates to the risk of failure to obtain necessary capital when needed on acceptable terms, or at all, which could force Symphogen to delay, limit, scale back or cease its product development or any other or all operations. Reference is made to note 1.4.	Symphogen's policy for managing funding risk is to monitor the future capital needs and to ensure contractual commitments are initiated only when adequate funding commitments and liquidity is secured.
Foreign currency risk	Low	The exposure to foreign currency changes is considered minor, as the majority of Symphogen's expenses are incurred in DKK. The most significant cash flows for Symphogen on a quantitative basis are DKK, EUR and USD.	Symphogen manages foreign currency risks by analyzing the exposure on an ongoing basis. Liquidity may be placed in currencies allocated to match the distribution of currencies of forecasted costs.
Liquidity risk	Low	The exposure to liquidity risk primarily relates to the risk of failure to meet short-term debt obligations when needed, which could happen if liquid assets on Symphogen's balance sheet are not enough to cover the amount of short-term liabilities.	In 2021/22 the Servier Group have provided a letter of financial support from Les Laboratoires Servier.

The maturity analysis of financial liabilities

DKK'000	Less than 1 year	1-5 years	>5 years	Total
September 30, 2021				
<i>Financial liabilities:</i>				
Leasing liabilities	11,808	29,134	49,848	90,790
Trade payables	33,005	–	–	33,005
Other payables	23,907	–	–	23,907
Total financial liabilities	68,720	29,134	49,848	147,702
September 30, 2022				
<i>Financial liabilities:</i>				
Leasing liabilities	11,402	42,572	32,153	86,127
Trade payables	18,373	–	–	18,373
Other payables	61,476	–	–	61,476
Total financial liabilities	91,251	42,572	32,153	165,976

The maturity analysis of financial liabilities includes undiscounted contractual payments, including interest.

4.4 Financial assets and liabilities

Categories of financial assets and liabilities

Note	DKK'000	September 30, 2022	September 30, 2021
<i>Financial assets by category</i>			
Receivables measured at amortized cost			
3.2	Current receivables, excluding prepayments	25,649	25,512
	Leasehold deposits	7,514	6,847
	Total loans and receivables	33,163	32,359
<i>Financial liabilities by category</i>			
Financial liabilities measured at amortized cost			
	Leasing liabilities	86,127	90,790
	Trade payables	18,373	33,005
3.3	Other payables	10,131	6,730
	Total financial liabilities measured at amortized cost	114,631	130,525



4.5 Financial income and expenses

DKK'000	2021/2022	2020/2021
Financial income		
Interest income, bank	188	-
Foreign exchange gains	5,392	700
Total financial income	5,581	700
Financial expenses		
Interest expenses	(618)	(614)
Interest expense, leasing liabilities	(2,176)	(3,826)
Foreign exchange losses	(929)	(904)
Total financial expenses	(3,724)	(5,344)
Net financial expenses	1,857	(4,644)

The increase in foreign exchange gains is mainly due to exchange from USD to DKK regarding the sale of SYM022 as disclosed in note 2.6 and other foreign currency transactions with other group entities.

Net financial items include interest income and expenses, realized and unrealized capital and exchange rate gains and losses on foreign currency transactions and surcharges.

5.1 Remuneration to the Board of Directors and Executive Management

DKK'000	2021/2022	2020/2021
Remuneration to key management employees		
Wages and salaries	7,245	8,550
Defined contribution plans	528	395
Total remuneration to management employees	7,774	8,945
Remuneration to Executive management and the Board of Directors		
Wages and salaries	-	-
Total remuneration to Executive management and the Board of Directors	-	-



5.2 Related party transactions

The company's transactions with other related parties

DKK'000	2021/2022	2020/2021
Transactions with related parties (income)		
Revenue from research and development services rendered to Les Laboratoires Servier (note 2.1)	70,019	458,964
Sale of Symphogen IP to Servier (note 2.6)	462,550	-
Revenue from rent and other facility services to group companies	295	32
Balances with Group companies at year-end		
Intercompany receivable	-	17,071
Intercompany payable	35,784	-

Shareholder information

On September 30, 2021, and 2022, Symphogen's sole shareholder was Les Laboratoires Servier, 50 Rue Carnot 92284 Suresnes Cedex, France. The financial statements of Symphogen are included in the consolidated financial statements of Les Laboratoires Servier. These consolidated financial statements are not made available to the public.

Symphogen's related parties comprise the shareholder of Symphogen and the Executive Management team and the Board of Directors. Symphogen A/S has not granted any loans, guarantees, or other commitments to or on behalf of any of the members in the Board of Directors or Executive Management. Other than the remuneration and other transactions relating to the Board of Directors and Executive Management described in note 5.1, no other significant transactions have taken place with the Board of Directors or the Executive Management during 2021/2022.

6.1 Taxation

The major components of income tax expense are:

DKK'000	2021/2022	2020/2021
Current income tax charge	(12,425)	(2,975)
Adjustment of deferred tax	-	-
Adjustment for uncertain tax positions	(20,000)	-
Total income tax benefit (expense) for the period	(32,425)	(2,975)
DKK'000		
Reconciliation of effective tax rate to Danish statutory tax rate		
Net result before tax	198,159	89,852
Corporate income tax rate in Denmark	22%	22%
Computed income tax benefit/(expense)	(43,595)	(19,768)
Computed income tax benefit/(expense)	(43,595)	(19,768)
Permanent differences	5,371	6,616
Temporary differences	5,152	3,493
Utilization of tax loss carry forward	20,647	6,682
Adjustment for uncertain tax positions	(20,000)	-
Total income tax benefit (expense) for the period	(32,425)	(2,975)
September 30,		
2022		
Deferred tax in the balance sheet		
Tax loss carry forward	525,596	546,082
Other temporary differences	13,247	(1,389)
Deferred tax asset not recognized	(538,843)	(544,694)
Carrying amount included on balance sheet	-	-



Symphogen A/S had net tax loss carryforwards in Denmark of DKK 2,389 million on September 30, 2022 (September 30, 2021: DKK 2,482 million) for income tax purposes, all of which can be carried forward infinitely according to Danish Corporate Income Tax Act.

Accounting policies

Income tax

The Symphogen is subject to the Danish rules on compulsory joint taxation with other Danish group companies. On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in equity or in other comprehensive income. Current tax payables and receivables are recognized in the balance sheet as a receivable in the event of prepayments and amounts due.

Deferred taxes

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

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

Tax receivables

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

Uncertain tax positions

The Company carries out potentially complex transactions that require management to make judgments and estimates as to the tax impact of those transactions. The positions adopted by the Company in tax matters are based on its interpretation of tax laws and regulations. Some of those positions may be subject to uncertainty. In such cases, the Company assesses the amount of the tax liability on the basis of the following assumptions: that its position will be examined by one or more tax authorities on the basis of all relevant information, that a technical assessment is carried out with reference to legislation, case law, regulations, and established practice, and that each position is assessed individually (or collectively where appropriate), with no offset or aggregation between positions. Those assumptions are assessed on the basis of facts and circumstances existing at the end of the reporting period. When an uncertain tax liability is regarded as probable, it is measured on the basis of the Company's best estimate and recognized as a liability; uncertain tax assets are not recognized. Tax exposures relating to corporate income taxes are presented separately within non-current income tax liabilities.

Management's judgments and estimates

Symphogen is subject to income taxes regulation in Denmark. Considering the complexity, by nature, associated with transactions implying the transfer of intellectual property rights and the various estimates and judgements made in relation to such transactions, Symphogen has recognized a provision for uncertain tax positions of DKK 20 million as of September 30, 2022. Due to the uncertainties, the provision for uncertain tax positions may deviate from the actual obligation.

6.2 Contingent liabilities and contractual obligations

On June 3, 2020, Symphogen entered the jointly taxation with other Danish subsidiaries and Branches of Les Laboratoires Servier. Symphogen has unlimited joint and several liability for payment of Danish corporation taxes within the joint taxation.

License and Collaboration Agreements

Following the acquisition of Symphogen and IP by Les Laboratoires Servier, all IP and obligations related to the Symphogen products have been transferred to LLS, and Symphogen is now exclusively performing research and development services for Les Laboratoires Servier.



Statement by the Executive Management and Board of Directors

Today the Board of Directors and Executive Management have discussed and approved the financial statements of Symphogen A/S for the financial year ended September 30, 2022.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position on September 30, 2022 and of the results of the Company's operations and cash flows for the financial year October 1, 2021 to September 30, 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

We recommend the adoption of the financial statements at the Annual General Meeting.

February 24, 2023

Executive Management:

DocuSigned by:
Christophe Jacques Alain Henri Thuriéau
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Christophe Thuriéau
Chief Executive Officer

Board of Directors:

DocuSigned by:
Claude Philippe Bertrand
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Claude Bertrand
Chairman

DocuSigned by:
Christophe Jacques Alain Henri Thuriéau
F08CB18039D3478...
Christophe Thuriéau

DocuSigned by:
Pascal Lemaire
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Pascal Lemaire

DocuSigned by:
Benoit Alain Antoine Cheron
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Benoit Cheron



Independent auditor's report

To the shareholder of Symphogen A/S

Opinion

We have audited the financial statements of Symphogen A/S for the financial year October 1, 2021 – September 30, 2022, which comprise statement of profit or loss, statement of other comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at September 30, 2022, and of the results of the Company's operations and cash flows for the financial year October 1, 2021 – September 30, 2022, in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

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

Independence

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, February 24, 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'Rasmus Bloch Jespersen', written over a horizontal line.

Rasmus Bloch Jespersen
State Authorized Public Accountant
mne 35503



Company information

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Annual General Meeting

The annual general meeting will be held on February 28, 2023, at

Symphogen A/S
Pederstrupvej 93
2750 Ballerup
Denmark

Auditor

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