Synklino

We envision a world where patients with chronic virus infections can live life to the full again

Annual Report 2021

Synklino A/S · Rådhusvej 13 · DK-2920 Charlottenlund · Denmark · CVR no.: 38778676

Contents

Management's review

Our purpose - live life again

Vision

A world where patients with chronic virus infections can live life to the full again

Mission

Develop transformative therapies for the elimination of the risk for chronic virus diseases. Initially, by developing a safe and efficacious drug for the elimination of cytomegalovirus in high-risk immunocompromised patients and transplant recipients

Establish a market leader position for our products

Our ambition

Fuel a pipeline with innovative, differentiated, and highly valuable drug candidates for chronic virus infections, based on our core technology platform

Become a preferred partner for discovery and early clinical development in the chronic infectious diseases space

Advancing scientific excellence towards valuable therapies utilizing an exclusive international network

Our working philosophy

- Our science – focused, balanced & with high impact
- Our therapies – addressing unmet medical needs, with clear differentiation & attractive markets
- Our partners – ambitious, excellent & complementary

Improving the life of transplant patients

Our value proposition

Transplantation is intended to give patients their life back, but an infection with cytomegalovirus (CMV) triggered by the transplant conditioning therapy may be devastating to patient outcomes. By eliminating the risk of CMV infection in transplant recipients, either by treating the donor organ *ex vivo* prior to transplantation, or by treating the recipient after transplantation, SYN002 is aimed at improving the life of transplant patients and ensure their ability to enjoy a normal life after transplantation.

Synklino at a glance

Synklino is a Danish biotech company developing drugs to cure chronic viral infections with immediate focus on groundbreaking therapies against CMV, a devastating virus infection in immunocompromised patients. Synklino's first-in-class drug candidate SYN002 specifically targets lytic and latent CMV infection in transplant patients and aims to change the current antiviral treatment paradigm by providing radically different therapeutic opportunities and a path for transplant recipients to live a full life again. Our platform technology aims at providing opportunities for expansion into treatment of other chronic viral infectious diseases. Synklino is a privately held company with a solid shareholder base backed by renowned life science investors, such as Eir Ventures and Vækstfonden.

100 mDKK

Cash position at 31 December 2021

100 years

Management's life science experience

100,000

CMV at-risk transplant patients annually

SYN002

Our groundbreaking CMV drug candidate

Novel anti-viral therapies are urgently needed

- Chronic infections cause life-long challenges
- Virus cause severe disease and death
- Immunodeficient patients suffer the most

1

First-in-class market opportunity

2

Two-pronged product strategy

Platform technology for pipeline expansion

Letter from the Chair and CEO

Cytomegalovirus is found as a persistent, chronic infection in around 60 % of the adult population worldwide. The virus is completely dormant in most people who are therefore symptom-free. However, in people with an impaired immune system – including in particular solid organ, stem cell or bone marrow transplant patients – CMV infection can cause severe disease, re-hospitalizations and long hospital stays. If it is not controlled, it can be fatal. There is no cure today, and CMV can thus be devastating for transplant patients hoping to live life again.

SYN002 – a groundbreaking therapeutic innovation

With our first-in-class drug candidate SYN002, Synklino is aiming to not only improve treatment, but to completely eliminate the risk for CMV in patients by eradicating cells infected with dormant virus. No marketed drugs or other pipeline therapies hold this promise. It is our ambition to eliminate CMV as a problem for transplant patients. And in the longer term, Synklino's success is based on our discovery platform, which aims to support a pipeline of novel and highly differentiated clinical programs in indications with no approved therapeutics and/or inadequate treatment options. We are therefore already deploying our platform to discover novel therapies against other chronic virus infections where latency and persistent infection constitutes a treatment challenge, just as in CMV.

Preparing for a Clinical Trial Application

With the strong support from new and existing shareholders, we raised DKK 106 million in November 2021. The substantial capital injection has provided new opportunities and allows us to accel-

Our strategic priorities are clear as we have set out to establish clinical benefit with our first-in-class drug candidate SYN002. As our next step, we aim to use our core technology platform to fuel a pipeline with innovative drug candidates for chronic virus infections. At the same time, we will strive to become a preferred partner for discovery and early clinical development in the chronic infectious diseases space.

erate the development of SYN002 for treatment of patients with CMV infections. With our current cash position, we expect to be able to reach the important milestone of filing a Clinical Trial Application (CTA).

We are already working on the process development towards manufacturing of the drug product. This work is conducted in close collaboration with Northway Biotech, a leading contract development and manufacturing organization (CDMO) specializing in the development and manufacturing of biopharmaceuticals. Furthermore, we are currently conducting the pre-clinical development activities required to initiate our first clinical trials.

The COVID-19 pandemic still poses potential risks to our development activities, but we are dedicated to mitigating COVID-19 related risks to the extent possible, and we monitor all activities on the critical path closely.

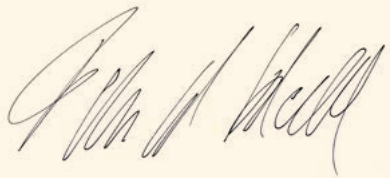
Key publication

The first-in-class mechanism of action of SYN002 has been documented in early preclinical trials. In October 2021, we published data from the important study *'Ex vivo treatment of cytomegalovirus in human donor lungs using a novel chemokine-based immunotoxin'* in the world leading *'Journal of Heart and Lung Transplantation'*. The work was led by our medical and scientific collaborators at Toronto General Hospital in Canada. It shows a significant effect and attractive safety profile of SYN002 *ex vivo* on CMV infection in living human lungs. The publication has entailed significant attention and was featured in an editorial '*Bridging the translation gap in cytomegalovirus therapeutics through ex vivo lung perfusion: Opportunities and challenges'* in the same journal in December.

Strengthening the team

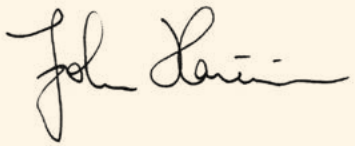
In 2021, we strengthened our management team substantially. Carit Jacques Andersen was hired as CFO, and Romain Lalandes was hired as Business Development consultant. Julius Maximillian Knerr was employed to accelerate our platform activities, and the Board of Directors was strengthened with Thomas Feldthus (independent), Lene Gerlach (Vækstfonden), Dr. Magnus Persson (Eir Ventures) and Morten Schroder (The Schroder Family office).

Synklino came out of 2021 stronger than ever, and it is a pleasure to see everybody's impressive engagement, passion and focus on bringing Synklino and our lead asset SYN002 forward with the aim of giving transplant recipients a chance to Live Life Again – while building a strong antiviral biotechnology company along the way.



Thomas N. Kledal

CEO & co-founder



John Haurum

Chair

CMV - disease and target groups

CMV causes serious disease in transplant patients

- 60 % of all humans have lifelong CMV infection
- Only Synklino's drug can target both latent and lytic infection - potential to cure CMV

Human cytomegalovirus (CMV) is a β-herpesvirus. Like all herpesvirus, CMV establishes life-long latent infection and is found in more than 60% of adults worldwide. There is currently no cure for CMV. Once you have been infected with CMV, the virus establishes latency (dormant state) from where it may re-activate and cause an active lytic infection. Normally, a healthy person's immune system keeps the virus from causing illness and most people will never know they have CMV.

If the immune system is weakened or suppressed, or during pregnancy, CMV is a major cause for concern. For people who have a weakened or suppressed immune system, especially in connection with solid organ, stem cell or bone marrow transplants, CMV infection can be fatal if not controlled.

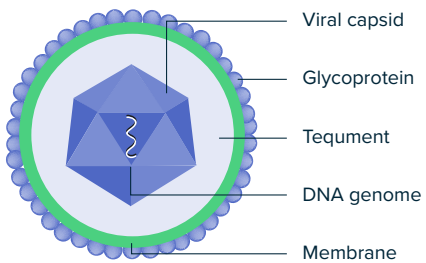
CMV reactivation from latency is a major concern in transplant recipients due to the need for concomitant immunosuppressive therapy. CMV has a high impact on morbidity and mortality in transplantation, doubling re-hospitalization, incurring 50% increase in transplant costs and tripling the risk of death post-transplantation of vital organs. Active infection and accumulation of a high viral load in immunosuppressed patients lead to various CMV disease manifestations including graft organ rejection, developmental and neurological defects, and death.

The transplantation market

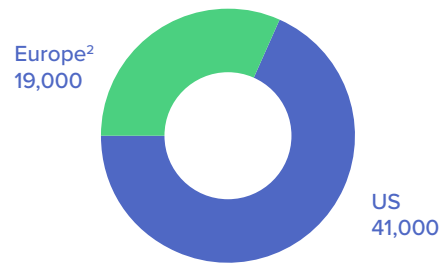
Around 100,000 solid organ and stem cell transplants are performed annually and the number is exhibiting an annual growth rate of 3-5 %. Our first target patient populations are kidney and stem cell transplant patients as these populations constitute the largest transplantation markets followed by liver and heart transplants.

100,000 at risk transplant patients require anti-CMV therapy every year. High-risk patients are CMV-negative recipients of solid organs from CMV-positive individuals (D+/R- profile) and CMV-positive recipients of stem cell transplants irrespective of the status of the donor.

Human cytomegalovirus



Solid organ transplants[1]

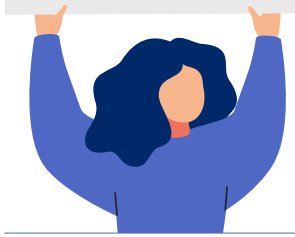


Hematopoietic stem cell transplants

1. 2021, http://www.transplant-observatory.org for 5EU and US; 2. United Kingdom, Germany, France, Spain, Italy; 3. 2017, https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20191011-1; 4. 2018, https://bloodstemcell.hrsa.gov/data/donation-and-transplantation-statistics/

How we can make a difference

SYN002 Milestones to date



Cellular EFFICACY and SAFETY

Effective elimination of acute and latent CMV

No toxicity against uninfected cells

Animal EFFICACY and SAFETY

Superior efficacy compared to standard of care in mouse model

Excellent safety profile in mice, rats and primates

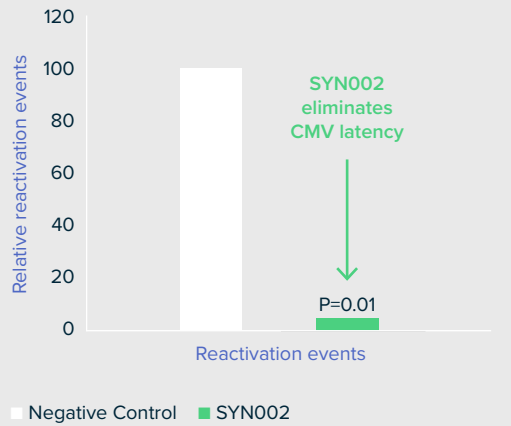
Human Donor Organ EFFICACY and SAFETY

Treatment of human lungs was safe and resulted in significant reduction of CMV, predicting a strong potential for clinical benefit

Synklino's drug candidate SYN002 is more efficient and potent on the lytic infected cells compared to any standard of care. Furthermore, SYN002 is the first drug candidate ever which is able to eliminate CMV in latently infected cells. Hence, SYN002 has the potential to fully eliminate the risk of CMV infection and reactivation in immunocompromised transplant recipients. This would be a major breakthrough. Furthermore, SYN002 is fast acting with full effect within hours or days compared to months and years for standard of care and has low risk of resistance development. Thus, the treatment period can be shortened significantly.

The current available drugs have limited efficacy and about 30% of the treated transplant patients experience clinically significant CMV breakthrough infection. Also, no available drugs or pipeline treatments except from SYN002 have the potential to eliminate CMV since they only target the lytic infected cells and will have no impact on the latently infected cell reservoirs. Therefore, current drug offerings must be taken for an extended period of time of 100-200 days to suppress the active infection. The long treatment schedules combined with limited efficacy increases the risk of resistance development.

SYN002 against latent infection



SYN002 efficiently eliminates latently infected cells

SYN002 addresses all unmet medical needs related to standard of care (SOC)

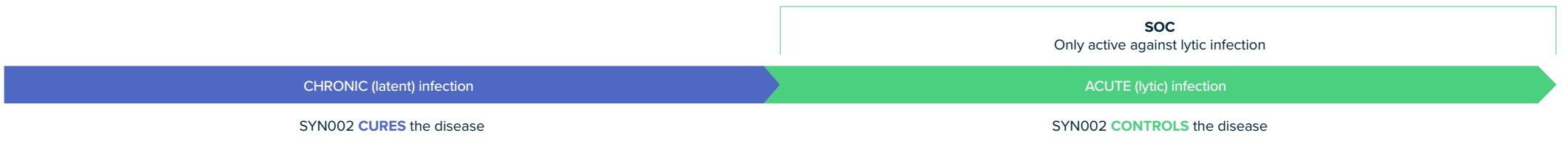
Standard of care

POOR Efficacy	~30% of transplant patients develop clinically significant CMV infection
LONG Treatment	Dosing for a period of 100-200 days, leading to suboptimal patient compliance
NO CURATIVE Potential	No activity against latent virus and therefore no potential to cure CMV, since reactivation is a continuous risk.
RESISTANCE Development	Long treatment periods without curative potential increases the risk of resistance development

SYN002

SUPERIOR Efficacy	Excellent efficacy/safety profile
FASTER Treatment	Treating for days/weeks instead of months, improved compliance
CURATIVE Potential	Targets all infected cell reservoirs, prevent reactivation
LESS RESISTANCE Development	Shorter treatment period and curative potential reduces resistance risk

SYN002 eliminates all infected cell reservoirs



Our science

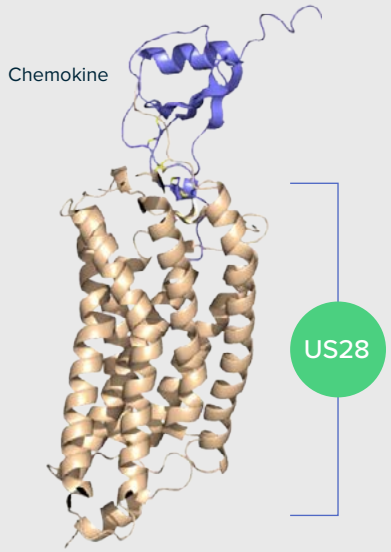
SYN002 specifically targets cells infected with CMV as it can identify and bind to US28, a chemokine receptor solely expressed on all CMV-infected cells and involved in the regulation of viral latency and reactivation. SYN002 is internalized into infected cells, which are then killed by the drug candidate. SYN002 exclusively kills infected cells without impacting healthy cells or organ function.

By efficiently taking away latently infected cells after just 6 hours of *ex vivo* therapy in living human lungs, SYN002 holds the promise to eliminate the risk for CMV infection in solid organ transplant. Importantly, study results showed no off-target effects, and *ex vivo* lung function was stable over 6 hours and no differences in key inflammatory cytokines were observed, suggesting a favorable safety profile of this first-in-class therapeutic opportunity.

"What's interesting for me is the mechanism of action and trying to focus on lytic and latent cells – Quite a few of our patients even after we treat them, get reactivation of dormant virus"

Key opinion leader

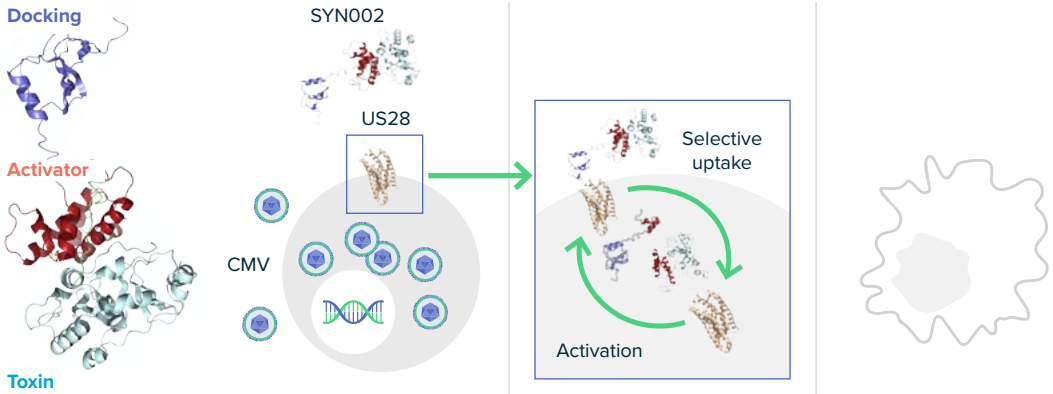
US28 is a novel CMV-specific target



Leveraging the active function of US28 to gain access to CMV infected cells

- Membrane protein encoded by CMV
- Exclusively expressed on CMV infected cells
- Expressed during both lytic and latent phase
- Continuously internalizing
- Acts as a chemokine scavenger

SYN002 can eliminate CMV infection because it uniquely targets both lytic and latent infection



Patented drug candidate SYN002

Docking of SYN002 to CMV infected cells

Uptake of SYN002 and intracellular activation

CMV infected cells killed by SYN002

Patent protection

Synklino's first drug candidate, SYN002, is protected at least until 2040, and we own the IP protecting our drug candidates. We have a granted US patent, an active patent application covering composition of matter of central improvements of the technology, and we have an active application covering the use of the drug candidate in organ perfusion systems broadly.

Competitive landscape

In the field of CMV drugs in development, SYN002 has a unique curative potential by its ability to target latent CMV

- SYN002 is the only compound that combines an anticipated low toxicity, high efficacy, short dosing and a curative potential.
- The two major standard of care drugs for CMV treatment are small molecules. These are associated with toxicity, drug-drug interactions, resistance development and prolonged treatment and compliance challenges. They have no curative potential, and do not protect against reactivation and late onset CMV upon completed treatment.
- Small molecule inhibitors in pipeline are considered as potential supplements or alternatives to current standard of care but suffers the same shortcomings.
- Antibody (combination) treatment is designed to block viral entry preventing spread of the virus. They have no curative potential, and do not protect against reactivation. May be considered as potential supplements or alternatives to standard of care. Previous antibody-based drugs did not provide sufficient efficacy and had limited market penetration.
- Vaccines employ an immunogenic mode of action, which is a challenge for immunosuppressed or immune impaired patients, who are not likely to be significantly aided by a vaccine, which is dependent on a functional immune system.
- For cellular based immunotherapies, current technologies are considered non-competitive due the mainly financial as well as high resource and capability requirements.

Creating value to patients

Synklino's success is based on our strong discovery platform, which holds the potential to support a pipeline of novel and highly differentiated clinical programs in indications with no approved therapeutics and/or inadequate treatment options, especially within chronic virus infections where latency constitutes a treatment challenge. Our current focus is on preclinical development to prepare for a Clinical Trial Application for SYN002, including establishing good laboratory and CMC practices, as well as performing toxicology and pharmacokinetics studies.

Our key strategic priorities

1. Establish clinical benefit with our first-in-class drug candidate SYN002
2. Fuel a pipeline with innovative, differentiated, and highly valuable drug candidates for chronic virus infections, based on our core technology platform
3. Become a preferred partner for discovery and early clinical development in the chronic infectious diseases space

For Syn002, we aim to follow a two-pronged strategy. First, we seek to conduct studies in organs prior to transplantation, i.e. *ex vivo*. As all current therapies are *in vivo* addressing lytic CMV only, this is a differentiating factor for SYN002.

Second, SYN002 may have the potential to become standard of care in post-transplant prophylaxis of CMV reactivation based on its ability to eradicate latently infected cells, i.e. *in vivo* treatment. Treatment of latent virus is a mode of action that has not been tested previously.

Building a pipeline, we will focus on clinical development in well-defined patient populations with unmet medical needs suggesting relevant commercial opportunities. We aim to retain ownership of product candidates through to proof of concept after which we may progress clinical development ourselves or engage in partnerships.

Our discovery capabilities

Following proof of concept for SYN002, we aim to exploit our technology platform for identifying additional targets expressed on cells with latent viral infections in order to develop drugs with similar mode of action to eradicate latently infected cells. HIV, human papillomavirus, hepatitis B and Ebola are examples of persistent viral diseases due to latency.

Our discovery platform

Aim

- Develop transformative therapies for the elimination of chronic virus infections, giving patients a chance to live their life again
- Develop therapies that will eliminate the cellular reservoirs of chronic virus infections by identifying novel viral targets and mature lead candidates into clinical development with industry partners

Target identification focus area

- Chronic virus infections
- Viruses within transplantation

Lead generation

- Extended use of clinical research organizations for lead generation and selection
- Partner with scientific and clinical experts in given disease indications

Lead selection

- Target and virus specific *in vivo and in vitro* models in collaboration with international partners

Governance and risk management

Synklino A/S is a Danish, limited liability, privately owned company headquartered in Greater Copenhagen, Denmark. We aim to maintain a well-balanced division of responsibility between the Board of Directors and Management and act with transparency towards investors, employees, and society as a whole. The Board of Directors has established an Audit Committee and a Remuneration and Nomination Committee, which will work according to procedures established by the Board of Directors. The Board of Directors will also establish specific board working groups when appropriate to assist the Board of Directors in discharging its duties.

Risk management

Various risk factors may have an adverse impact on Synklino's operations and therefore our results and financial position. Our strategy for risk management is to act proactively to limit undesirable impact on our result and financial position, to the extent it is possible.

Continuous evaluation of Synklino's risk profile, mitigating options and contingency plans facilitates a proactive risk management process, including identification and handling of risks. Key risks are first identified through a bottom-up process including description of the risks and mitigating actions taken to reduce either the likelihood of occurrence or the potential impact. Management team members are assigned risk owners with responsibility for monitoring and mitigating each of the risks.

Risk related to COVID-19 and the war in Ukraine

The COVID-19 pandemic disease or similar public health threat and knock on effects of the war in Ukraine could adversely influence many sectors and companies, including Synklino. For Synklino the main operational impact is potential delays in manufacturing of the drug product and regulatory pre-clinical development activities. In addition to the operational impact, the funding environment is potentially negatively influenced by both the COVID-19 pandemic and the war in Ukraine, causing constraints to capital access. COVID-19 has so far not had any significant effects on costs.

Financing needs

Synklino has reported significant losses since we began operations and for the financial year 2021, we reported a loss of approximately 12.7 MDKK (2020: 12.0 MDKK) before tax. Synklino's research and development efforts require significant investments. Synklino is thus dependent on its ability to raise capital in the future to finance its planned activities. Any delays in clinical trials or product development could negatively affect the cash flow. There is a risk that the company will be unable to raise additional capital or other financing. This may lead to a temporary halt or otherwise have impact on the clinical development activities or result in Synklino operating at a slower rate than desired, which may affect the company's operations.

Manufacturing of the drug product

Synklino is undertaking manufacturing of the drug product SYN002, including process, analytical and formulation development in close collaboration with the contract development and manufacturing organization Northway Biotech. Manufacturing of a biopharmaceutical drug product is associated with risks of delay and/or increase in costs or even failure to manufacture the product.

Pre-clinical development

Synklino is conducting regulatory pre-clinical development activities as a preparation for entering into clinical trials subsequently. Pre-clinical activities and the associated dosing and safety data are associated with risks of delay and/or increase in costs or even failure to meet planned targets.

IT security

Synklino is a data-driven business depending on secure IT systems. Disruption or compromise of IT security due to cyberattacks and cyber fraud could affect all parts of Synklino's operations. Failure to adequately protect the IT infrastructure and key systems against the risk of security incidents could potentially impact critical business processes. Synklino is in process of strengthening cyber security measures on all platforms through a managed service provider.

Key individuals and employees

Synklino is a young organization with limited human resources. The success of Synklino depends on the ability to attract and retain qualified staff or key employees both nationally and internationally. Failure to do so could have a material adverse effect on our business processes. Synklino is building a stronger organization with more overlapping competencies. We also strive for a good working environment and employment conditions that reflects market conditions.

Registration and licensing

Synklino has not yet received approval for any product candidate for commercial sale and, as a result, the Company has not yet generated

any revenue. In order to be able to market and sell pharmaceutical drugs, authorization must be obtained, and registration take place at the appropriate agency in their respective markets, such as the Food and Drug Administration (FDA) in the U.S. and the European Medicines Agency (EMA) in Europe. In the event Synklino, directly or via collaborative partners, fails to obtain or maintain the requisite permits, approvals and registrations from the governmental authorities, there is a risk that the Company's ability to generate revenue will be inhibited. There is also a risk that applicable rules and regulations, and the interpretation of applicable rules and regulations, may change and these changes may be material. There is a risk that this will affect the Company's prerequisites for meeting regulatory requirements.

Patents and other intellectual property rights

Synklino has applied for patents on the drug candidate SYN002 in Europe, USA, Canada and a number of other countries. Since patents and intellectual property rights have a limited service life, there is a risk, that the existing and/or future patent portfolio and other intellectual property rights held by the Company will not provide adequate commercial protection.

Third parties could also challenge the validity of key patents for Synklino. Any invalidation of key patents would be detrimental to Synklino's ability to develop and commercialize SYN002.

In order to develop and commercialize SYN002, Synklino may have to in-license further patents and intellectual property rights from third parties. Any license would come at a cost for Synklino and could negatively impact the business case for SYN002.

Additional financial risks

Please see note 14 for additional financial risks.

Financial review

(Numbers in brackets represent the corresponding reporting period last year)

Income statement
The Company recognized operating expenses of DKK 11.7 million (DKK 9.5 million) for the full year 2021. Operating expenses comprise staff costs of DKK 5.0 million (DKK 4.3 million) and other external expenses, primarily covering research and preclinical development costs, of DKK 6.7 million (DKK 5.2 million). The cost increase was due to the progression in preclinical activities and new hires.

The operating loss (EBIT) for the full year 2021 was DKK 11.7 million (DKK 9.5 million). Net financial items amounted to DKK -1.0 million (DKK -2.6 million), deriving mainly from a convertible loan arrangement.

The company recognized a tax credit for 2021 of DKK 1.9 million (DKK 1.4 million). The tax credit has a positive effect on liquidity in 2022 in accordance with the R&D tax incentive, adopted by the Danish Parliament.

The net loss for the full year 2021 was DKK 10.8 million (DKK 10.6 million), which is in line with the company's plans and expectations.

Cash flow
Operating cash flow for the full year 2021 was an outflow of DKK 12.5 million (outflow of DKK 7.0 million). Total net cash flow for the full year 2021 was an inflow of DKK 87.8 million (inflow of DKK 10.8 million).

In 2021, the operational cash flow is explained by the loss for the year. The total cash flow is further explained by an inflow from finance activities through the issue of shares of DKK 100.4 million.

In 2020, the operation cash flow is explained by the operation loss. The total cash flow in 2020 is further explained by an inflow from finance activities of DKK 17.8 million through the issue of a loan note of DKK 17.7 million and the issue of shares of DKK 0.1 million.

With the current cash position, Synklino is sufficiently capitalized to fund the planned activities into 2023. The Company is forecasting that additional funding will be needed beyond 2022 to further develop its lead compound SYN002 and move into a clinical stage company.

Financial position
Total assets were DKK 104.7 million (DKK 14.5 million) as of 31 December 2021. Cash and cash equivalents amounted to DKK 100.5 million (DKK 12.7 million). Tax receivables amounted to DKK 1.9 million (DKK 1.4 million) and other receivables and prepayments amounted to DKK 2.4 million (DKK 0.3 million) primarily related to VAT refund.

The equity ratio was 85% (2020: N/A) as of December 31, 2021, and equity was DKK 88.8 million (DKK -12.5 million).

Events after the balance sheet date
Synklino has in March 2022 granted nominally DKK 37.031 warrants to employees and board members. The exercise price for the granted warrants is for the major part DKK 3,78 and for a minor part DKK 1,52 pr. share of nominal DKK 0,01 as stated in the individual grant letters. The cost of the granted warrants, corresponding to the fair value at the exercise date, will be recognized as an employee cost over the vesting period until March 2025.

Besides the above no events have occurred since the balance sheet date, which could materially affect Synklino's financial position.

Management team

Romain Lalandes
PharmD, M.Sc.
Head of Business Development

Joined Synklino in 2021. 10+ years of experience in Business Development & Strategy in private and listed biotech companies. Consultant for several biotech companies and VC firms in Europe.
French nationality.

Carit Jacques Andersen
M.Sc. BA
Chief Financial Officer

Joined Synklino in 2021. 20 years of pharmaceutical and biotech experience as a financial leader with several CFO positions. Experienced taking companies public on the Nordic stock exchanges and managing listed companies.
Danish nationality.

Josefin-Beate Holz
M.D.
Chief Medical Officer

Joined Synklino in 2019. 25+ years of experience in the pharmaceutical industry. Executive managerial positions in international pharmaceutical and biotech companies. Medical advisor to the European Commission.
German nationality.

Jette Wagtberg Sen
Ph.D.
Chief Operating Officer

Joined Synklino in 2019. 15+ years in the life science and biopharmaceutical industry. Highly experienced within development, operations and CMC. Former Senior Director at Symphogen A/S.
Danish nationality.

Thomas N. Kledal
Ph.D., MBA
Chief Executive Officer and co-founder

Co-founded Synklino in 2017. 25+ years in life science and biotech. Previous Head of Virology and Life Science Engineering at DTU, DK, CEO at Inagen, group leader at the National University Hospital and post doc at Stanford University.
Danish nationality.

Board of directors

John Haurum
M.D., D. Phil
Chair of the Board, independent

First elected to the Board in 2019,
Danish nationality

Profile and special competencies
Previously CEO of F-star, VP Research at ImClone Systems (a wholly-owned Eli Lilly subsidiary), CSO and co-founder of Symphogen.

Current positions
Adcendo (C), Agomab (C), CatalYm (C), DJS Antibodies (B), Neophore (B), Storm (B), Synact (B), Warburg Oncology (C).

Morten Schrøder
B.Sc. Business Administration
Board member, independent

First elected to the Board in 2021,
Danish nationality

Profile and special competencies
An experienced investor, business angel and board member in a range of mainly life science and medtech companies.

Current positions
Holdingselskabet J.S.R af 1.11.83 (C), MEQU (C), VICH-M5320 (C), Winther Schrøder Holding ApS (CEO), MS Invest 2013 (CEO).

Thomas Feldthus
M. Sc., MBA, HD(A)
Board member, independent

First elected to the Board in 2021,
Danish nationality

Profile and special competencies
Entrepreneur with extensive strategic financial management experience within the life science industry. Co-founder of Saniona, Scandion Oncology, Initiator Pharma, Symphogen, and Ataxion. Previous roles include CFO of Saniona, CFO of Symphogen and Investment Associate at Novo A/S.

Current positions
Rehaler (C), ResoTher Pharma (B), Scandion Oncoloy (B), Fertilizer Invest (CEO).

Mette Rosenkilde
Ph.D., M.D
Board member and co-founder, independent

First elected to the Board in 2019,
Danish nationality

Profile and special competencies
Molecular and translational pharmacology, co-founder of biotech companies.

Current positions
Bainan Biotech (C), JJ Holst (CEO), MM Rosenkilde (CEO). Professor in Translational Pharmacology, University of Copenhagen.

(C) = Chair of the Board; (B) = Board member; (CEO) = Chief Executive Officer

Board of directors

Magnus Persson
M.D., Ph.D., Associate Professor
Board member, independent

First elected to the Board in 2021,
Swedish nationality

Profile and special competencies
Long history in the pharmaceutical industry, has built investment funds in Sweden and abroad with a focus on medical projects, particularly as Partner at HealthCap in Sweden from inception and later as Managing Partner in San Francisco based The Column Group.

Current positions
Eir ventures Partners AB (C), Eir Ventures I AB (C).

Lene Gerlach
M.Sc., Ph.D.
Board member, independent

First elected to the Board in 2021,
Danish nationality

Profile and special competencies
Specialized in early-stage investments and business development in life science companies. Previous roles include Vice President of Visiopharm, Vice President of Action Pharma, vast knowledge within intellectual property Rights.

Current positions
VentriJect (B), Airofit (B), Octarine Bio (B). Senior Investment Manager in Vækstfonden.

Mads Aage Laustsen

Board member, independent

First elected to the Board in 2018,
Danish nationality

Profile and special competencies
+30 years' experience in biologics development and manufacturing. Co-founder and former CEO of CMC Biologics (now AGC Biologics), former CMO of Symphogen and co-founder of Bactolife.

Current positions
Bactolife (CEO), Mr Bioinvest (CEO), Nanoform Finland Oyj (B).

(C) = Chair of the Board; (B) = Board member; (CEO) = Chief Executive Officer

Financial statements

Income statement

T.DKK	Notes	2021	2020
Employee costs	4,5	(4,953)	(4,260)
Depreciation of property, plant and equipment	9	(14)	(5)
Other external expenses	5	(6,742)	(5,196)
Operating profit/loss		**(11,708)**	**(9,461)**
Financial income	6	0	40
Financial expenses	7	(975)	(2,609)
Profit/loss before tax		**(12,683)**	**(12,030)**
Income tax	8	1,861	1,442
Profit/loss for the year		**(10,822)**	**(10,588)**

Statement of comprehensive income

T.DKK	Notes	2021	2020
Profit/loss for the year		(10,822)	(10,588)
Total comprehensive income for the period		**(10,822)**	**(10,588)**

Balance sheet

Assets

T.DKK	Notes	2021	2020
Property, plant and equipment	9	25	3
Total non-current assets		**25**	**3**
Income tax receivables	8	1,861	1,438
Prepayments		230	7
Other receivables		2,046	304
Cash and cash equivalents		100,539	12,731
Total current assets		**104,675**	**14,479**
Total assets		**104,700**	**14,482**

Liabilities

T.DKK	Notes	2021	2020
Share capital	13	400	59
Reserves		88,443	(12,559)
Total equity		**88,843**	**(12,500)**
Borrowings	11	7,181	7,187
Total non-current liabilities		**7,181**	**7,187**
Borrowings	11	6,127	17,152
Trade payables		1,350	1,402
Deferred tax liabilities	10	0	1
Other payables		1,198	1,241
Total current liabilities		**8,675**	**19,795**
Total liabilities		**15,857**	**26,982**
Total equity and liabilities		**104,700**	**14,482**

Statement of changes in equity

T.DKK	Notes	Share capital	Reserves	Total equity
Equity at 1 January 2020		**54**	**(3,080)**	**(3,026)**
Total comprehensive income		0	(10,588)	(10,588)
Debt conversion	11,13	4	996	1,000
Cash contribution	13	1	114	114
Equity at 31 December 2020		**59**	**(12,559)**	**(12,500)**
Equity at 1 January 2021		**59**	**(12,559)**	**(12,500)**
Total comprehensive income		0	(10,822)	(10,822)
Conversion of B-shares to A-shares		2	0	2
Debt conversion	11,13	22	11,750	11,772
Cash contribution	13	195	106,267	106,462
Cost directly related to cash contribution			(6,071)	(6,071)
Issue of bonus shares		122	(122)	0
Equity at 31 December 2021		**400**	**88,443**	**88,843**

Cash flow statement

T.DKK	Notes	2021	2020
Profit/loss for the year		(10,822)	(10,588)
Changes in net working capital	20	(2,060)	1,676
Adjustments	20	(1,106)	1,096
Income taxes paid/received		1,438	860
Net cash flow from operating activities		**(12,549)**	**(6,956)**
Purchase of property, plant and equipment	9	(36)	0
Net cash flow from investing activities		**(36)**	**0**
Proceeds from borrowings	11	0	17,637
Proceeds from share issues, net	13	100,394	114
Cash flow from financing activities		**100,394**	**17,751**
Net cash flow for the year		**87,808**	**10,795**
Cash and cash equivalents, beginning of the year		12,731	1,936
Cash and cash equivalents at end of the year		**100,539**	**12,731**

Notes

Notes

Note 1 – Accounting policies

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional Danish disclosure requirements applying to entities of reporting class B for small enterprises with optional inclusion of some requirements in class C.

The annual report has been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value.

Foreign currency translation
Functional and presentation currency
Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Company's functional currency is DKK. The presentation currency is also DKK and amounts are presented in thousands DKK (T.DKK), except when otherwise stated.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the income statement.

Employee costs
Employee costs comprise salaries and wages, including holiday pay and pensions and other costs for social security, etc. for the Company's employees.

Other external expenses
Other external expenses consist of cost to consultants, advisors and office related expenses etc.

Reseach and development cost
Research and development expenses include wages and salaries, external research and development expenses, expenses relating to obtaining and maintaining patents etc.

The research and development activities are comprised of clinical-enabling activities for product candidates. In line with industry practice, internal and subcontracted development costs are expensed as they are incurred. Due to significant regulatory uncertainties and other uncertainties inherent in the development of new products, development expenses do not qualify for capitalization as intangible assets until marketing approval by a regulatory authority is obtained or considered highly probable.

Financial income and expenses
Financial income and expenses are recognised in the income statements at the amounts that relate to the financial year. Net financials include interest income and expenses, changes of fair value of embedded derivatives etc.

Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Research and development tax credit related to the tax value of certain research and development expenses are considerd part of income taxes.

Notes

Note 1 – Accounting policies (continued)

Property, plant and equipment
Property, plant and equipment is measured at historical cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciations are calculated using the straight-line method, net of their residual values over their estimated useful lives, as follows:

Other plant, fixtures and equipment 3 - 5 years

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement as other operating income/expenses.

Leases
Leases include office rent and laboratory benches.

Short-term leases are recognised on a straight-line basis as an expense in profit or loss under the line item Other external expenses. Short-term leases are leases with a lease term of 12 months or less. The Company has no leases of low-value assets.

Impairment of non-current assets
Non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Prepayments
Prepayments recognised as an asset comprise prepaid expenses regarding subsequent financial reporting years.

Other receivables
Other receivables consist of VAT etc. and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Cash and cash equivalents
Cash and cash equivalents comprises cash and bank balances.

Equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Premium on issue of shares are recognised as part of reserves.

Borrowings
Loan agreements under which the company does not have an unconditional right to avoid repayment in cash or where the company has an obligation to deliver a variable number of its own equity instruments are classified as financial liabilities. Financial liabilities are initially measured at fair value which is generally equal to the proceeds obtained. Non closely related embedded derivatives are separated from the host liability contract and measured at fair value through the income statement. The difference between the fair value of the financial liability and the initial fair value of the non closely related embedded derivatives is considered the initial carrying amount of the liability host contract. Transaction costs are allocated proportionately between the non closely related embedded derivatives and the host liability. The difference between the initial amount allocated to the liability host contract less transaction costs and the principal is amortised under the effective interest method as part of interest expense over the term of the loan.

Notes

Note 1 – Accounting policies (continued)

The company has loans with the following non closely related embedded derivatives: conversion discount subject to certain events occurring and exit payement depending on either the return obtained by the equity investors or the proceeds raised. See further details in the note for Borrowings.

Fair value of the embedded derivatives is determined based on option pricing models and assessment of the likelihood of an event qualifying for conversion at a discount or an exit taking place.

Other financial liabilities
Other financial liabilities, including trade and other payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortised cost.

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

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, changes in fair value of embedded derivatives etc. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of property, plant and equipment.

Cash flows from financing activities comprise cash flows from the raising and repayment of long term debt as well as payments to and from shareholders.

Adoption of new or amended standards
The Company has adopted standards and interpretations effective as of 1 January 2021. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Synklino has implemented the following amendments and interpretations to existing standards: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: IBOR-reform, phase 2.

The amendments listed above did not have any impact on the amounts recognised in this or prior periods and are not expected to significantly affect future periods.

Note 2 – Significant accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Companys's accounting policies.

The judgements, estimates and the related assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most significant judgements and estimates, including the assumptions, for the individual items are described below.

Significant accounting estimates
Significant accounting estimates are expectations of the future based on assumptions, that to the extent possible are supported by historical trends or reasonable expectations. The assumptions may change to adapt to market conditions and changes in economic factors etc. The Company believes that the estimates are the most likely outcome of future events.

Borrowings
The borrowings issued by the Company comprise certain non closely related embedded derivatives which are measured at fair value. None of the significant inputs applied are observable and consequently represent level 3 measurements in the fair value hierarchy.

The assumptions to which the fair value of the embedded derivatives is most sensitive to is stated in note 11.

Reasonably possible alternative assumptions could have resulted in significantly different fair values.

Significant accounting judgements
Key accounting judgements are made when applying accounting policies. Key accounting judgements are the judgements made by the Company that can have a significant impact on the amounts recognised in the financial statements.

Development costs
As the company is involved in developing a new drug it incur significant research and development costs. There is no definitive starting point for capitalizing such internal development costs. Management must use its judgement, based on the facts and circumstances of each project. The release of a new drug is strictly controlled by legislation and has to pass a number of clinical trials before it can obtain a marketing approval. As the company has not received regulatory authority for final approval of the drug it is management's judgement that the company has not yet finally proved technical feasibility of the product and therefore development costs are not capitalized.

Notes

Note 3 – Primary activities

The activities of Synklino are focused on research and development to develop a treatment against cytomegalovirus (CMV) which is a devastating virus infection that is particularly dangerous to patients in the post-transplant setting. The treatment of CMV represents a significant unmet clinical need given that CMV is associated with increased hospital readmission rates, increased transplantation costs and increased morbidity and mortality. Synklino's first-in-class drug candidate SYN002 specifically targets CMV infection in transplantation and aims to both control and cure CMV. SYN002 is currently in the pre-clinical phase of development.

Note 4 – Employee costs

T.DKK	2021	2020
Wages and salaries	4,802	4,185
Other social security costs	61	13
Other employee cost	90	62
	4,953	**4,260**
Average number of employees	5	4

Key Management Compensation

Key Management consists of the Executive Board and the Board of Directors. The compensation paid or payables to key management for employee services is:

T.DKK	2021	2020
Executive Board		
Wages and salaries	1,321	1,221
Total	1,321	1,221
Board of Directors		
Board fee	251	223
Total	251	223
Total compensation of key management personnel	**1,572**	**1,444**

Note 5 – Research and development cost

T.DKK	2021	2020
Research and development cost recognized under other external expenses and employee cost	8,403	6,659

Notes

Note 6 – Financial income

T.DKK	2021	2020
Foreign exchange rate gains	0	3
Income related to changes in loan conditions	0	37
	0	**40**

Note 7 – Financial expenses

T.DKK	2021	2020
Changes in fair value of embedded derivatives	(1,149)	1,834
Interest on financial liabilities measured at amortised cost	2,100	736
Foreign exchange rate loss	21	0
Other financial expenses	3	39
	975	**2,609**

Note 8 – Tax on profit for the year

T.DKK	2021	2020
Current tax		
Current tax on profits for the year	(1,861)	(1,438)
Deferred tax on profit for the year	(1)	(4)
	(1,861)	**(1,442)**

T.DKK	2021	2020
Calculated 22.0% tax on loss for the year before income tax.	**(2,790)**	**(2,647)**
Tax effects of		
Research and development tax credit	(1,861)	(1,438)
Permarnent differences between tax and accounting purposes	543	(195)
Temporary differences between tax and accounting purposes	41	(4)
Tax losses carried forward, not capitalized	(1,514)	(1,010)
	(2,790)	**(2,647)**
Effective tax rate	**15%**	**12%**

Research and development tax credit relates to the tax value of certain research and development expenses incurred by Synklino A/S that are receivable according to the Danish tax legislation.

The tax loss carry-forward is not recognized as a deferred tax asset as the use of the tax loss carry-forward is highly uncertain.

Notes

Note 9 – Property, plant and equipment

T.DKK	Other fixtures and fittings, tools and equipment	Total
Cost		
At 1 January 2021	**12**	**12**
Additions	36	36
At 31 December 2021	**48**	**48**
Accumulated depreciation		
At 1 January 2021	**9**	**9**
Depreciation for the year	14	14
At 31 December 2021	**23**	**23**
Carrying amount 31 December 2021	**25**	**25**

T.DKK	Other fixtures and fittings, tools and equipment	Total
Cost		
At 1 January 2020	12	12
At 31 December 2020	**12**	**12**
Accumulated depreciation		
At 1 January 2020	**5**	**5**
Depreciation for the year	5	5
At 31 December 2020	**9**	**9**
Carrying amount 31 December 2020	**3**	**3**

Note 10 – Deferred tax

T.DKK	2021	2020
Deferred tax at 1 January	1	5
Deferred tax recognised in the statement of profit or loss	(1)	(4)
Deferred tax at 31 December	**0**	**1**
Deferred tax relates to		
Property, plant and equipment	0	1
Prepayments	0	0
	0	**1**
Of which presented as deferred tax assets	0	0
Of which presented as deferred tax liabilities	0	1

At 31 December 2021, the Company had tax loss carry-forwards in Denmark of T.DKK 12.352k (2020: T.DKK 5,568) for income tax purposes, all of which can be carried forward indifinitely according to the Danish Corporate Income Tax Act. The tax loss carry-forward is not recognized as a deferred tax asset as the use of the tax loss carry-forward is highly uncertain.

Notes

Note 11 – Borrowings

T.DKK	2021	2020
Borrowings 1 January	24,339	5,168
New debt	0	17,637
Interest recognized as financial expense	1,890	736
Effect of changes in loan conditions recognized as financial income	0	(37)
Converted to equity	(11,772)	(1,000)
Fair value adjustment of embedded derivative recognized as financial expense*	(1,149)	1,834
Borrowings at 31 December	**13,309**	**24,339**

* The conversion of loan 1 (cf. below) resultated in a gain on the host contract which have character of a transfer to embedded derivatives and therefore have been netted in fair value ajustment of embedded derivatives.

The calculated value of embedded derivatives included in borrowings amount to T.DKK 7,181 (2020: T. DKK 6,053)

In 2021 loan 1,2 and 3 have been converted to equity, see further details in note 13.

Significant loan terms related to Loan 1

- Tranche I was issued in July 2019 and tranche II was issued in February 2020.
- Maturity 36 months after the issuance of tranche II.
- Interest coupon 5.0 % p.a. accruing over the term of the loan.
- Loan currency DKK.
- Lender conversion option if a capital increase in excess of 2 million EUR (qualified investment) takes place before maturity. The conversion will include the full loan amount, but the lender receives shares corresponding to 1/3 of the loan amount. The conversion price corresponds to the average share price for the investors participating in the qualified investment. The lender will at the same time be entiled to an exit payment of two times (2x) the loan if the shareholders exit proceeds exceeds 50 million EUR and 2/3 of the loan if the shareholders exit proceeds does not exceed 50 million EUR.
- Lender conversion option if a qualified investment does not take place before maturity of the loan. The conversion will include the full loan amount, but the lender receives shares corresponding to 1/3 of the loan amount. The conversion price corresponds to the market price of the company to be determined by the company and the lender. The lender will at the same time be entitled to an exit payment of two times (2x) the loan if the shareholders exit proceeds exceeds 50 million EUR and 2/3 of the loan if the shareholders exit proceeds does not exceed 50 million EUR.
- An exit is defined as one or more events which of Lender is dermined altogether or seperately to entail that materialy all of the value of the Company is realiazed in consideration of cash, herunder and IPO.

Significant loan terms related to Loans 2 and 3

- Issued in September 2020
- Maturity 36 months after the issuance.
- Interest coupon 8.0-10.0 % p.a. accruing over the term of the loans.
- Loan currency DKK.
- Lender conversion option if a capital increase in excess of 20 million DKK (qualified investment) takes place before maturity. The conversion price corresponds to the lower of the average share price for the investors participating in the qualified investment less 20 pct. (conversion price 1) or a value maximum of 56 million DKK divided by the fully diluted share capital before the qualified investment (conversion price 2).
- Lenders conversion option if an exit takes place before maturity. The conversion price will be conversion price 2. As an alternative to conversion if an exit takes place the lender has the right to repayment of 2 times the principal.
- Lender conversion option at maturity date. The conversion price corresponds to the minimum of conversion price 2 and the share price at the latest capital increase of at least 500,000 DKK.

Significant loan terms related to Loan 4

- Issued in December 2020.
- Maturity 1 January 2027 (with quarterly annuity payments starting from 1 January 2024).
- Interest coupon is 5% plus CIBOR p.a. accruing over the term of the loan.
- Loan currency DKK.
- Embedded bonus payment to lender of 6 million DKK if a Founder's or Investor's (the equity investor in connection with the loan agreement) shares in Synklino are sold for a proceeds per share, which is more than four times (4x) as high as the share price in connection with the Investor's original equity investment.

Further the Company in December 2019 borrowed DKK 1 million (Loan 5) which was converted to B shares in February 2020, see note 13 for conversion details.

Notes

Note 11 – Borrowings (continued)

T.DKK	2021	2020
Significant assumptions related to the valuation of the embedded derivatives		
Probability of a qualifying financing event taking place before 30 June 2021 (Loans 2+3)	N/A	60%
Probability of exit proceeds exceeding 50 million EUR (Loan 1)	5%	10%
Share price in DKK (Loans 2+3+4)	3.79	8.98*
Sensitivity to changes in fair value of the embedded derivative		
Increase in probability of a qualifying financing event taking place with 15% points points (Loan 2+3)	N/A	(377)
Increase in probability of exit proceeding exceeds 50 million EUR (Loan 1) with 5 pct. (Loan 1)	528	320
Increase in estimated share price of 10% (Loan 2+3+4)	27	785

* The share price for 2020 has in this note for comparison been adjusted for the change in the nominal price from DKK 1 to nominal DKK 0.01 per share and the share capital increase related to issuance of bonus shares executed in 2021 cf. note 13.

Note 12 – Leases

The Company has leased office desks and laboratory benches for a fixed period of 3 months.

The statement of profit or loss shows the following amounts relating to leases:

T.DKK	2021	2020
Expense relating to short-term leases (included in other operating expenses)	384	290

Total cash outflow for leases is identical with the expense above.

Note 13 – Share capital

	2021		2020	
DKK	Number of shares	Nominal value	Number of shares	Nominal value
The share capital comprises				
A shares	40,000,000	400,000	50,594	50,594
B shares	0	0	8,824	8,824
Share capital (fully paid)	**40,000,000**	**400,000**	**59,418**	**59,418**

Notes

Note 13 – Share capital (continued)

All shares have nominal value of DKK 0.01 (2020: nominal value of DKK 1).

2021: The share capital has been increased with DKK 1.557 as part of conversion of B-shares to A-shares. The share capital has furthermore ben increased through a debt conversion of DKK 21.598 at a share price of DKK 545 coresponding to T.DKK 11.772. Further the share capital has been increased through a cash contribution of DKK 195.353 at a share price of DKK 545 corressponding to T.DKK 106.462. Finaly the share capital has been increase with 122.074 DKK by issue of bonus shares

2020: The B share capital has in 2020 been increased through a debt conversion of DKK 4,412 at a share price of DKK 226.65, corresponding to DKK 1 million. Further the A share capital has been increase through a capital increase of DKK 594 at a share price of 192.65, corresponding to T.DKK 114.

DKK	31 Dec 2021	31 Dec 2020
Changes in share capital		
Opening balance	59,418	54,412
Conversion of B-shares to A-shares	1,557	0
Debt conversion	21,598	4,412
Cash contribution	195,353	594
Issue of bonus shares	122,074	0
Closing balance	**400,000**	**59,418**

Note 14 – Financial risk management

The Company is exposed to a variety of financial risks from its operations.

These risks are monitored through a financial forecast that gives management the forward visibility into cash flow expectations relative to obligations. The company primarily have currency exposures in EUR and borrowings with floating interest rates. The Company has not entered into any derivative financial instruments to hedge its exposure from changes in financial risk or interest rate risk.

There has been no change in the Company's financial risk management policies compared to last year.

Interest rate risk
As the Company's borrowings (loan 4) has a variable interest rate the Company is exposed against changes in interest rates. The risk is however considered insignificant. For further details related to borrowings, see note 11.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a balance sheet exposure will fluctuate because of changes in foreign exchange rates. As the company only has significant exposures in DKK and EUR management consider the risk of changes in foreign currency as insignificant.

Credit risk
Credit risk arises from cash and cash equivalents with banks, as well as credit exposures to customers, including outstanding receivables.

The company has no outstanding trade receivables 31 December 2021.

The most significant counterparty risk is related to deposit with banks. To mitigate this risk, it is the Company's policy only to use banks of high quality. To assess the credit risk of these banks, the company monitors their credit rating made by external credit rating agencies.

Notes

Note 14 – Financial risk management (continued)

Liquidity risk
Management maintains sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management continuously monitors the company's liquidity reserve on the basis of expected cash flows. For further details on the Company's current liquidity position see note 15: Liquidity and capital management.

Market risks related to embedded derivatives are disclosed in note 11: Borrowings.

Maturity analysis.
The tables below illustrates the terms to maturity of financial assets and liabilities disclosed by category

The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments).

T.DKK	Less than 1 year	Between 1 and 3 year	More than 3 years	Total
As at 31 December 2021				
Financial assets at amortised cost				
Cash and cash equivalents	100,539	-	-	100,539
Other receivables	2,046	-	-	2,046
	102,585	**-**	**-**	**102,585**
Financial liabilities at amortised cost*				
Borrowings	13,818	-	-	13,818
Trade payables	1,350	-	-	1,350
Other payables	1,198	-	-	1,198
	16,366	**-**	**-**	**16,366**

T.DKK	Less than 1 year	Between 1 and 3 year	More than 3 years	Total
As at 31 December 2020				
Financial assets at amortised cost				
Cash and cash equivalents	12,731	-	-	12,731
Other receivables	304	-	-	304
	13,034	**-**	**-**	**13,034**
Financial liabilities at amortised cost*				
Borrowings	17,244	7,551	-	24,795
Trade payables	1,402	-	-	1,402
Other payables	1,241	-	-	1,241
	19,886	**7,551**	**-**	**27,438**

* Borrowings include the potential payments related to embedded derivatives. Embedded derivatives related to conversion discounts (Loan's 2+3 cf. note 11) do not have a cash outflow and are therefore not included in the maturity profile.

Measurement and fair value hierarchy
The fair value of borrowings approximates the carrying amount as there has been no significant changes in interest rates or credit spreads. Due to the short term nature of the Company's other financial instruments, the fair value approximates the carrying amount.

Notes

Note 15 – Liquidity and capital management

The Company is up to the present financed through a combination of equity and debt with embedded derivatives related to exit payment depending on either the return obtained by the equity investors or the proceeds raised.

Predominantly based on the capital increase performed in November 2021, the Company is sufficiently capitalized to fund the planned activities into 2023.

The Company is forecasting that additional funding will be needed beyond 2022 to further develop its lead compound SYN002 and move into a clinical stage company. Future financing might come from listing the Company, new venture or non-venture capital investors, existing investors, business development such as licensing or a combination of the various funding sources.

Note 16 – Commitments and contingent liabilities

Contingent liabilities
None

Commitments
The Company has one lease contract. The future lease payments for the non-cancellable lease period are DKK 58k.

Note 17 – Fee to auditors appointed at the general meeting

T.DKK	2021	2020
Statutory audit	63	63
Other assurance services	109	0
Other services	196	133
	368	**195**

The fee for other service performed by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab comprises accounting and other advisory services.

Note 18 – Related parties

The Company does not have any shareholders with a controlling interest.

Transactions with board and key management personnel
Information about the board and management's remuneration has been disclosed in note 4.

2021: In 2021 members of the Board of directors (and their related parties) subscriped 1.771.297 shares at an average price of DKK 5,45 corresponing to a total purchase price of T.DKK 9.654 as part of the capital contribution cf. note 13 and the Executive board purchased subsequently 13.205 shares at an average price of DKK 3,79 corresponing to a total purchase price of T.DKK 50.

2020: The Chairman of the Board was part of an capital increase of DKK 594 at a share price of DKK 192.65, corresponding to T.DKK 114 through his fully owned company JSH BioTech ApS.

DKK	2021	2020
Executive board, number of shares in the Company	2,878,462	20,000
Board of directors, number of shares in the Company	6,670,689	25,889

The following transactions were carried through with related parties:

T.DKK	2021	2020
Transactions with shareholders		
Salary (non board or key management)	860	870
Conversion of loans to equity*	0	1,000

* Please see share capital note for further details of the capital increase related to the conversion of debt in 2020. The ultimate owner of the shareholder is a member of the board.

Notes

Note 19 – Events after the balance sheet date

Synklino has in March 2022 granted nominally DKK 37.031 warrants to employees and board members. The exercise price for the granted warrants is for the major part DKK 3,78 and for a minor part DKK 1,52 pr. share of nominal DKK 0,01 as stated in the individual grant letters. The cost of the granted warrants, corresponding to the fair value at the exercise date, will be recognized as an employee cost over the vesting period until March 2025.

Besides the above no significant events have occurred between the reporting date and the publication of this annual report, which have not already been included and adequately disclosed in the annual report, and which materially affect the assessment of the Company's results of operations or financial position.

Note 20 – Cash flow specifications

T.DKK	2021	2020
Changes to net working capital		
Decrease/(increase) in other receivables	(1,743)	(127)
Decrease/(increase) in prepayments	(223)	33
(Decrease)/increase in trade payables	(51)	807
(Decrease)/increase in other liabilities	(43)	963
	(2,060)	**1,676**

T.DKK	2021	2020
Adjustments		
Income tax	(1,861)	(1,442)
Depreciations of tangible assets and right-of-use assets	14	5
Changes in fair value of embedded derivatives	(1,149)	1,834
Interest on financial liabilities measured at amortised cost	1,890	736
Income related to changes in loan conditions	0	(37)
	(1,106)	**1,096**

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Synklino A/S for the financial year 1 January – 31 December 2021.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2021.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Charlottenlund, 20 April 2022

Executive Board

Thomas Nitschke Kledal

Board of Directors

John Sørensen Haurum (chair)

Mette Marie Rosenkilde

Mads Aage Laustsen

Morten Schrøder

Lene Gerlach

Gunnar Magnus Severus Modée Persson

Thomas Feldthus

Independent auditor's report

To the Shareholders of Synklino A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements for the financial year 1 January - 31 December 2021, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Statement on Management's Review
Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual-

ly 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 the 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 controls 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen 20 April 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Gert Fisker Tomczyk
State Authorised Public Accountant
mne9777

André Nielsen
State Authorised Public Accountant
mne46624

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Financial year
1 January - 31 December

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Design and production: Noted