Symphogen A/S

Pederstrupvej 93, 2750 Ballerup, Denmark

CVR no. 10 01 32 67

Annual Report 2020/21

For the financial year October 1, 2020 – September 30, 2021

Approved at the Company's annual general meeting on January 7, 2022

Chairman of the AGM:

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Gyrithe Falck

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Management's review

Symphogen in brief

Inspired by nature, led by science, and driven by people, we passionately strive to make discoveries that may benefit the lives of patients, their families, and their caregivers.

As an affiliate of Servier, the Centre of Excellence for Antibodies - our strategic focus is to apply our streamlined and effective antibody platform and capabilities in the discovery and early development of highly differentiated antibody therapeutics, either as combination or stand-alone therapies supporting Servier's R&D strategy.

Principal activities

Clinical development projects

By end-September 2021, four clinical development projects were ongoing: Sym021-024 conducted in a close collaboration with colleagues in the Servier headquarter. During 2021 a new IND for Sym025 (TNFR2) was submitted.

Two development projects previously in Phase 2 trials, Sym015 and Sym004 have been evaluated for further development.

Sym004 (EGFR)

The Sym004 program was evaluated for a late stage mCRC population with acquired resistance to anti-EGFR antibody therapies. Based on the internal assessment, Sym004 was decided to move into a Phase 3 program and is now progressing towards a clinical study initiation within the next period.

Sym015 (MET)

Symphogen completed the Sym015 clinical Phase 2a trial in patients with solid tumors showing alterations and/or amplification of the MET proto-oncogene including lung cancers in December 2020. One lung cancer patient remains on Sym015 therapy under compassionate use. The clinical trial report (CTR) for the Phase 2a trial was finalized in June 2021 and no further clinical evaluation of Sym015 is planned. Based on the internal review it has been decided, that Sym015 will not be pursued by Servier and has therefore been made available for out-licensing.

Sym021-026 (PD-1, LAG3, TIM3, CD73, NGK2A, TNFR2)) Servier collaboration and license agreement – As of June 3, 2020, Symphogen is part of Servier:

Symphogen had six immuno-oncology product candidates in development under the Servier collaboration. Four of these candidates (Sym021, Sym022, Sym023 and Sym024) are currently in Phase 1 trials and the fifth (Sym025) is anticipated to enter the clinic in calendar year Q4 2021.

Doublet and triplet combinations of Sym021 (anti-PD-1), Sym022 (anti-LAG-3) and Sym023 (anti-TIM-3) are under clinical Phase 1 investigation in patients with locally advanced/unresectable or metastatic solid tumor malignancies that are refractory to available therapy or for which no standard therapy is available.

Monotherapy Phase 1 dose escalation trials have been completed, and the doublet dose escalation trials are close to finalization. A triplet (anti-PD1+anti-LAG3+anti-TIM3) dose escalation was initiated in August 2020 and the enrollment has been completed. No further clinical evaluation of the triplet combination is planned. A doublet (anti-PD1+anti-LAG3 and anti-PD1+anti-TIM3) expansion trial in cholangiocarcinoma was initiated in October 2020. Based on the first interim analysis, which was completed in August 2021, the anti-PD1+anti-TIM3 arm will continue enrolment, whereas the anti-PD1+anti-LAG3 arm will be closed.

Sym024 targets CD73, a cell surface enzyme that contributes to the creation of an immune-suppressive environment within tumor tissue. Sym024 inhibits CD73 activity and induces cytokine production and lymphocyte proliferation, and the combination with Sym021 (anti-PD-1) increases the activation even further. The dose escalation trial with Sym024 monotherapy and combination therapy with Sym021was initiated in December 2020 and is progressing as planned.

Sym025 targets an inhibitory receptor that is expressed by NK cells and a subset of cytotoxic T cells, which upon binding of Sym025 release the breaks on immune cell subsets expressing the receptor. An IND was submitted in July 2021 and dose escalation trial with Sym025 monotherapy is anticipated to start in Q4 2021.

The last target under the previous Servier collaboration, Sym026 (TNFR2), has finalized the planned in vitro & in vivo studies. The compound failed to demonstrate efficacy, thus Servier will not pursue further development.

Management's review

Research and preclinical development

Our research activities are focused on identifying novel therapeutic antibodies with ability to mobilize the immune system to fight tumors.

The goal of our research programs is to identify best or first in class drug candidates that can provide therapeutic options for patients whose tumors fail to respond or become resistant to first generation immuno-oncology drugs.

Our research strategy is divided into two differentiated approaches.

The first approach aims at identifying antibodies with ability to enhance the number and function of antigen presenting cells. Many tumors have no or very low existing cancer immunity due to disruption of one or more of steps 1-3 of the cancer immunity cycle. These tumors hide from the immune system and can grow and develop without the immune system ever recognizing it. Antigen presenting cells such as dendritic cells are "experts" in taking up tumor antigens and presenting them to the T-cells and hence key for mounting anti-tumor immune responses.

Sym027-29 (FLT3, AXL, CD40)

During the past year we have further advanced preclinical development activities for the three dendritic cell programs.

After progressing activities an internal Servier evaluation decided to further explore Sym027 and Sym028 and the programs will continue over the next period. It was decided to stop Sym029 and not pursue further development. Our second approach aims at identifying antibodies capable of enhancing the anti-tumor activity of innate immune killer cells. Tumors developing resistance to first generation immuno-oncology therapies by downregulating a group of cell surface proteins known as major histocompatibility complex class I or MHC I. These proteins are required for the T-cells to recognize tumor cells and kill them. In the absence of MHC I and T-cell killing, the second arm of the immune system, the innate immune system, becomes important. Cells of the innate immune system, such as macrophages, natural killer cells and neutrophils, do not have the same restriction for tumor cell killing as T-cells. During 2020/2021 we have generated antibodies against several first in class targets and progressed these towards functional leads.

With these ongoing research programs, we maintain a strong and promising early pipeline of proprietary antibodies aimed at enhancing the antitumor activity of innate immune cells.

Knowledge resources

Symphogen is organized as a combined project and line organization with various research, pre-clinical, CMC, clinical and regulatory departments. The line organization provides skills and services within particular areas of research and pre-clinical and clinical development, whereas the project organization coordinates the activities and draws on the resources of the line organization in accordance with the particular requirements of each project, as it moves from early discovery through pre-clinical and clinical development.

Further, the line organization is supported by specialists and service functions such as business development, quality assurance, human resources, information technology, finance, and administration. The organization comprises 109 employees by end of September 2021.

Management's review

State-of-the-art antibody discovery platform

Over the years, we have continuously improved our antibody discovery platform so that it today stands out as state-of-the-art and highly competitive. The platform is based on natural immune responses, which we believe have an unparalleled capacity for antibody diversification and at the same time employ natural tolerance mechanisms to optimize affinity while conserving specificity.

The heart of our antibody discovery platform is our proprietary method for cloning all antigen specific antibodies from single sorted B cells purified from animals. Optimized procedures then allow us to express the entire repertoire of full-length antibodies and perform multiparameter screening, which include binding, epitope bin, affinity, function, immunogenicity and quality. Coupled with next generation sequencing this provides us with a multi-dimensional property space for each of thousands of antigen specific antibodies from which we can select leads with optimal set of properties.

During 2020/21 we have successfully continued optimization of our antibody discovery platform and have optimized chicken antibody humanization and established a high-throughput bi-specific antibody discovery platform. The antibody discovery platform is highly flexible and similarly suitable for indications outside of cancer.

Competitive timelines to IND by an integrated approach to drug development

Symphogen has proven its ability to deliver unique antibodies on aggressive timelines. Developability assessment is an integrated part of the lead selection process, which means that potential critical features of the lead candidates are taken into consideration very early in the development path.

Once the lead is selected, pre-clinical development is based on a solid, standardized platform where only minor adaption is typically needed. A balanced out-sourcing approach is used using strategic CMO and CRO partners and a cross-functionally aligned development plan, where critical path activities are staggered to minimize the overall timeline.

Intellectual property

We, now as part of the Servier company, together actively seek to protect the intellectual property and proprietary information and technology that we believe is important to our business, which includes seeking and maintaining patents covering our proprietary technology, product candidates, proprietary processes and any other inventions that are commercially and/or strategically important to our business development.

Management's review

Key figures and ratios

DKK'000	2020/2021 (12 months)	2020 (9 months)*	2019 (12 months)	2018 (12 months)	2017 (12 months)
Income statement					
Revenue	458,964	112,600	168,282	173,176	292,403
Research and development expenses	(337,101)	(225,857)	(289,579)	(463,277)	(372,163)
General and administrative expenses	(27,367)	(75,498)	(85,318)	(86,371)	(69,744)
Operating result	94,496	(188,755)	(206,615)	(376,471)	(149,504)
Net financial items	(4,644)	(24,044)	(112,289)	(74,996)	(1,916)
Net Result	86,877	(204,707)	(313,704)	(445,972)	(145,912)
- Of which share-based expenses account for	-	-	(44,786)	(14.851)	(10,499)
Statement of financial position					
Total non-current assets	147,025	171,306	183,297	208,769	85,057
Cash and cash equivalents	83,007	101,546	90,644	125,089	488,050
Marketable securities	-	-	109,197	241,567	290,638
Total assets	285,011	315,470	408,333	616,028	990,410
Total shareholders' equity	(28,459)	(115,336)	(468,430)	(659,380)	(229,344)
Cash flow statement					
Cash flows from operating activities	2,442	(309,711)	(352,722)	(391,851)	(491,021)
Cash flow from investing activities	(9,737)	100,939	128,729	35,177	(59,602)
Hereof investment in property, plant and equipment	(9,737)	(7,767)	(3,449)	(12,834)	(8,306)
Cash flows from financing activities	(11,244)	219,679	187,633	(9,089)	372,516
Net cash flow for the year	(18,539)	10,907	(36,360)	(365,764)	(178,107)
Financial ratios					
Equity ratio (%)	(10%)	(37%)	(115%)	(107%)	(23%)
Average number of employees	103	92	101	116	102

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

Key figures and financial ratios have been calculated in accordance with "Recommendations & Financial Ratios" issued by CFA Society Denmark

* 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 as a result of change in the financial year in 2020 and is hence incomparable with other periods presented.

Management's review

Development in activities and financial matters

Symphogen realized revenue of DKK 458,964 thousand for the twelve-month period ended September 30, 2021, compared to DKK 112,600 thousand for the nine-month period ended September 30, 2020. In 2020 revenue solely comprised revenue from services rendered under the collaboration agreement with Servier. In 2020/21 the revenue is a combination of services rendered under the collaboration agreement with Servier and revenue from research and development activities rendered to Servier under cost plus service agreement.

In 2020/21 operating expenses totaled DKK 364,468 thousand for the twelve-month period ended September 30, 2021, compared to DKK 301,355 thousand for the nine-month period ended September 30, 2020.

Net result for the twelve-month period ended September 30, 2021 amounted to a profit of DKK 86,877 thousand compared to a loss of DKK 204,707 thousand for the nine-month period ended September 30, 2020.

At September 30, 2021 total equity amounted DKK -28,459 thousand and total assets amounted DKK 285,011 thousand.

Change in financial year

Following Servier's acquisition of Symphogen in June 2020, Symphogen has changed its financial year from January 1 – December 31 to October 1 – September 30.

Due to the change in financial year in 2020, the company presents its statement of profit or loss, statement of other comprehensive income, cash flow statement, and statement of changes in equity for the nine months period ended at September 30, 2020.

Changes in Capital structure and capital resources

For changes in the capital structure reference is made to note 4.1 *Capital management* and note 4.2 *Share Capital* in the financial statements which describes and summaries Symphogen capital resources and share capital activities in 2020/21 and 2020.

Loss of subscribed share capital

At September 30, 2021 Symphogen has lost more than 50% of its subscribed share capital. On the ordinary general meeting of shareholders on January 7, 2022, the Board of Directors will give an account of the company's financial position and if needed propose appropriate measures to re-establish the share capital.

Financing and going concern assumptions

On September 30, 2021 Symphogen's current assets, current liabilities, and total equity amounted DKK 137,986 thousand, DKK 156,396 and DKK -28,459 thousand, respectively. Symphogen's positive cash-flow from operating activities for the twelve-month period ended September 30, 2021 amounted DKK 2,442 thousand. 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, 2022. On this basis, the Board of Directors and management continues to view the Company as a going concern.

Outlook

Symphogen has highly efficient antibody discovery and research technologies supported by comprehensive early development capabilities. In 2021/2022 Symphogen will continue to provide new antibodies with unique functionalities aiming to be best or first in class, thereby leveraging opportunities to develop innovative therapeutics.
In the period 2021/2022 Symphogen will also continue the clinical programs and develop and strengthen the discovery and preclinic work. It is foreseen, that Symphogen will take on additional early stage projects during the period - and also further enrich specifically the CMC portfolio with new biologics (partner) compounds. With current developments plans and current agreements between Symphogen and LLS, revenue for 2021/2022 is expected to be within the range of DKK 600-700 million and net result is expected to be within the range of DKK 0-1 10 million.

Subsequent events

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

Financial Statements

Statement of profit or loss

Note	DKK'000	2020/2021 (12 months)	2020 (9 months)
2.1/2.2	Revenue from contracts with customers	458,964	112,600
2.3/2.5	Research and development expenses	(337,101)	(225,857)
2.4/2.5	General and administrative expenses	(27,367)	(75,498)
	Operating expenses	**(364,468)**	**(301,355)**
	Operating result	**94,496**	**(188,755)**
4.6	Financial income	700	1,624
4.6	Financial expenses	(5,344)	(25,668)
	Net result before tax	**89,852**	**(212,799)**
6.1	Income tax benefit	(2,975)	8,092
	Net result	**86,877**	**(204,707)**
	Attributable to:		
	Shareholders of Symphogen A/S	86,877	(204,707)

Statement of other comprehensive income

Note	DKK'000	2020/2021 (12 months)	2020 (9 months)
	Net Result	86,877	(204,707)
	Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)	-	-
	Total comprehensive income	**86,877**	**(204,707)**
	Attributable to:		
	Shareholders of Symphogen A/S	86,877	(204,707)

Financial statements

Balance sheet

Note	DKK'000	September 30, 2021	September 30, 2020
	ASSETS		
3.1	Property, plant and equipment	119,808	143,335
4.5	Leasehold deposits	6,847	6,789
3.2	Receivables	20,370	21,182
2.2	**Total non-current assets**	**147,025**	**171,306**
3.2	Receivables	54,979	42,618
	Cash and cash equivalents	83,007	101,546
	Total current assets	**137,986**	**144,164**
	TOTAL ASSETS	**285,011**	**315,470**

Note	DKK'000	September 30, 2021	September 30, 2020
	EQUITY AND LIABILITIES		
4.2	Share capital	11,292	11,292
	Other reserves	1,006,541	1,006,541
	Accumulated deficit	(1,046,292)	(1,133,169)
4.1	**Total equity**	**(28,459)**	**(115,336)**
	Non-current liabilities		
2.1	Contract liabilities	78,092	145,546
4.4/4.7	Lease liabilities	78,982	98,788
	Total non-current liabilities	**157,074**	**244,334**
2.1	Contract liabilities	87,676	129,326
4.4/4.7	Lease liabilities	11,808	11,206
4.4	Trade payables	33,005	13,418
3.3	Other payables	23,907	32,522
	Total current liabilities	**156,396**	**186,472**
	Total liabilities	**313,470**	**430,806**
	TOTAL EQUITY AND LIABILITIES	**285,011**	**315,470**

Financial statements

Cash flow statement

Note	DKK'000	2020/2021 (12 months)	2020 (9 months)
	Net result for the year	**86,877**	**(204,707)**
3.5	Adjustments for non-cash items	32,720	31,985
3.4	Changes in net working capital	(118,968)	(138,228)
	Changes in non-current receivables	812	3,628
	Changes in non-current financial assets – leasehold deposits	(59)	(14)
	Cash flows from operating activities before financial items and tax	**1,382**	**(307,336)**
	Interest received	–	1,207
	Interest paid	(4,440)	(3,882)
	Income taxes received/(paid), net	5,500	300
	Cash flows from operating activities	**2,442**	**(309,711)**
3.1	Investments in property, plant and equipment	(9,737)	(7,854)
3.1	Proceeds from disposal of property, plant and equipment	–	87
	Proceeds from sale of marketable securities	–	108,706
	Cash flows from investing activities	**(9,737)**	**100,939**
	Proceeds from utilization of L warrants	–	227,798
4.7	Repayment of leasing liability	(11,244)	(8,119)
	Cash flows from financing activities	**(11,244)**	**219,679**
	Changes in cash and cash equivalents	**(18,539)**	**10,907**
	Cash and cash equivalents, beginning of year	101,546	90,644
	Exchange rate adjustments on cash and cash equivalents	–	(5)
	Cash and cash equivalents, year-end	**83,007**	**101,546**

Financial statements

Statement of changes in equity

Note	DKK'000	Share capital	Share premium	Accumulated deficit	Total
	Equity at December 31, 2019	**3,588**	**456,444**	**(928,461)**	**(468,430)**
	Net result for the year	–	–	(204,707)	(204,707)
	Other comprehensive income	–	–	–	–
	Transaction with owners:				
4.3	Issuance of shares by conversion of convertible debt facility	5,626	365,435	–	371,061
4.3	Conversion of the “non-convertible” loan to equity under IFRS	–	(41,057)	–	(41,057)
4.2	Capital increase by utilization of L warrants for cash	2,078	225,719	–	227,797
	Equity at 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 at September 30, 2021	**11,292**	**1,006,541**	**(1,046,292)**	**(28,459)**

Section 1: Basis of preparation

This section summarizes Symphogen’s accounting policies and key accounting judgments and estimates. Additionally, this section provides information about the overall basis of preparation that Symphogen considers useful and relevant for understanding the financial statements, including changes in accounting policies and disclosures during the year and standards that have been issued, which Symphogen has not yet adopted.

Furthermore, this section includes disclosures regarding significant events after the reporting period closing date.

Note 1.1 Accounting policies

Symphogen is the Centre of Excellence for Antibodies in the Servier Group. Symphogen A/S is a limited liability company incorporated and domiciled in Denmark and has since June 3, 2020, been a part of the Servier Group 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.

The financial statements for the year ended September 30, 2021, were authorized for approval at the annual General Meeting to be held on January 7, 2022, with a resolution of the Board of Directors on December 15, 2021.

Change in financial year in 2020

Following Servier’s acquisition of Symphogen in June 2020, Symphogen has changed its financial year from January 1 – December 31 to October 1 – September 30.

Due to the change in financial year in 2020, the company presents comparative information for its statement of profit or loss, statement of other comprehensive income, cash flow statement, and statement of changes in equity for the nine months period ended on September 30, 2020. The comparatives information for the nine-month period ending September 30, 2020, has not been restated as a result of change in the financial year.

Applying materiality

When preparing the financial statements, management seeks to improve the value of the information in the financial statements by focusing on information that will help the understanding of Symphogen’s performance in the reporting period and the financial position at year-end. The focus is on presenting information that is considered of material importance for our stakeholders, rather than generic descriptions.

Disclosures that are required by IFRS are included in the financial statements, unless the information is considered of immaterial importance to users of the financial statements. Materiality is not applied for items where disclosures are required for control purposes.

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 medium 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 using a historical cost basis.

Foreign currency

Translation of 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.

Cash flows from operating activities

Cash flows from operating activities comprise the profit or loss for the year, adjusted for non-cash items such as depreciation, provisions and changes in the working capital and leasehold deposits, financial expenses paid and financial interest received and amounts paid and received regarding income taxes.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to additions and disposals of property, plant and equipment and sold and purchased marketable securities.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from proceeds from capital increases including proceeds from issuance of convertible debt instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposit accounts.

Notes including item specific accounting policies

Section 2 – Revenue and expenses

2.1 Revenue
2.3 Research and development expenses
2.4 General and administrative expenses
2.5 Employee benefit expenses

Section 3 – Operating assets and liabilities

3.1 Property, plant and equipment
3.2 Receivables
3.3 Other payables
3.4 Changes in net working capital
3.5 Adjustments for non-cash items

Section 4 – Capital structure and financial matters

4.2 Share capital
4.3 Convertible debt facility
4.6 Financial income and expenses

Section 6 – Other disclosures

6.1 Taxation

Note 1.2 Key accounting estimates and judgments

The preparation of the financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures.

Uncertainty about these judgments and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made various judgments and estimates. Those which management has assessed to have the most significant effect on the amounts recognized in the financial statements have been discussed in the individual notes of the related financial statement line items.

Symphogen based its judgments and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of Symphogen. Such changes are reflected in the assumptions when they occur.

Please refer to the table below to see in which section and note the accounting estimates and judgments are presented.

Notes including management's estimates and judgments

	Estimates	Judgments
Section 1 – Basis of preparation		
1.4 Going concern assumption	-	X
Section 2 – Revenue and expenses		
2.1 Revenue	X	X
Section 3 – Operating assets and liabilities		
3.3 Other payables	X	-
Section 6 – Other disclosures		
6.1 Taxation	-	X

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, 2021. Symphogen has not early adopted any standards, interpretations or amendments that have been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the financial statements of Symphogen.

Adoption of new standards

No new standards were adopted in 2021.

1.4 Going concern assumptions

At September 30, 2021 Symphogen's current assets, current liabilities, and total equity amounted DKK 137,986 thousand, DKK 156,396 thousand, and DKK -28,459 thousand, respectively and Symphogen plans to continue to invest in the development of its research and development programs.

Symphogen has obtained a letter of financial support from its sole shareholder, Les Laboratoires Servier (Servier), according to which Servier guarantees, that it will support Symphogen financially at least through September 30, 2022. 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.

Accounting policies

If Symphogen obtains information after the balance sheet date, but prior to the date of the Board of Director's approval of the financial statements, about conditions that existed at the balance sheet date, Symphogen assesses if the information affects the amounts that it recognizes in the financial statements.

Symphogen will adjust the amounts recognized in its financial statements to reflect any adjusting events after the balance sheet date and update the disclosures that relate to those conditions in the light of the new information.

For non-adjusting events after the balance sheet date, Symphogen will not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2 Revenue and expenses

Section 2 provides insight and specifications related to Symphogen's operating activities, including details of the revenue components, information about geographical areas, research and development expenses, general and administrative expenses, employee benefit expenses as well as share-based compensation expenses.

2.1 Revenue

DKK'000	**2020/2021 (12 months)**	**2020 (9 months)**
Recognition of upfront payment from collaboration partner (group companies) (recognized over time)	109,104	112,600
Revenue from research and development services (group companies) (recognized over time)	349,860	–
Total revenue	**458,964**	**112,600**
Revenue split by collaboration partner/ group companies		
Servier	458,964	112,600
Total external revenue	**458,964**	**112,600**
Contract liabilities recognized on the balance sheet		
Contract liabilities split by collaboration partner/ group companies		
Servier	165,768	274,872
Total deferred revenue at the end of the fiscal year	**165,768**	**274,872**
At October 1 and January 1, respectively	274,872	387,472
Recognized in the statement of profit and loss	(109,104)	(112,600)
Total deferred revenue at the end of the fiscal year	**165,768**	**274,872**
Current	87,676	129,326
Non-current	78,092	145,546
Total deferred revenue at the end of the fiscal year	**165,768**	**274,872**

Management's commentary

Revenue from contracts with costumers consists of (i) revenue from the Servier collaboration agreement, comprising recognition of revenue from upfront payments and (ii) revenue from research and development service agreements with Servier. Under the collaboration agreement with Servier future revenue may also comprise option fees, licenses, royalty and compensation for research and development services rendered to Servier. In 2020 revenue consisted only of recognition of upfront payment. In 2021, revenue consisted of recognition of upfront payment and revenue from research and development service agreements with Servier companies.

Contract liabilities represent the aggregated amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period. Contract liabilities presented as current relates to performance obligations, Symphogen expects to satisfy during the coming 12 months, whereas the non-current portion of contract obligations represent performance obligations, Symphogen expects to satisfy after the coming 12 months. The split between current and non-current contract obligations is based on Symphogen's underlying development plans under the collaboration agreements, i.e. when the performance obligations are expected to be satisfied.

Below, the amounts of the transaction price allocated to unsatisfied performance obligations under the Servier collaboration agreement that has not yet been recognized as revenue (contract liabilities) are disclosed in a table with quantitative time bands that illustrates when Symphogen expects to recognize the amount of revenue.

The below stated is based on Symphogen's current development plans under the Servier collaboration agreement and do not contain any variable considerations as the uncertainties associated with the variable consideration remain unresolved.

DKK'000	**2021/2022**	**2022/2023-2023/2024**	**Total**
Revenue from the Servier contract is expected to be recognized as follows	87,676	78,092	165,768
Total at September 30, 2021	**87,676**	**78,092**	**165,768**

DKK'000	**2020/2021**	**2021/2022-2022/2023**	**Total**
Revenue from the Servier contract is expected to be recognized as follows	129,326	145,546	274,872
Total at September 30, 2020	**129,326**	**145,546**	**274,872**

Accounting policies

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duty.

Symphogen has concluded that revenue from collaborations agreements with multiple components that cannot be separated is considered rendering of services, which is recognized using an output method to measure Symphogen's progress towards complete satisfaction of performance obligations. Symphogen measures progress by reference to research and development plans for each collaboration agreement.

Overall accounting for the Servier collaboration agreement

In December 2015, Symphogen and Baxalta entered a strategic collaboration which was subsequently transferred to Shire in 2016 and then in 2018 to Servier. In January 2016, Symphogen received a DKK 1,198 million (USD 175 million) upfront payment under the research, option and license collaboration agreement and will potentially receive milestone payments, option fees, licenses, royalty and compensation for research and development services rendered to Servier.

In 2020/2021, Symphogen and Servier entered an amendment to the collaboration dated December 2015, under which Symphogen from October 1, 2020 is entitled to receive remuneration corresponding to the actual operating expenses incurred for the performance of the development plan and the development activities subject to the collaboration dated December 2015 and with a mark-up of 8%.

The collaboration agreement with Servier is considered a contract with a customer as defined in IFRS 15. Thus, Symphogen recognizes as revenue from research and development services under the collaboration agreement the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Servier upfront payment is deemed attributable to subsequent research and development services and is initially recognized in the balance sheet as contract liabilities and recognized and allocated 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. Contract liabilities recognized on the balance sheet reflects the part of the upfront payment that has not been recognized as revenue based on the output method to measure the Company's progress towards complete satisfaction of performance obligations. Contract liabilities are measured at nominal value. The contract liabilities do not represent cash owed to Symphogen's collaboration partners.

Summary of key performance obligations related to Servier collaboration agreement

Below the key performance obligations in the Servier collaboration agreements are summarized.

Collaboration agreement	**Performance obligations**	**When performance obligations are met**	**Significant payment terms**	**Nature of goods and services promised**
Servier - Strategic collaboration with the purpose of advancing novel therapeutics against six targets within Immuno-oncology	Provision of research and development services	The research and development services are satisfied over time given that Servier simultaneously receives and consumes the benefits provided by Symphogen.	The agreement with Servier does not contain a significant financing component as a substantial amount of the consideration promised by Servier under the agreement 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.	Symphogen shall discover, identify, research, develop and attempt to reach Phase IIA Ready Status(es) for the Subject Antibody directed to each Target selected by Servier.

Overall accounting for the Servier service agreement

In 2020/21, Symphogen and Servier entered a research and development service agreement concerning new projects that are not related to the strategic collaboration agreement with Servier. The service agreement is entered for the period October 1, 2020 - September 30, 2021 and with automatically renewal for subsequent periods. Under the terms of the Servier service agreement, Symphogen will receive remuneration corresponding to the actual operating expenses incurred by Symphogen for the performance of the research and development services with a mark-up of 8%.

Service agreement	**Performance obligations**	**When performance obligations are met**	**Significant payment terms**	**Nature of goods and services promised**
Servier - Service Agreement for all new products that are not related to the Servier - Strategic collaboration	Provision of research and development services	Research and development services rendered under the Servier service agreement are performed and satisfied over time given that the customer simultaneously receives and consumes the benefits provided by Symphogen	Payments under the agreement shall be 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

Management's judgments and estimates

Symphogen has entered various 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.

Classification

When accounting for collaboration agreements, judgment is made concerning the classification of such agreements in regard to whether the respective agreement is considered a joint arrangement or a contract with a customer. Symphogen has concluded that the Servier collaboration agreement is a contract with a customer based on the terms and conditions in the contract.

As part of the adoption of IFRS 15, Symphogen also considered the interaction between the guidance in IFRS 15 Revenue from Contracts with Customers and in IFRS 11 Joint Arrangements and whether the agreement with Servier is a joint operation and has concluded that the agreement is a contract with a customer. The assessment has not impacted recognition and measurement.

Recognition of revenue

Evaluating the criteria for revenue recognition under license and collaboration agreements requires management's judgment to assess and determine the following:

- The nature of performance obligations and whether they are distinct or should be combined with other.
- Whether performance obligations are satisfied over time or at a point in time.
- An assessment of whether the achievement of milestone payments is highly probable.
- 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**
Provision of research and development services	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 considered to be the unit which most appropriately depicts the transfer of control of services to Servier. 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. All Symphogen's revenue-generating transactions have been subject to such evaluation by management. There have been no changes to the methods in 2021	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.

No significant judgements are involved with the recognition of revenue from the Servier service agreement.

Information about geographical areas

	2020/2021 (12 months)		2020 (9 months)	
DKK'000	**Revenue**	**Non-current assets**	**Revenue**	**Non-current assets**
Denmark	32	147,025	–	171,306
France	458,932	–	112,600	–
Total	**458,964**	**147,025**	**112,600**	**171,306**

Management's commentary

Symphogen is managed and operated as one business unit, which is reflected in the organizational structure and internal reporting. No separate lines of business or separate business entities have been identified with respect to any of the development candidates or geographical markets and no segment information is currently disclosed in the internal reporting.

Revenue is attributed based on the location of the collaboration partner.

Non-current assets are all located in Denmark in 2020 and 2021.

2.3 Research and development expenses

Note	DKK'000	2020/2021 (12 months)	2020 (9 months)
2.5	Employee benefit expenses	82,874	55,148
	External expenses	236,907	157,565
3.1	Depreciation	17,320	13,144
	Total research and development expenses	**337,101**	**225,857**

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.

Intellectual property

Symphogen actively seeks to protect its intellectual property and proprietary information and technology that Symphogen believes is important to its business, which includes seeking and maintaining patents covering over proprietary technology, development candidates, proprietary processes and any other inventions that are commercially and/or strategically important to our business development.

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 expenses

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	2020/2021 (12 months)	2020 (9 months)
2.5	Employee benefit expenses,	15,912	65,290
	External expenses	8,260	7,212
3.1	Depreciation	3,195	2,996
	Total general and administrative expenses	**27,367**	**75,498**

Management's commentary

Symphogen's general and administrative expenses consist mainly of employee benefits and external expenses related to legal advisors, financial consultants, auditors and other administrative services. In 2020/21, employee benefit expenses have been substantially reduced due to recognition of termination benefits in the nine-month period ended 30 September 2020.

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	2020/2021 (12 months)	2020 (9 months)
	Wages and salaries incl. termination benefits	87,345	117,397
	Defined contribution plans	5,798	363
	Other social security expenses	624	349
	Other staff expenses	5,018	2,329
	Total	**98,786**	**120,438**
2.3	Research and development expenses	82,874	55,148
2.4	General and administrative expenses	15,912	65,290
	Total	**98,786**	**120,438**
	Average number of full-time employees	**103**	**92**
	Number of employees at end of period:		
	Denmark	109	93
	Total employees at end of period	**109**	**93**
	Number of employees at end of period split on function:		
	Research and development	92	75
	General and administrative	17	18
	Total employees at end of period	**109**	**93**

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

Management's commentary

Employee benefits are primarily made up of salaries and other social security expenses. The cost of these benefits is recognized as an expense. In 2020/21, wages and salaries have been substantially reduced due to recognition of termination benefits in the nine-month period ended 30 September 2020.

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.

3 Operating assets and liabilities

This section provides information about the operating assets and related liabilities that form the basis for Symphogen's activities.

Furthermore, the section describes the changes in working capital and provides a specification of the non-cash items in the statement of cash flows.

3.1 Property, plant and equipment

DKK'000	Right-of-use assets	Leasehold improvements	Laboratory equipment	Other equipment	Total
2020					
Cost at January 1	137,714	23,174	103,616	19,911	284,415
Additions during the year	–	111	6,918	825	7,854
Scrap or disposals during the year	–	(150)	(885)	(717)	(1,752)
Cost at September 30	**137,714**	**23,135**	**109,649**	**20,019**	**290,517**
Depreciation at January 1	(18,042)	(13,100)	(85,393)	(16,170)	(132,705)
Depreciation for the year	(6,717)	(2,140)	(5,473)	(1,810)	(16,140)
Depreciation reversed on disposals/scrapping during the year	–	96	885	682	1,663
Depreciation at September 30	**(24,759)**	**(15,144)**	**(89,981)**	**(17,298)**	**(147,182)**
Carrying amount at September 30	**112,955**	**7,991**	**19,668**	**2,721**	**143,335**
2020/2021					
Cost at 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 at September 30	**123,654**	**24,507**	**113,045**	**21,685**	**282,891**
Depreciation at 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/scrapping during the year	1,328	–	2,880	406	4,614
Depreciation at September 30	**(32,930)**	**(18,061)**	**(93,425)**	**(18,667)**	**(163,083)**
Carrying amount at September 30	**90,724**	**6,446**	**19,620**	**3,018**	**119,808**

Depreciation included in the statement of profit or loss

Note	DKK'000	2020/21 (12 months)	2020 (9 months)
2.3	Research and development expenses	17,320	13,144
2.4	General and administrative expenses	3,195	2,996
	Total depreciation included in the statement of profit or loss	**20,515**	**16,140**

Management's commentary

At 31 September 2021 and 2020, Symphogen's property, plant and equipment are located in Denmark. All laboratory facilities are located 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 at September 30, 2021 and September 2020, 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 2020/21, Symphogen has remeasured the lease liability at the present value of the remaining payments at a revised discount rate. The effect on the lease liability and right-of-use assets is disclosed in the tables in note 4.7 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

Symphony 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 recognises 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, 2021	September 30, 2020
	Prepayment to manufacturing partner	9,776	9,600
	Prepayment to CROs	–	763
6.1	Tax receivables	7,792	13,292
	VAT receivables	12,601	9,185
	Receivables from group companies	17,071	754
	Other receivables	5,120	5,598
	Prepayments	2,619	3,426
	Total current receivables	**54,979**	**42,618**
	Prepayment to manufacturing partner	16,751	20,473
	Prepayment to CROs	3,619	709
	Total non-current receivables	**20,370**	**21,182**

Accounting policies

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, 2021	September 30, 2020
Clinical trial payables	5,906	11,109
Employee cost liabilities	14,201	20,396
Tax liabilities	2,975	–
Other payables and liabilities	825	1,017
Total other payables and liabilities	**23,907**	**32,522**

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	2020/2021 (12 months)	2020 (9 months)
3.2	Change in prepayment to manufacturing partner (current)	(176)	(352)
3.2	Change in prepayment to CROs	763	(156)
3.2	Change in other receivables	478	216
3.2	Change in VAT receivables	(3,416)	(7,959)
3.2	Change in prepayments	807	(1,140)
3.2	Change in receivables from group companies	(16,317)	(754)
	Change in trade payables	19,587	(8,145)
2.1	Change in contract liabilities	(109,104)	(112,600)
3.3	Change in clinical trials payables	(5,203)	2,472
3.3	Change in employee cost liabilities	(6,195)	(10,247)
3.3	Change in other liabilities	(192)	437
	Change in net working capital	**(118,968))**	**(138,228)**

Management's commentary

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

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.

Note	DKK'000	2020/2021 (12 months)	2020 (9 months)
	Reversals of non-cash items in the statement of profit or loss		
6.1	Income tax expense/(benefit)	2,975	(8,092)
3.1	Depreciation	20,515	16,140
4.6	Interest income	–	(586)
4.6	Interest expenses	4,440	24,132
	Unrealized capital gains/losses, marketable securities	–	476
	Loss on modification on lease	4,772	–
	Other adjustments, primarily exchange rate adjustments	18	(85)
	Total adjustments for non-cash items	**32,720**	**31,985**

Management's commentary

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.

4 Capital structure and financial matters

This section provides insight into how Symphogen manages its capital, cash position, financial risks and related items.

4.1 Capital management

As an affiliate of Servier, the Centre of Excellence for Antibodies – Symphogen's strategic focus is to apply our streamlined and effective antibody platform and capabilities in the discovery and early development of highly differentiated antibody therapeutics, either as combination or stand-alone therapies supporting Servier's R&D strategy. For going concern assumption refer to note 1.4.

Loss of subscribed share capital

At September 30, 2021 Symphogen has lost more than 50% of its subscribed share capital. On the ordinary general meeting of shareholders on January 7, 2022, the Board of Directors will give an account of the company's financial position and if needed propose appropriate measures to re-establish the share capital.

4.2 Share capital

There are no changes in share capital compared to last year.

At September 30, 2021 and 2020, 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.

Specification of share classes

The following summarizes the company's share capital activities:

	2020				2020/21
Share class	**January 1, 2020**	**Shares issued for cash a)**	**Shares issued for conversion of loan b)**	**September 30, 2020**	**September 30, 2021**
D Shares (Common shares)	-	-	-	-	-
J Preferred shares	1,808,324		5,626,402	7,434,726	7,434,726
L Preferred shares	1,779,197	2,078,446		3,857,643	3,857,643
	3,587,521	**2,078,446**	**5,626,402**	**11,292,369**	**11,292,369**

a) In June 2020, a total number of 2,078,446 class L warrants have been exercised by subscription for 2,078,446 class L shares of nominally DKK 1 each.

b) In June 2020, the Company's increased its share capital by nominally DKK 5,626,402 by conversion of debt to 5,626,402 class L shares.

Accounting policies

Share premium

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

4.3 Convertible debt facility

Management's commentary

2017 events: In December 2017, Symphogen utilized the first two (of three) tranches amounting to DKK 372 million (EUR 50 million) of the convertible debt facility which was secured on October 21, 2015. Under the terms of the agreement, the bond holders have an unconditional right to convert the outstanding loan, including accumulated interests, into preferred class J shares at DKK 82 per share (of nominal DKK 1) as of October 2015 or the market price per share, if lower than the strike price. The conversion price increases by 8% per annum as of the issuance data of the instrument at October 31, 2015. The conversion price as of December 31, 2018 is DKK 103.0. The loan had a fixed interest rate of 15% per annum for minimum three years and was repayable in full at December 31, 2019, if the investors had not exercised their conversion right. Symphogen had an option to repay the loan before December 31, 2019 by adding an "interest make whole premium" equivalent to 15% compound interest over three years period.

2019 events: As part of the recapitalization of Symphogen in May 2019, certain of the bondholders of the convertible debt facility accepted to convert DKK 182.2 million of the convertible debt facility (including accrued interest and interest make whole premium) into new class J shares in this pre-emptive issuance. As a consequence, the notional amount of the convertible debt facility (including accrued interest and interest make whole premium) was reduced by DKK 182.2 million and converted to equity. A total of 1,808,324 new class J shares were subscribed for and issued as part of the pre-emptive issue. 1,662,493 new class J shares were subscribed for by way of debt conversion and 145,831 new J shares were subscribed for cash. In addition, the repayment of the remainder for the loan was extended from December 31, 2019 to December 31, 2023.

The accounting impact of the 'modification to the convertible loan arrangement' resulted in a total gain on the re-measurement of conversion options of DKK 14.1 million, a total loss on the re-measurement of debt of DKK 48.8 million, a capital contribution recognized directly in equity of DKK 85.6 million, and conversion of the carrying amount of the loan (including accrued interest) to equity of DKK 165.2 million. The total accounting increase in equity as result of the modification of the convertible loan arrangement amounted to DKK 216.6 million.

2020 events: On December 31, 2019, the bondholders decided on not to use their unconditional right to convert at conversion price DKK 115.04. The unconditional right to convert lapsed December 31, 2019 and on January 1, 2020, the convertible loan changed to a normal loan without conversion rights. As such, from January 1, 2020 conversion of the convertible debt was to be carried out in accordance with the general rules in the Danish Companies Act.

On June 3, 2020, the former shareholders, holding more than 90% of the shares in Symphogen A/S, entered into a share purchase agreement with Servier whereby Servier assumed the control over the share capital in Symphogen A/S and Symphogen A/S become a subsidiary of Servier. Upon the execution of the share purchase agreement, the former shareholders and investors in the debt facility agreed to complete a conversion of the entire debt facility, including accrued interests and interest make whole premium, into new J shares (preferred shares). This conversion took place at a general meeting on June 3, 2020.

As a consequence of the debt conversion, the notional amount of the debt facility (including accrued interest and interest make whole premium) was reduced by DKK 371,061 thousand and converted to equity. A total of 5,626,402 new class J shares were subscribed for and issued by way of the debt conversion. The accounting impact of the debt conversion resulted in the recording of the J shares issued upon conversion at the carrying amount of the debt facility of DKK 330,004 thousand upon conversion.

Accounting policies

The convertible debt facility is separated into liability and equity components based on the terms of the contract. On issuance of the convertible debt facility, the fair value of the liability component, including prepayment options, is determined using a market rate for an equivalent non-convertible instrument. As the convertible debt facility also provides Symphogen with a prepayment option which should be accounted for as derivative given that it provides the investors with an interest compensation equal to any remaining unearned interest, this amount should be allocated to prepayment option and the loan.

The prepayment option is accounted for as a derivative and measured at fair value through profit or loss with gains or losses being presented as part of financial items. The loan is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The difference between the fair value of the liability component (including prepayment option) and the total proceeds is allocated to the conversion option. The conversion option is classified as a derivative liability, as it is not convertible into a fixed number of shares for a fixed amount of cash. Subsequent to initial recognition, the conversion option is accounted for as a derivative and thus, it is measured at fair value through profit or loss. Any gains or losses on the conversion option is recognized as part of financial items. The transaction costs are allocated to each component of the loan.

A convertible debt facility and its embedded conversion option is derecognized when the obligation under the liability is discharged or cancelled or expires. When the existing convertible debt facility and its embedded conversion option is replaced by another from the same lender on substantially different terms, or the terms of the existing convertible debt facility and its embedded conversion option are substantially modified, such an exchange or modification is treated as a derecognition of the original convertible debt facility and its embedded conversion option and the recognition of a new convertible debt facility and embedded conversion option. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Accounting for modification of convertible debt facility

When changes to convertible debt facilities are modified exists, Symphogen assess whether such changes should be accounted for as a 'debt modification' or 'a new debt arrangement'. Symphogen applied the guidance 'a new debt arrangement', if the terms of the exchanged or modified debt is substantially different than the original terms. Symphogen considers the terms of exchanged or modified as 'substantially different' if:

- the net present value of the cash flows under the new terms (including any fees paid net of any fees received) discounted at the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original debt instrument; or
- the terms of the exchanged or modified debt are changed so that the future economic risk exposure of the arrangement has been significantly altered.

When Symphogen assesses that the terms are not substantially different, the changes are accounted for as a 'debt modification'. The accounting consequence 'debt modification' is that the new liability component is calculated by discounting the new cash flows with the original effective interest rate. When the transaction does not include a shareholder contribution, the difference between the current book value of the liability and the new present value of the liability (including allocated transaction costs) is recognized in profit or loss. Conversely, if the terms are substantially different, the accounting treatment is similar to that of the issuance of loans to new investors, except that all costs and fees on the liability component are recognized in profit or loss.

Accounting for conversion of non-convertible debt facility

The company accounts for debt conversions that are outside the scope of IFRIC 19, when the creditor is a shareholder acting in its capacity as such, or where the entity and the creditor are under common control and the substance of the transaction includes a distribution by, or capital contribution to, the entity, by recording the equity instruments issued at the carrying amount of the financial liability extinguished so that no profit or loss is recognized.

4.4 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. Symphogen's working capital September 30, 2021 combined with the company's access to the necessary financial resources from the Servier Group, to provide under a letter of financial support from Les Laboratoires Servier, are sufficient to support the Company's operating cash flow needs for the 12 months following the date of these financial statements. On this basis, the Board of Directors and management continues to view the Company as a going concern. Reference is made to note 1.4.	Symphogens policy for managing funding risk is to monitor the future capital needs and requirements and to ensure new phase commitments are initiated with adequate funding commitments and liquidity.
Credit risk	Low	The exposure to credit risk arises from investments in marketable securities and cash placements with financial institutions.	After Servier Groups acquired Symphogen in June 2020, Symphogen only have cash in Danske Bank.
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, in descending order, DKK, EUR and USD. The Company's currency exposure arises in 2020/21 from supplier expenses denominated in USD, EUR and GBP and in 2020 from revenue transactions, convertible debt facilities, collaboration agreements and supplier expenses denominated in USD, EUR and GBP. As of September 30, 2021, and September 30, 2020, the Company had no hedging activities.	After the Servier Groups acquired Symphogen in June 2020, Symphogen only have cash in Danske Bank. In 2020 the policy in Symphogen for managing foreign currency risks is to analyze the exposure on an ongoing basis and enter currency options to hedge risk of losses in case of significant exposure. Liquidity is invested in currencies allocated to match the distribution of currencies of forecasted costs.

Risk exposure	Impact	Comments	Risk Management
Interest rate risk	Low	In 2020 the exposure to interest rate risk concerns the interest-bearing assets of the Company and primarily relates to investments in marketable securities. In 2020/21 there is no exposure to interest risk.	In 2020, Symphogen only allows investments in marketable securities with an average duration of less than three years.
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 listed on Symphogen's financial statements are not enough to cover the amount of short-term liabilities.	In 2020/21 the Servier Group have provided a letter of financial support from Les Laboratoires Servier In 2020 the policy in Symphogen for managing liquidity risks is to have cash enough to act appropriately in case of unforeseen fluctuations in liquidity. Symphogen's cash requirements for the coming period are estimated monthly, and Symphogen's positions in cash and marketable securities are adjusted accordingly.

4.4 Financial risks (continued)

The maturity analysis of financial liabilities

DKK'000	Less than 1 year	1-5 years	>5 years	Total
September 30, 2020				
Financial liabilities:				
Leasing liabilities	11,206	34,593	64,195	109,994
Trade payables	13,418	–	–	13,418
Other payables	32,522	–	–	32,522
Total financial liabilities	**57,146**	**34,593**	**64,195**	**155,934**
September 30, 2021				
Financial liabilities:				
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**

The financial liabilities include estimated or contractual interest rate payments.

4.5 Financial assets and liabilities

Categories of financial assets and liabilities

Note	DKK'000	September 30, 2021	September 30, 2020
	Financial assets by category		
	Receivables measured at amortized cost		
3.2	Current receivables, excluding prepayments	25,512	28,075
	Leasehold deposits	6,847	6,789
	Total loans and receivables	**32,359**	**34,864**
	Financial liabilities by category		
	Financial liabilities measured at amortized cost		
	Leasing liabilities	90,790	109,994
	Trade payables	33,005	13,418
3.3	Other payables	6,730	12,126
	Total financial liabilities measured at amortized cost	**130,525**	**135,538**

4.6 Financial income and expenses

Note	DKK'000	2020/2021 (12 months)	2020 (9 months)
	Financial income		
	Interest income, marketable securities	–	586
	Foreign exchange gains	700	965
	Gains on marketable securities at fair value	–	73
	Total financial income	**700**	**1,624**
	Financial expenses		
	Interest expenses	(614)	(528)
4.3	Interest expenses, debt facility	–	(20,250)
	Interest expense, leasing liabilities	(3,826)	(3,354)
	Foreign exchange losses	(904)	(899)
	Losses on marketable securities at fair value	–	(637)
	Total financial expenses	**(5,344)**	**(25,668)**
	Net financial expenses	**(4,644)**	**(24,044)**

Management's commentary

The decrease in net financial items is related to the interest on the debt facility that in 2020 was converted to shares prior the Servier acquisition of Symphogen June 3, 2020. Therefor there are no such interest in 2020/21.

Accounting policies

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

4.7 Changes in liabilities arising from financing activities

			Non-cash changes			
	Dec 31 2019	Cash flows*	Remeas urement of debt	Conversion of convertible debt facility	Accum ulated interest	Sept 30, 2020
Leasing liabilities	118,114	(11,474)	-	-	3,354	109,994
Convertible debt facility	309,754	-	41,058	-371.061	20,250	-
Total liabilities from financing activities	**427,868**	**-11,474**	**41,058**	**-371,061**	**23,604**	**109,994**

			Non-cash changes		
	Sept 30, 2020	Cash flows*	Lease modification	Accum ulated interest	Sept 30, 2021
Leasing liabilities	109,994	(15,070)	(7,961)	3,826	90,790
Total liabilities from financing activities	**109,994**	**(23,030)**	(7,961)	**3,826**	**90,790**

*Cash flows relating to lease liabilities includes repayment of lease liability and payment of interest on the lease liability.

5 Corporate governance

This section covers financial matters related to the system by which Symphogen is directed and controlled.

5.1 Remuneration to the Board of Directors and Executive Management

DKK'000	2020/2021 (12 months)	2020 (9 months)
Remuneration to the Executive Management		
Wages and salaries incl. termination benefits	8,550	63,936
Defined contribution plans	395	91
Total remuneration to the Executive Management	**8,945**	**64,027**
Remuneration to the Board of Directors		
Wages and salaries	–	395
Total remuneration to the Board of Directors	**-**	**395**

5.2 Related party transactions

The parent company's transactions with other related parties

DKK'000	2020/2021 (12 months)	2020 (9 months)
Transactions with related parties (income)		
Revenue related to strategic collaboration and service agreements with other Servier Group Companies	458,964	112,600
Revenue from rent and other facility services to group companies	32	–
Transactions with related parties (expenses)		
Reimbursement of IPR costs to Servier according to Baxalta agreement	–	754
Balances with Group companies at year-end		
Intercompany receivable	17,071	754

Shareholders

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

Management's commentary

The numbers presented above for related parties is reflected based on the period of ownership in the respective financial years.

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 2020/21 and 2020. 6 Other disclosures.

The notes presented in this section are relevant for the overall understanding of the financial statements but are not relevant for the key themes in the financial statements.

6.1 Taxation

DKK'000	2020/2021 (12 months)	2020 (9 months)
Reconciliation of effective tax rate to Danish statutory tax rate		
Net result before tax	89,852	(212,799)
Corporate income tax rate in Denmark	22%	22%
Computed income tax benefit/(expense)	**(19,768)**	**46,816**
Computed income tax benefit/(expense)	(19,768)	46,816
Permanent differences	6,616	(5,157)
Temporary differences	3,493	(1,767)
Tax credit on research and development expenses	–	(7,792)
Adjustment of prior year	–	(300)
Utilization of tax loss carry forward	6,682	–
Adjustment of deferred tax asset not capitalized	–	(39,881)
Total income tax benefit (expense) for the period	**(2,975)**	**8,092**

	September 30, 2021	September 30, 2020
Deferred tax in the balance sheet		
Tax loss carry forward	546,082	541,022
Other temporary differences	(1,389)	21,840
Deferred tax asset not recognized	**(544,694)**	**(562,862)**
Carrying amount included on balance sheet	**–**	**–**

Management's commentary

Symphogen A/S had net tax loss carryforwards in Denmark of DKK 2,482 million at September 30, 2021 (September 30, 2020: DKK 2,513 million) for income tax purposes, all of which can be carried forward infinitely according to Danish Corporate Income Tax Act. In 2020/21 the net tax loss carryforwards was increased by DKK 94 million due to an adjustment of tax loss reported in 2017 and 2018. The adjustment did not impact prior years recognition of income taxes.
Income tax totaled DKK -3.0 million in 2021 and DKK 0 million in 2020. Income tax benefit totaled DKK 0 million in 2021 compared to DKK 8.0 million in 2020. The Income tax benefit for 2020 comprise tax credit for research and development expenses at the applicable tax rate under the 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.

Management's judgments
Judgment is required in determining the accrual for income taxes, deferred income tax assets and liabilities, and provisions for uncertain tax positions.

As at September 30, 2021 and September 30, 2020, Symphogen has not recognized any provisions for uncertain tax positions. Symphogen recognizes deferred income tax assets if it is probable that enough taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income, including the impact from planned research and development projects and the companys contracts, in assessing whether deferred income tax assets should be recognized and has concluded that the deferred income tax assets do not meet the criteria for being recognized as assets in the balance sheet.

6.2 Contingent liabilities and contractual obligations

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

License and Collaboration Agreements

As part of the license and collaboration agreements entered by Symphogen, once a product is developed and commercialized, Symphogen may be required to make royalty payments. Symphogen expects to generate income from such products which will exceed any royalty payments due. No minimum unconditional royalties have been committed to. Symphogen has no liabilities prior to the occurrence of a potential future sale. Accordingly, no such liabilities have been recognized.

Company information

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CVR no. 10 01 32 67

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Fax: +45 4526 5060
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Annual General Meeting

The annual general meeting will be held on January 7, 2022, at

Symphogen A/S
Pederstrupvej 93
2750 Ballerup
Denmark

Auditor

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
Postboks 250
2000 Frederiksberg
Denmark

Custodian bank

Danske Bank A/S
Holmens Kanal 2-12
1092 Copenhagen K
Denmark

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, 2021.

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 consolidated financial statements and the parent company financial statements give a true and fair view of the Parent Company's financial position at September 30, 2021, and of the results of the Company's operations and cash flows for the financial year October 1, 2020 to September 30, 2021.

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

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

December 15, 2021

Executive Management:

Christophe Thurieau
Chief Executive Officer

Board of Directors:

Claude Bertrand
Chairman

Christophe Thurieau

Pascal Lemaire

Benoit Chéron

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, 2020 – September 30, 2021, which comprise statement of profit or loss, statement of other comprehensive income, balance sheet, statement of changes in equity, statement of cash flow and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure 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, 2021 and of the results of the Company's operations and cash flows for the financial year October 1, 2020 – September 30, 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure 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 and the parent company financial statements" section of our report. We believe that the audit evidence we have obtained is enough 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review. Our opinion on the financial statements and the parent company 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 and the parent company 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 the parent company 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 our procedures, we conclude that the Management's review is in accordance with the financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the financial statements and the parent company financial statements

Management is responsible for the preparation of financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure 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 and the parent company financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, December 15, 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian Schwenn Johansen	Rasmus Bloch Jespersen
State Authorized Public Accountant	State Authorized Public Accountant
mne 33234	mne 35503