

# Symphogen A/S

Pederstrupvej 93, 2750 Ballerup

CVR no. 10 01 32 67

## Annual report 2022/23

Approved at the Company's annual general meeting on 15 February 2024

Chairman of the meeting:

  
.....  
Gyrithe Falck

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### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Symphogen A/S for the financial year 1 October 2022 - 30 September 2023.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2023 and of the results of the Company's operations and cash flows for the financial year 1 October 2022 - 30 September 2023.

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


We recommend that the annual report be approved at the annual general meeting.

Ballerup, 15 February 2024  
Executive Board:


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Christophe Thurieau  
Chief Executive Officer

Board of Directors:

  
.....  
Claude Philippe Bertrand  
Chairman

  
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Christophe Thurieau

  
.....  
Benoit Alain Antoine Chéron  
Pascal Lemaire

  
.....  
Pascal Lemaire  
Benoit Chéron

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Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Symphogen A/S for the financial year 1 October 2022 - 30 September 2023.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 September 2023 and of the results of the Company's operations and cash flows for the financial year 1 October 2022 - 30 September 2023.

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

We recommend that the annual report be approved at the annual general meeting.

Ballerup, 15 February 2024  
Executive Board:



Christophe Thureau  
Chief Executive Officer

Board of Directors:

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Claude Philippe Bertrand  
Chairman



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Christophe Thureau

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Benoit Alain Antoine Chéron

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Pascal Lemaire

## 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 1 October 2022 - 30 September 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with 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 30 September 2023 and of the results of the Company's operations as well as the cash flows for the financial year 1 October 2022 - 30 September 2023 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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.

#### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of 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 the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

- ▶ 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.

### Statement on the Management's review

Management is responsible for the Management's review.

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

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

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 15 February 2024  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Rasmus Bloch Vespersen  
State Authorised Public Accountant  
mne35503

## Management's review

### Company details

Name	Symphogen A/S
Address, Postal code, City	Pederstrupvej 93, 2750 Ballerup
CVR no.	10 01 32 67
Established	1 January 2000
Registered office	Ballerup
E-mail	info@symphogen.com
Telephone	+45 45 26 50 50
Board of Directors	Claude Philippe Bertrand, Chairman Christophe Thurieau Benoit Alain Antoine Chéron Pascal Lemaire
Executive Board	Christophe Thurieau, Chief Executive Officer
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

DKK'000	2022/23	2021/22	2020/21	2019/20	2018/19
<b>Key figures</b>					
Revenue	471,468	70,019	458,964	112,600	168,282
Operating profit/loss	38,707	-336,386	94,496	-188,755	-206,615
Net financials	-6,858	1,857	-4,644	-24,044	-112,289
<b>Profit for the year</b>	<b>49,113</b>	<b>165,734</b>	<b>86,877</b>	<b>-204,707</b>	<b>-313,704</b>
<b>Balance sheet</b>					
Total assets	368,202	303,252	285,011	315,470	408,333
Investments in property, plant and equipment	38,523	18,237	9,737	100,939	352,722
<b>Equity</b>	<b>186,388</b>	<b>137,275</b>	<b>-28,459</b>	<b>-115,336</b>	<b>-468,430</b>
<b>Cash flows</b>					
Cash flows from operating activities	2,920	3,586	2,442	-309,711	-352,722
Net cash flows from investing activities	-27,170	-18,237	-9,737	100,939	128,729
Cash flows from financing activities	-15,776	-14,204	-11,244	219,679	187,633
<b>Total cash flows</b>	<b>-40,026</b>	<b>-28,855</b>	<b>-18,539</b>	<b>10,907</b>	<b>-36,360</b>
<b>Financial ratios</b>					
Equity ratio	50.6%	45.3%	-10.0%	-36.6%	-114.7%
Return on equity	30.3%	304.6%	-120.8%	70.1%	67.0%
Operating margin	8.2%	280.4%	20.6%	-167.6%	-122.8%

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Operating margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$

In 2020, Symphogen changed its financial year from January 1 - December 31 to October 1 September 30. The comparatives information for 2020 comprise a nine-month period.



## Management's review

### Business review

Symphogen's main activities relate to working as a research and development service provider under a Les Laboratoires Servier service agreement to provide new antibody discoveries, improved research technologies and new therapeutic modalities.

Symphogen is the Antibody Center of Excellence in the Servier Group. We apply our highly efficient antibody platform and capabilities in the discovery and early development of differentiated antibody therapeutics.

We were founded in 2000 and became part of the Servier Group in June 2020 to support Servier's commitment to improve patient's health and the R&D strategy within oncology and immune oncology.

We work with antibodies, the human body's natural defense system designed to resist and fight disease. Every day, we work with innovative scientific approaches to antibody therapies to overcome the biological mechanisms leading to cancer or immuno-inflammatory diseases. We are passionate about making discoveries that can have a major impact on the lives of patients and their families.

### Recognition and measurement uncertainties

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 22 million as of September 30, 2023. Due to the uncertainties, the provision for uncertain tax positions may deviate from the actual obligation. Refer to note 17 in the financial statements.

### Financial review

Revenue increased from DKK 70 million in 2021/2022 to DKK 471 million in 2022/2023.

In 2021/2022 other operating income reported of DKK 533 million, related to income from sale of IP rights. No other operating income was reported in 2022/2023.

Net result for the year ended 30th September 2023, amounted to a profit of DKK 49 million compared to profit of DKK 166 million for the year ended 30th September 2022.

On 30th September 2023, total equity amounted DKK 186 million and total assets amounted DKK 368 million.

### Development in 2022/2023 compared to prior years expressed expectations

In the financial statement for 2021/22 our outlook for 2022/23 expressed expected revenue for 2022/2023 within the range of DKK 600-700 million and net result within the range of DKK 0-110 million. Actual revenue and net result for 2022/23 deviated from those expressed expectations, primarily to close down of certain R&D projects and as a result reduction in activity level of service activities rendered under the research and collaboration agreement with Servier.

### Investments

Investments amounted to DKK 38 million in 2022/2023 against DKK 18 million in 2021/2022. The increase, of which DKK 11 million related to right of use lease assets, was mainly driven by investments in laboratory equipment and capacities.

### Change in financial reporting framework from IFRS to the Danish Financial Statements Act

In previous years and through 30 September 2022, the Company prepared and presented its financial statements in accordance with International Reporting Standards (IFRS) as adopted by the EU. Due to a change in the nature and direction of the business, the Company has elected to change its accounting framework and prepare and present the financial statements for 2022/23 in accordance with the Danish Financial Statements Act.

Refer to note 1 for further details and description of the change in accounting policies.

## Management's review

### Change in share capital

At September 30, 2022, the share capital consisted 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 were convertible into common shares in certain situations and subject to certain terms and conditions.

In March 2023, the Company changed its share capital structure and closed and merged the share classes D, J, L into one single share class. Following the change and on September 30, 2023, Symphogen's share capital amounts to DKK 11,292,369 divided into shares of DKK 1.

### Knowledge resources

Symphogen is a knowledge-based organization with a highly science-focused workforce, whereof approximately 85% of the employees are involved in rendering R&D service activities.

### Impact on the external environment

Symphogen is taking part in the overall Servier CSR initiatives and especially focusing on environment, health for employees, diversity and inclusion.

### Research and development activities

Symphogen is a fully owned subsidiary of Servier, and renders R&D services to Servier performing mainly discovery and early and late stage research activities, involving lead identification, selection and developability activities. Further, Symphogen is involved in phase I-II clinical studies in collaboration with Servier R&D. Symphogen is at the current time involved approximately 15 active therapeutic projects owned by Servier.

### Outlook

Symphogen, is working under a Les Laboratoires Servier service agreement and will continue its work to provide new antibody discoveries, improved research technologies and new therapeutic modalities.

Furthermore, under this agreement, Symphogen will continue to optimize the late research and early development capabilities, to conduct IND enabling activities and participate in both early and later stage projects.

In 2023/2024, 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. Symphogen will also continue conducting cross-national clinical programs in collaboration with global R&D, participating in partnered programs at different stages (e.g. CMC development) and further develop and strengthen its discovery and pre-clinical capabilities. It is foreseen that the company will take on additional early research-stage projects during this period.

Revenue for 2023/24 is expected to be within the range of DKK 505-525 million and the net result for 2023/24 is expected to be within the range of DKK 30-35 million.

**Financial statements 1 October 2022 - 30 September 2023**

**Income statement**

Note	DKK'000	<u>2022/23</u>	<u>2021/22</u>
	<b>Revenue</b>	471,468	70,019
5	Other operating income	0	532,688
	Other external expenses	-265,536	-270,551
	<b>Gross profit</b>	<u>205,932</u>	<u>332,156</u>
6	Staff costs	-139,397	-111,110
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-27,828	-24,744
	<b>Profit before net financials</b>	<u>38,707</u>	<u>196,302</u>
7	Financial income	993	5,581
8	Financial expenses	-7,851	-3,724
	<b>Profit before tax</b>	<u>31,849</u>	<u>198,159</u>
9	Tax for the year	17,264	-32,425
	<b>Profit for the year</b>	<u><u>49,113</u></u>	<u><u>165,734</u></u>

**Financial statements 1 October 2022 - 30 September 2023**

**Balance sheet**

Note	DKK'000	<u>2022/23</u>	<u>2021/22</u>
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
11	<b>Property, plant and equipment</b>		
	Laboratory equipment	38,937	27,165
	Fixtures and fittings, other plant and equipment	5,174	3,819
	Leasehold Improvements	4,275	4,017
	Right to use assets	83,436	85,665
		<u>131,822</u>	<u>120,666</u>
12	<b>Financial assets</b>		
	Prepayments	12,820	16,542
	Leasehold deposits	4,401	7,514
13,17	Deferred tax assets	19,081	0
		<u>36,302</u>	<u>24,056</u>
	<b>Total non-current assets</b>	<u>168,124</u>	<u>144,722</u>
	<b>Current assets</b>		
	<b>Receivables</b>		
	Receivables from group enterprises	152,707	68,290
	Other receivables	18,453	16,337
14	Prepayments	14,989	19,735
		<u>186,149</u>	<u>104,362</u>
	<b>Cash</b>	<u>13,929</u>	<u>54,168</u>
	<b>Total current assets</b>	<u>200,078</u>	<u>158,530</u>
	<b>TOTAL ASSETS</b>	<u><u>368,202</u></u>	<u><u>303,252</u></u>

Financial statements 1 October 2022 - 30 September 2023

Balance sheet

Note	DKK'000	2022/23	2021/22
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
15	Share capital	11,292	11,292
	Share premium account	1,006,541	1,006,541
	Retained earnings	-831,445	-880,558
	<b>Total equity</b>	<b>186,388</b>	<b>137,275</b>
	<b>Liabilities</b>		
16	<b>Non-current liabilities</b>		
	Lease liabilities	78,278	74,726
	Corporation tax payable	22,400	20,000
	<b>Total non-current liabilities</b>	<b>100,678</b>	<b>94,726</b>
	<b>Current liabilities</b>		
16	Lease liabilities	8,094	11,402
	Trade payables	26,878	18,373
16	Corporation tax payable	13,171	0
	Other payables	32,993	41,476
	<b>Total current liabilities</b>	<b>81,136</b>	<b>71,251</b>
	<b>Total liabilities</b>	<b>181,814</b>	<b>165,977</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>368,202</b>	<b>303,252</b>

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Events after the balance sheet date
- 4 Special items
- 6 Staff costs
- 10 Appropriation of profit
- 13 Deferred tax assets
- 18 Contractual obligations and contingencies, etc.
- 19 Contingent assets
- 20 Related parties

**Financial statements 1 October 2022 - 30 September 2023**

**Statement of changes in equity**

Note	DKK'000	<u>Retained earnings</u>	<u>Total</u>
	Equity at 1 October 2021	-1,046,292	-28,459
10	Transfer, see "Appropriation of profit"	165,734	165,734
	<b>Equity at 1 October 2022</b>	<b>-880,558</b>	<b>137,275</b>
10	Transfer, see "Appropriation of profit"	49,113	49,113
	<b>Equity at 30 September 2023</b>	<b>-831,445</b>	<b>186,388</b>

## Financial statements 1 October 2022 - 30 September 2023

### Cash flow statement

Note	DKK'000	2022/23	2021/22
	Profit for the year	49,113	165,734
	Adjustments	30,962	62,122
	Cash generated from operations (operating activities)	80,075	227,856
	Changes in working capital	-74,929	-229,456
	Cash generated from operations (operating activities)	5,146	-1,600
	Interest received, etc.	14	188
	Interest paid, etc.	-2,240	-2,794
	Income taxes paid	0	7,792
	<b>Cash flows from operating activities</b>	<b>2,920</b>	<b>3,586</b>
	Additions of property, plant and equipment	-27,170	-18,237
	<b>Cash flows to investing activities</b>	<b>-27,170</b>	<b>-18,237</b>
	Payment of leasing liability	-15,776	-14,204
	<b>Cash flows from financing activities</b>	<b>-15,776</b>	<b>-14,204</b>
	<b>Net cash flow</b>	<b>-40,026</b>	<b>-28,855</b>
	Cash and cash equivalents at 1 October	54,168	83,007
	Foreign exchange adjustments	-213	16
	<b>Cash and cash equivalents at 30 September</b>	<b>13,929</b>	<b>54,168</b>

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Symphogen A/S for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

#### Changes in accounting policies

In previous years and through 30 September 2022, the Company prepared and presented its financial statements in accordance with International Reporting Standards (IFRS) as adopted by the EU. Due to a change in the nature and direction of the business, following the transfer and sale of IP to its parent company, Servier, in 2022, the Company has elected to change its accounting framework and prepare and present the financial statements for 2022/23 in accordance with the Danish Financial Statements Act. Management believes that the financial statements prepared in accordance with the Danish Financial Statements act continues to provide relevant information and present a fair view of the financial position of the Company and of the results of the Company's operations and cash-flows.

As such, the Company has prepared its financial statements for 2022/23 in accordance with the Danish Financial Statements Act and "Bekendgørelse om overgang til regnskabsaflæggelse efter årsregnskabsloven" with an opening balance at 1 October 2021. The Company continues to apply the IFRS principles for recognition and measurement of expected credited losses (IFRS 9 - Financial Instruments), revenue (IFRS 15 Revenue from Contracts with Customers), leases (IFRS 16 - Leases) in its application of the Danish Financial Statements Act. The Company's applied accounting policies under the Danish Financial Statements Act is described in further details in the sections below.

The change in accounting framework from IFRS as adopted by the EU to the Danish Financial Statements Act has not impacted the principles for recognition and measuring historically applied by the Company.

In the financial statements for 2022/23, the comparable amounts have been revised to confirm with the Danish Financial Statements Act in respect of the following:  
-Presentation of income statement and balance sheet based on the "skema-krav" of the Danish Financial Statements Act.

The revision of the comparative amounts did not impact the opening equity at 1 October 2021 and 2022, respectively.

The Company has not utilized the exemptions otherwise available in section 4-9 of "Bekendgørelse om overgang til regnskabsaflæggelse efter årsregnskabsloven".

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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



## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

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

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

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

###### Other operating income

Other operating income comprise items secondary to the principal activities of the Company, including, gains on the disposal of intangible assets. 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.

###### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to rendering of research and development services, administration, premises, bad debts, etc.

###### Staff costs

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.

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Laboratory equipment	6 years
Fixtures and fittings, other plant and equipment	3-6 years
Leasehold Improvements	Lifetime of lease contracts and up to 10 years
Right of use assets	The lifetime of lease contracts years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses, allowances and surcharges under the advance-payment-of-tax scheme, as well as realized and unrealized gains and losses on transactions denominated in foreign currencies etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Property, plant and equipment

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.

##### Right of use assets

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.

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Leases

The Company has chosen IFRS 16 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

##### Impairment of non-current assets

The carrying amount of non current assets, including property, plant and equipment and right of use lease assets is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

##### Receivables

The company has chosen IFRS 9 as interpretation for impairment write-down of financial receivables.

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.

Symphogen to record an allowance for expected credit losses for receivables and other receivables 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.

##### Prepayments

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

##### Cash

Cash comprise cash in bank.

##### Income taxes and Deferred taxes

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.

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

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 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.

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 position

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 recognised. Tax exposures relating to corporate income taxes are presented separately within non-current income tax liabilities.

#### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

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.

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Lease liabilities

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 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.

##### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

#### 2 Recognition and measurement uncertainties

Refer to note 17 for description of recognition and measurement uncertainties relating to uncertain tax positions.

#### 3 Events after the balance sheet date

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

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 4 Special items

Special items comprise significant income and expenses of a special nature relative to the Company's activities. Special items may comprise expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company's primary operating activities and that are deemed not to be recurring.

Special items for the year are specified below:

DKK'000	2022/23	2021/22
<b>Income</b>		
Gain from sale of IP rights relating to SYM022	0	70,138
Gain from sale of other Symphogen IP rights to Servier	0	462,550
	<u>0</u>	<u>532,688</u>
<b>Special items are recognised in the below items of the financial statements</b>		
Other operating income	0	532,688
<b>Net profit on special items</b>	<u>0</u>	<u>532,688</u>

#### Gain from sale of IP rights relating to SYM022

In 2021/2022, Symphogen entered agreement with an external party regarding the sale and transfer of 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 and became entitled to potential future sales milestone of up to 20 mUSD. Variable payments relating to potential future milestones have been excluded from the transaction price and the carrying amount of the asset was Zero. The gain from the sale of SYM022 recognized as other operating income amounted DKK 70,137 thousand.

#### Gain from sale of other Symphogen IP rights to Servier

In 2021/2022, Symphogen entered agreement with its French parent company, 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 were sold and transferred to Les Laboratoires Servier. In consideration 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. The gain from the sale of Symphogen IP recognized as other operating income amounted DKK 462,550 thousand.

DKK'000

#### 5 Other operating income

Refer to note 4.

DKK'000	2022/23	2021/22
<b>6 Staff costs</b>		
Wages/salaries	112,594	90,448
Pensions	18,184	14,585
Other social security costs	1,325	1,177
Other staff costs	7,294	4,900
	<u>139,397</u>	<u>111,110</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

Remuneration of the Board of Directors is paid by the parent Company.

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

DKK'000	2022/23	2021/22
<b>7 Financial income</b>		
Other interest income	14	188
Exchange gain	979	5,393
	<u>993</u>	<u>5,581</u>
<b>8 Financial expenses</b>		
Interest expenses, group entities	2,225	0
Other interest expenses	2,415	618
Exchange losses	1,196	929
Interest expense, leasing liabilities	2,015	2,177
	<u>7,851</u>	<u>3,724</u>
<b>9 Tax for the year</b>		
Estimated tax charge for the year	1,817	32,425
Deferred tax adjustments in the year	-19,081	0
	<u>-17,264</u>	<u>32,425</u>
<b>10 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Retained earnings	49,113	165,734
	<u>49,113</u>	<u>165,734</u>

No Dividend planned for 2022/23.

### 11 Property, plant and equipment

DKK'000	Laboratory equipment	Fixtures and fittings, other plant and equipment	Leasehold improvements	Right to use assets	Total
Cost at 1 October 2022	125,898	24,296	25,142	131,020	306,356
Additions	21,046	3,451	2,673	11,815	38,985
Cost at 30 September 2023	<u>146,944</u>	<u>27,747</u>	<u>27,815</u>	<u>142,835</u>	<u>345,341</u>
Impairment losses and depreciation at 1 October 2022	98,733	20,477	21,125	45,355	185,690
Depreciation	9,274	2,096	2,415	14,044	27,829
Impairment losses and depreciation at 30 September 2023	<u>108,007</u>	<u>22,573</u>	<u>23,540</u>	<u>59,399</u>	<u>213,519</u>
<b>Carrying amount at 30 September 2023</b>	<u>38,937</u>	<u>5,174</u>	<u>4,275</u>	<u>83,436</u>	<u>131,822</u>



## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 12 Financial assets

DKK'000	Prepayments	Leasehold deposits	Total
Cost at 1 October 2022	16,542	7,514	24,056
Disposals	-3,722	-3,113	-6,835
Cost at 30 September 2023	12,820	4,401	17,221
<b>Carrying amount at 30 September 2023</b>	<b>12,820</b>	<b>4,401</b>	<b>17,221</b>

Prepayments include accrual of expenses relating to subsequent financial years, primarily prepayments for clinical trials.

#### 13 Deferred tax assets

Refer to note 17.

#### 14 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including prepayments relating to clinical trials of DKK 10,674 thousand and other prepaid costs, DKK 4,114 thousand.

#### 15 Share capital

At September 30, 2022, the share capital consisted 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 were convertible into common shares in certain situations and subject to certain terms and conditions.

In March 2023, the Company changed its share capital structure and closed and merged the share classes D, J, L into one single share class. Following the change and on September 30, 2023, Symphogen's share capital amounts to DKK 11,292,369 divided into shares of DKK 1.

#### 16 Non-current liabilities

DKK'000	Total debt at 30/9 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Lease liabilities	86,372	8,094	78,278	34,946
Corporation tax payable	35,571	13,171	22,400	0
	<b>121,943</b>	<b>21,265</b>	<b>100,678</b>	<b>34,946</b>

#### Uncertain tax positions

Of corporation tax payable DKK 22 million and DKK 20 million relates to provisions for uncertain tax positions at 30 September 2023 and 2022, respectively. Symphogen is subject to income taxes regulation in Denmark. Considering the complexity, by nature, associated with transactions implying the transfer of intellectual property rights in 2021/22 and the various estimates and judgements made in relation to such transactions, Symphogen has recognized a provision for uncertain tax positions of DKK 22 million and DKK 20 million as of September 30, 2023 and 2022, respectively. Due to the uncertainties, the provision for uncertain tax positions may deviate from the actual obligation.

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

DKK'000	2022/23	2021/22
<b>17 Deferred tax</b>		
Deferred tax at 1 October	0	0
Adjustment of deferred tax	-19,081	0
<b>Deferred tax at 30 September</b>	-19,081	0

In 2022/23 Symphogen has capitalized deferred tax assets of DKK 19,081 thousand. The capitalization of deferred tax assets from loss carry forward is based on expected and budgeted net taxable income for Symphogen for the next three income years, derived from research and development service to be rendered under the R&D service contract with Servier.

At 30 September 2023, Symphogen has additional tax loss carry forward of DKK 2,374 million (equivalent to a value of DKK 522 million at a tax rate of 22%), which not have been capitalized due to the uncertainty as to future utilization.

### 18 Contractual obligations and contingencies, etc.

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.

### 19 Contingent assets

In accordance with IP sales agreement, the company may be entitled to future milestone payments. Refer to note 4.

For contingent assets relating to tax loss carry forward refer to note 17.

## Financial statements 1 October 2022 - 30 September 2023

### Notes to the financial statements

#### 20 Related parties

Symphogen A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Les Laboratoires Servier	France	Participating interest

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Les Laboratories Servier	50 Rue Carnot 92150 Suresnes France	The financial statements are not made available to the public

##### Related party transactions

Symphogen A/S was engaged in the below related party transactions:

DKK'000	2022/23	2021/22
Revenue from research and development services rendered to Les Laboratoires Servier	471,468	70,019
Sale of Symphogen IP to Servier	0	462,550
Revenue from rent and other facility services to group companies	363	295
Intercompany receivable	152,707	68,290

Symphogen's related parties comprise the shareholder of Symphogen 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, no other significant transactions have taken place with the Board of Directors or the Executive Management during 2022/2023.

Revenue to related parties " Les Laboratoires Servier" is invoiced monthly based on actually operating expenses incurred for the performance of the Services to LLS, to which a mark-up is added.