Annual report 2024

Cinclus Pharma Holding AB (publ)

We summarize a year of intensive preparations for upcoming Phase III studies

The company's listing is completed, and we summarize a year of intensive preparations for upcoming Phase III studies. Positive signals from the US and China strengthen the position of our drug candidate.

Cinclus Pharma

" We have taken strategically important steps during the year as a company and with our clinical development. Now, we are ready to enter a new development Phase."

Christer Ahlberg, CEO Cinclus Pharma

Q1-Q2

- The Annual General Meeting (AGM) took place on April 8, 2024. All Board members were re-elected.
- A new qualified stock option program was approved at the AGM. A total of 51,737 qualified stock options have been granted to the CEO, other management and specialists on April 9, 2024, see note 7.
- Two of the company's Phase I studies (BA and PK/PD) were completed during the period. The PK/PD study has been submitted for a presentation at UEGW, a scientific congress within the gastroenterology area.
- Two of the company's pre-clinical studies (photo- and combi-toxicological studies) were also completed during the period with good results.
- During the period, the company received further national approvals for the formulation patent in Hong Kong and Mexico.
- At the extraordinary general meeting on June 3, 2024, a new employee stock option program was approved, conditional upon Cinclus Pharma's ordinary shares being admitted to trading on Nasdaq Stockholm. An employee stock option program for the CEO and one of Cinclus Pharma's scientific advisors for a total of 290,000 employee stock options was decided. Furthermore, a performance share program for employees of Cinclus Pharma was decided. The programs will be allocated and expensed starting in the third quarter, see note 7.
- At the extraordinary general meeting on June 3, 2024, a new Articles of Association were adopted, according to which the Company can also issue C shares, as part of the implementation of the Company's long-term incentive program. No C shares have yet been issued.
- On June 20, Cinclus Pharma Holding AB (publ)'s share, short name CINPHA, was listed on Nasdaq Stockholm. The company received 17,023,810 new ordinary shares and SEK 715 million before costs of SEK 60 million. In connection with the listing, the shareholder loan that the company took out in June 2023 was also converted into 3,286,939 new ordinary shares.

Q3

- During July 1, 11 and 19, stabilization purchases of Cinclus Pharma's share were made in accordance with the mandate of over-allotment option granted to Carnegie Investment Bank AB. On July 19, it was announced that the over-allotment option had not been exercised.
- On July 29, Cinclus Pharma announced that Swiss-based global company PSI CRO will serve as the clinical research organization (CRO) for the Phase III program of the Company's lead drug candidate, linaprazan glurate, for the treatment of eGERD.
- Cinclus Pharma announced on September 24 that the results of a Phase I study of the acid suppression effect of Cinclus Pharma's PCAB linaprazan glurate will be presented at the leading congress United European Gastroenterology Week (UEG) October 12 - 15, 2024.
- On September 30, the company announced that the manufacturing of the Investigational Medicinal Product (IMP), to be used for the company's upcoming Phase III study of linaprazan glurate for eGERD, has been successfully completed. Thus, the company is following its time plan for recruiting the first patient in 2025.

Q4

- On October 12, linaprazan glurate was presented at UEGW, United European Gastroenterology Week.
- On October 29, Cinclus Pharma announced that the company had reached agreement with the European Medicines Agency's (EMA) Paediatric Committee (PDCO) on the company's paediatric investigation plan (PIP).
- On November 22, Cinclus Pharma announced that the company had reached an agreement with the US Food and Drug Administration (FDA) regarding the company's pediatric study plan (iPSP).
- On November 28, Cinclus Pharma announced that the company's board of directors has decided to carry out a new share issue and immediately repurchase 854,430 C shares. The shares are being issued and repurchased in accordance with the long-term incentive programs, PSP 2024/2027 and ESOP 2024/2027, which were adopted by the extraordinary general meeting on June 3, 2024.
- On December 4, the company announced that its leading drug candidate, linaprazan glurate, has received its first marketing approval for the treatment of gastroesophageal reflux disease (GERD). The approval by the National Medical Products Administration (NMPA) paves the way for commercialization in China in 2025.

Significant events after the end of the year

- No significant events have occurred after the end *of the period.

Key figures for the group

The Group's figures in brief	2024	2023
Net sales, TSEK	4,580	5,959
Operating profit (EBIT), TSEK	–169,639	–200,976
Profit for the year, TSEK	–168,031	–215,118
Operating costs, TSEK	–173,511	–206,240
R&D costs/operational costs %	79%	81%
Cash flow from operating activities, TSEK	–178,367	–209,186
Cash and cash equivalents at year-end, TSEK	566,716	87,972
Cash Liquidity %	1320%	57%
Equity, TSEK	555,330	–76,800
Equity ratio %	92%	–81%
Average number of full-time employees during the year	13	13
Average number of ordinary shares before dilution	37,048,341	26,227,040
Average number of ordinary shares after dilution	37,060,299	26,227,040
Number of ordinary shares at the end of the year before dilution	46,537,789	26,227,040
Number of ordinary shares at the end of the year after dilution	46,561,439	26,227,040
Earnings per ordinary share for the year before dilution [1], SEK	–4.54	–8.20
Earnings per ordinary share for the year after dilution [1], SEK	–4.54	–8.20

1) Earnings per share for the year before and after dilution are defined in IFRS. The other key performance measures in the above table are alternative performance measures and thus not defined in IFRS, see further section for definitions and reconciliation of key performance measures and alternative performance measures later in this report.

OUR JOURNEY

Milestones

2024
- FDA agreement on initial pediatric study plan
- Marketing approval in China
- PSI appointed CRO for Phase III
- Listing on Nasdaq Stockholm

2025
- Planad start of Phase III

2023
- End of Phase II-meeting, go ahead from FDA

2022
- Phase II successfully completed

2021
- Phase II Initiated

2019
- IND Investigation New Drug process start

2018
- Phase I Completed

2017
- Phase I start

2014
- Cinclus Pharma is founded
- Preclinical studies start

2010
- Rights to Linaprazan and prodrugs (linaprazan glurate) is acquired from AstraZeneca by the founders of Cinclus

Improving the quality of life for people suffering from GERD

By developing linaprazan glurate into an effective medicine, Cinclus Pharma can make a difference in the everyday lives of many people suffering from GERD. Every successful treatment of GERD also has a positive impact on the lives of the patients' family, friends and colleagues.

Vision & Mission

Our vision is to improve the quality of life for people around the world living with acid-related diseases.

Our mission is to introduce new products that will change the standard of care, improve health outcomes, and improve the quality of life for patients with acid-related diseases.
Supported by our superior PCAB linaprazan glurate, we aim to drive a paradigm shift in the treatment of acid-related diseases.

Strategy

The company's strategy to achieve this paradigm shift is briefly based on the following:
1. Document linaprazan glurate in a Phase III program and differentiate the product against PPIs and other PCABs.
2. Acquire strong commercial partners and build up the own organization.
3. Obtain marketing approval in the USA and Europe and the rest of the world primarily for eGERD but also other indications such as *H. pylori*.
The company's strategic ambition is to become the market leader.

Commercialization

The focus for the initial launch will be on commercialization in the US and Europe. This may be through partnerships, an in-house sales organization, or a combination of both. In order to identify potential synergies or other benefits, other major pharmaceutical markets will also be evaluated. In the long term, Cinclus Pharma aims to build a pharmaceutical company specialized in gastroenterology.

CEO STATEMENT

Linaprazan glurate approved in China for the treatment of GERD

The trend is clear. In many of the countries and regions where first-generation PCABs are launched, these are gradually taking over the market from the old proton pump inhibitors (PPIs). Our ambition is to develop a unique, next-generation PCAB that meets the medical need and provides the conditions to do exactly what AstraZeneca did when they launched the next-generation PPI, Nexium, twelve years after the introduction of Losec, i.e. to take over the market.

The approval of linaprazan glurate in China is the product's first marketing authorization and a very important milestone and step in this work. The approval also reduces the development risk as it shows that the substance has good potential to be approved in other regions as well.

The fourth quarter of 2024 concluded an intense year for Cinclus Pharma. One of the highlights was the marketing authorization that linaprazan glurate received in December 2024 for the treatment of GERD in China. It is linaprazan glurate's first marketing authorization and therefore a very important milestone that reduces the development risk as it shows that the substance has good potential to be approved in other regions as well. The approval came after a successful Phase III trial in 380 patients conducted by our partner Sinorda Biomedicine (Sinorda) in China. The study shows that linaprazan glurate is safe and effective. The good efficacy and safety data are solid and give confidence in success in our upcoming Phase III study.

The healing results of the Chinese study were also very good. Although Asian study data often show higher healing rates than Western study data with small differences between PPIs and PCABs, we are encouraged that the Chinese study indicates that there are possibilities that our Phase III studies will be able to show even

higher efficacy and greater differences compared to PPIs. The reason is partly that the daily dose in the Chinese Phase III study was 50 mg and we intend to use 100 mg and partly because we will use an improved formulation. By optimizing the dose and formulation, acid control is further improved. Furthermore, our Phase III study will have a higher proportion of "more difficult" patients, i.e. C and D patients compared with the Chinese study. Our hypothesis is that this will provide a greater differentiation and show the need for a more potent treatment for precisely these patients, who have a great medical need.

The Chinese market approval means that discussions about pricing and reimbursement now begin. This is a lengthy process that typically takes approximately one year, and we therefore do not expect to receive any revenue related to sales milestones or royalties until 2026. Under the license agreement, Cinclus Pharma is entitled to a low double-digit percentage of milestone payments that Sinorda receives from its Chinese commercialization partner SPH Sine Pharmaceuticals*. These milestones cover achieved development goals, regulatory initiatives and sales levels. Cinclus Pharma is also entitled to a low single-digit percentage of ongoing net sales of linaprazan glurate in Sinorda's territory.

During the year, we have made a lot of preparations to be able to start our Phase III program within eGERD. First of all, we have raised capital to strengthen the conditions for carrying out the first Phase III study. We have also worked with an updated formulation and, through our partner Lonza, manufactured the study drug to be used in the study. A large part of the work during the year has also been to collect and document all the necessary data to be able to start the Phase III program, including new Phase I studies.

In the preparations to be able to start the Phase III program, we have also documented completed preclinical studies and worked with ongoing preclinical studies. After the summer, we started all preparations with our contract research organization (CRO), the global Switzerland-based company PSI CRO, which will conduct the Phase III study. We have completed the selection of approximately 100 clinics that will be included in the study and we are now working on verifying, quality assurance and signing agreements with them. The dialogue with the authorities regarding regulatory issues and final study start approval is ongoing and will be intensified now during the winter and spring. Among other things, we have received approval for our pediatric plan from both the FDA and the EMA, which are important regulatory milestones.

In summary, progress in China and the positive preparations for Phase III make us very positive about the future. We are so convinced of the merits of linaprazan glurate that we intend to demonstrate superiority in our Phase III study. This means that we will try to show that linaprazan glurate is more effective than PPIs according to several study measures. We would not have been able to do this if linaprazan glurate had not shown such strong data. It also constitutes an important market adaptation which, if successful, would make linaprazan glurate unique on the market.

During the quarter, we had an advisory meeting with the FDA regarding the preparations for the start of the first Phase III study. We agreed on which final study reports we still have to deliver before the study can start. We expect to be able to deliver these during the second quarter 2025 and thus be able to start patient recruitment during the third quarter 2025. We estimate to receive top line results during 2026.

I look forward to getting back to you.

Christer Ahlberg, CEO and President

* SPH Sine Pharmaceutical is a Shanghai Pharmaceuticals company and one of China's leading listed pharmaceutical and healthcare companies.

Description of operations

Cinclus Pharma is developing the drug candidate linaprazan glurate primarily for the treatment of erosive gastroesophageal reflux disease (eGERD). Linaprazan glurate represents a new class of drugs, Potassium Competitive Acid Blocker (PCAB), which has the potential to replace the current standard treatment, which is proton pump inhibitors (PPIs).

A first generation of PCABs has been registered in e.g. Japan since 2015 and the US since the end of 2023. Linaprazan glurate is the next generation of PCABs and is expected to have better acid suppression over the whole day than PPIs and first generation PCABs. Twenty-four hour acid control is necessary to heal esophageal ulcers in the most severely ill eGERD patients. These are the patients with the greatest unmet medical need and are the primary target population for Cinclus Pharma.

Linaprazan glurate is a 'prodrug' of linaprazan that was initially developed by AstraZeneca before the founders of Cinclus Pharma were given the opportunity to take over the development. Several members of Cinclus Pharma's management team worked on the development and commercialization of Losec and Nexium (PPIs) and the development of linaprazan and linaprazan glurate within the AstraZeneca Group. Following the acquisition from AstraZeneca, Cinclus Pharma has since successfully completed several Phase I clinical trials and a Phase II clinical trial of linaprazan glurate as well as several pre-clinical studies. The company is currently working on preparations for patient inclusion in the Phase III program for eGERD.

The company was founded in 2014 when the development and global rights to linaprazan glurate were acquired from AstraZeneca free of charge and without financial obligations.

Cinclus Pharma Holding AB (publ) is the parent company of the Cinclus Pharma Group. The parent company has one subsidiary in Sweden and one in Switzerland and together they form the Group. The head office is based in Stockholm, Sweden. In June 2024, the company's share was listed on Nasdaq Stockholm under the ticker CINPHA.

PCAB

Next generation

Excellent acid control with next generation PCAB.

> 3 000

Exposure

More than 3,000 people have been exposed to linaprazan glurate or linaprazan in clinical trials.

Marketing

Linaprazan glurate has received approval for marketing in China.

Competent team

Competent team with experience in the development and commercialization of drugs for gastric acid-related diseases.

19 miljoner

Primary target group

19 million people with severe eGERD could be helped by linaprazan glurate.

Pediatric study plan

Approval of pediatric study plan from FDA and EMA.

WORDS FROM THE FOUNDERS

We develop the future GERD treatment which has roots in AstraZeneca

Cinclus Pharma, founded by a team of experts with deep roots in the pharmaceutical industry, is on a mission to bring an effective GERD treatment, linaprazan glurate, to the market. Building on groundbreaking work done at AstraZeneca.

The story of Cinclus Pharma began with a molecule called linaprazan glurate, a prodrug of AstraZeneca's molecule linaprazan, a PCAB with the aim of taking over after Nexium. Linaprazan gave good clinical results, but the acid-blocking effect was too short-lived and the project was closed. AstraZeneca then developed a prodrug of linaprazan, linaprazan glurate, which gave a longer effect. AstraZeneca's strategic decision to close down the entire gastrointestinal business was however firm and Cinclus' founders were able to unconditionally negotiate out linaprazan glurate.

However, Kjell Andersson, former preclinical project manager, and Mikael Dahlström, the chemist behind linaprazan, saw the potential in the drug. Mikael contacted Kjell before his retirement with a desire to ensure that research into acid secretion would not be lost. Together they secured the rights to linaprazan and linaprazan glurate and contacted Peter Unge, a prominent gastroenterologist, to further develop the substance.

Lennart Hansson was brought in and the idea of creating a company emerged. Cinclus Pharma was founded in 2014. Preclinical studies of linaprazan glurate started in the same year, with Phase I studies ending in 2018 with excellent results.

Lennart Hansson, Chairman of the Board, reflects on the journey: "The potential we see in linaprazan glurate today is enormous. Without our team's commitment and belief in the project, this innovation may never have seen the light of day. We are very enthusiastic about being on the path to improving the treatment of GERD for millions of patients worldwide.

Peter Unge, who has extensive experience working with patients diagnosed with GERD, sees a great future for the drug: "GERD affects the quality of life for many people. Symptoms such as poor sleep and discomfort are common, and there is a great need for more effective treatments. We are confident that linaprazan glurate can mean higher efficacy rates and better quality of life for patients."

> *"Without our team's commitment and belief in the project, this innovation might never have seen the light of day."*

Cinclus Pharma's progress reinforces the founders' belief that linaprazan glurate will revolutionize the treatment of GERD. From the early days at AstraZeneca to today's successes, the team's commitment and belief in the project have been crucial. "There is a long way to go, but we have come a long way," concludes Kjell Andersson.

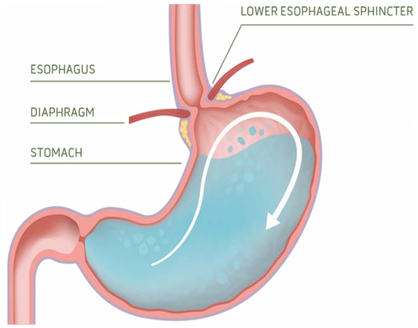
GERD

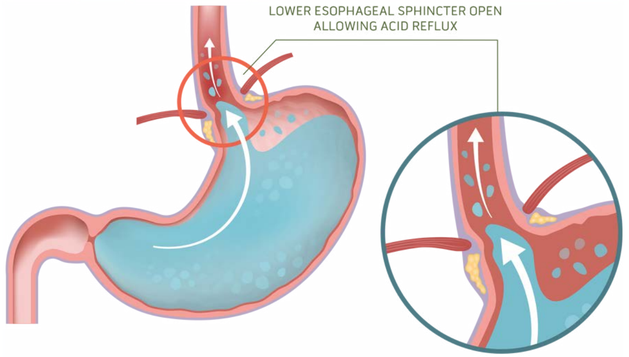
Cinclus Pharma's indication area is gastroesophageal reflux disease (GERD). GERD is divided into two main groups, symptomatic GERD (sGERD) and erosive GERD (eGERD). GERD is a disease of the gastrointestinal tract involving the lower esophageal sphincter (LES), also called the upper stomach, an area that includes the muscular ring between the esophagus and the stomach.

If the esophageal sphincter is not working properly, it can cause a backward flow of stomach contents into the esophagus. This can lead to erosions, acid reflux and heartburn, and is known as erosive gastroesophageal reflux disease (eGERD).

Approximately 130 million people of the adult population in the US and Europe suffer from reflux disease*. The global market for the treatment of patients with GERD is dominated by the proton pump inhibitor (PPI) class of drugs. On average, about 10% of patients with mild eGERD (Grade A or B on the LA scale), over 30% with moderate eGERD (Grade C) and over 50% with severe eGERD (Grade D) remain untreated after eight weeks of treatment with PPIs. Almost 50% of GERD patients experience nocturnal symptoms resulting in poorer quality of life. In other words, there is a great medical need for other treatment options.

Despite frequent non-approved off-label prescribing of high doses of PPIs several times a day, many patients still suffer from poor symptom control and unhealed esophageal ulcers, which also indicates a clear need for better medicines to treat GERD. This is also confirmed by market research with both specialist and primary care physicians commissioned by Cinclus Pharma in Europe and the US.





ACID REFLUX

* Source: Apex Market Report 2022-2023

INTERVIEW

A Doctor's perspective on linaprazan glurate's unique potential

Dr. Prateek Sharma, Medical Advisor and expert in gastrointestinal diseases and cancer, shares his insights on its safety and potential usage areas.

Dr. Sharma is a world-renowned physician, teacher, and educator heavily engaged in clinical research activities who has been at the forefront of improving the diagnosis and management of gastrointestinal diseases and cancer, specifically in advanced imaging and endoscopic treatments. He is the President of the Fellow of the American Society for Gastrointestinal Endoscopy.

"The ability of linaprazan glurate to effectively suppress gastric acidity is extraordinary. I want to highlight its clinically important role in the healing of open wounds like erosive esophagitis, which remains sub-optimally treated with current standard therapies (below 50% healing rates in severe cases with PPIs). Linaprazan glurate has a rapid onset of action and demonstrates up to 24-hour maintenance of pH above 4, which is a far longer duration than comparable PCABs (and PPI's). This efficacy, according to Dr. Sharma is likely to improve patient outcomes and support the healthcare system by streamlining treatment strategies.

PCABs like linaprazan glurate have been used clinically in Japan and other parts of Asia for over five years without significant side effects. Short-term data on linaprazan glurate indicate a strong safety profile, making it suitable for acute therapy and healing for all stages of erosive GERD, including severe cases.

Professor Sharma also sees more potential areas of use: "Linaprazan glurate could also serve as a diagnostic tool for reflux disease. By quickly suppressing acid, it offers a trial-based approach to differentiate acid-related symptoms from other causes. This strategy reduces the need for extensive endoscopic monitoring, streamlining diagnosis and improving patient care." He mentions another area: the treatment of *Helicobacter pylori* infections.

"In combination treatment, acid suppression is key to increasing the effect of antibiotics. The use of linaprazan glurate could enhance eradication rates compared to current therapies. As antibiotic resistance continues to rise, the increased efficacy of linaprazan glurate in this context could significantly improve treatment outcomes." Prateek concludes.

Expert comments on linaprazan glurate

"The acid control race is now concluded, based on the extreme acid control provided by linaprazan glurate. This opens up for maximum healing rates and optimized eradication therapies."

Prof. Dr. Thomas Knittel

"The conditions are favorable, and the data we have so far suggest that the efficacy of linaprazan glurate is very good, not least for stages/grades of GERD where the existing drugs are sub-optimal. I believe that we can reach an approval. We want to be able to help many people in the future."

Peter Unge,
Senior Advisor and founder

"Phase II study results showed faster, superior healing for erosive GERD with linaprazan glurate compared to PPIs. In Phase III, the objective is to validate these effects across 500 patients, aiming to confirm its efficacy in severe cases and establish a new standard in GERD treatment."

Kajsa Larsson, CMO

Trill Impact is an Impact House managing over €1 billion with a focus on investments that combine commercial potential with societal benefit. As one of the main shareholders of Cinclus Pharma, alongside AP4 and Linc, Trill Impact is committed to supporting the team in bringing their innovative treatment to patients worldwide.

INTERVIEW

Nina Rawal, Trill Impact Ventures, on the investment in Cinclus Pharma

Trill Impact Ventures views Cinclus Pharma as a strong Life Science candidate with the potential to address unmet medical needs in GERD and *H. pylori*. Nina Rawal, Co-Head of Ventures and a board member at Cinclus Pharma, contributes her biomedical expertise and financing experience.

"Trill Impact focuses on commercial investments that promote the UN's global goals for sustainable development. The venture strategy within Trill Impact, which Nina leads, focuses on life science and green transition. Cinclus Pharma's drug candidate, linaprazan glurate, has the potential to significantly improve treatment of GERD and *Heliobacter pylori (H. pylori)*. WHO lists *H. pylori* as a major threat to global health, and combination therapies involving linaprazan glurate could reduce antibiotic use for *H. pylori*. The opportunity to treat two major public diseases further strengthens our excitement about company."

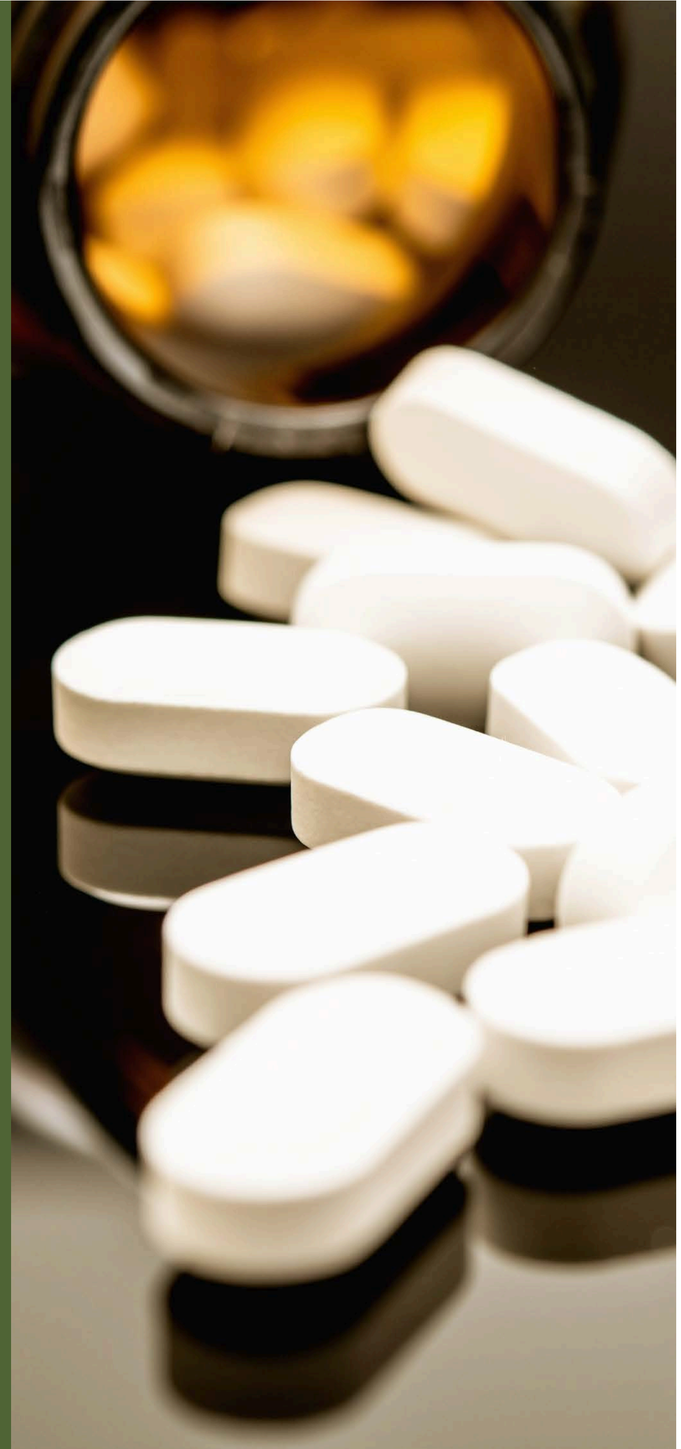
Nina highlights the importance of expanding access to treatments globally and addressing the gap for underserved patient groups. Finding ways to tap into the 6 billion patients across middle income countries, is a business opportunity.

"An important part of our contribution is to support Cinclus in closing the access gap for underserved patient categories."

Trill Impact further supports Cinclus in making strategic decisions to achieve drug registration and create long-term value.

"The Cinclus team brings a unique advantage, having spearheaded the development and launch of earlier acid control drugs while at AstraZeneca, a former leader in the GI therapeutic area. This deep-rooted experience is invaluable as Cinclus continues its own journey towards commercialization.
We believe Cinclus has significant potential to impact the treatment of eGERD and *H. Pylori*, and we look forward to continuing this exciting journey together."

> *"We believe Cinclus has significant potential to impact the treatment of widespread diseases, and we look forward to continuing this exciting journey together."*



Regulatory and commercial strategy

Linaprazan glurate is being developed for the treatment of severe erosive gastroesophageal reflux disease (eGERD grade C/D) and has the potential to heal esophagitis, i.e. damage to the esophagus and relieve GERD symptoms more effectively than current pharmaceutical treatments such as PPIs and first generation PCABs.

The results of Cinclus Pharma's market research show that there is a significant unmet medical need for this type of acid-related diseases. Data from Japanese pharmaceutical company Takeda's successful launch of the first PCAB drug vonoprazan known as Takecab, in Japan, and the approval of the same substance in the US under the brand name Voquezna by Phatom Pharmaceuticals confirm the commercial potential of PCABs. Takecab has been the market leader in Japan for a couple of years and became Japan's largest drug in sales figures in the fourth quarter of 2021*. PCABs have also been successfully launched in South Korea, other Asian markets and South America. Compared with vonoprazan and other PCABs, linaprazan glurate has the potential to provide faster and better acid control over the 24 hours.

PCAB is the new treatment regimen that has the potential to replace PPIs. Cinclus Pharma's goal is for linaprazan glurate to become best-in-class and bring about a paradigm shift in the treatment of acid-related stomach diseases. The next step is to document the product in a Phase III program, which is intended to lay the foundation for a clear market position reinforced by commercial partnerships and a build-up of the in-house development organization.

Cinclus Pharma's primary goal for linaprazan glurate is to obtain marketing authorization for the indication eGERD. The focus will be on patients with severe eGERD. In addition to eGERD, Cinclus Pharma will also work towards a market authorization for the treatment of *H. pylori* infection.

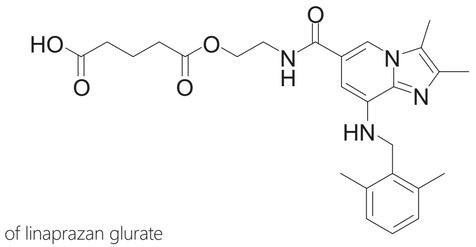
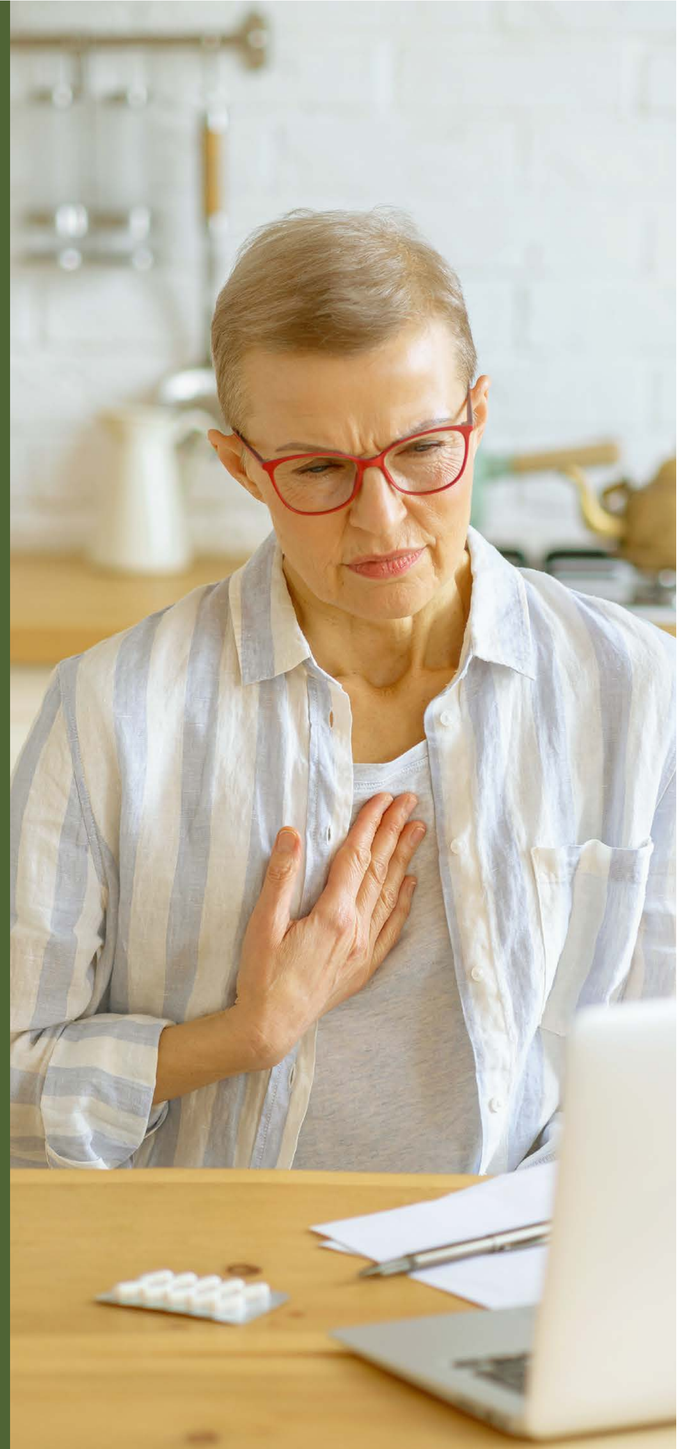
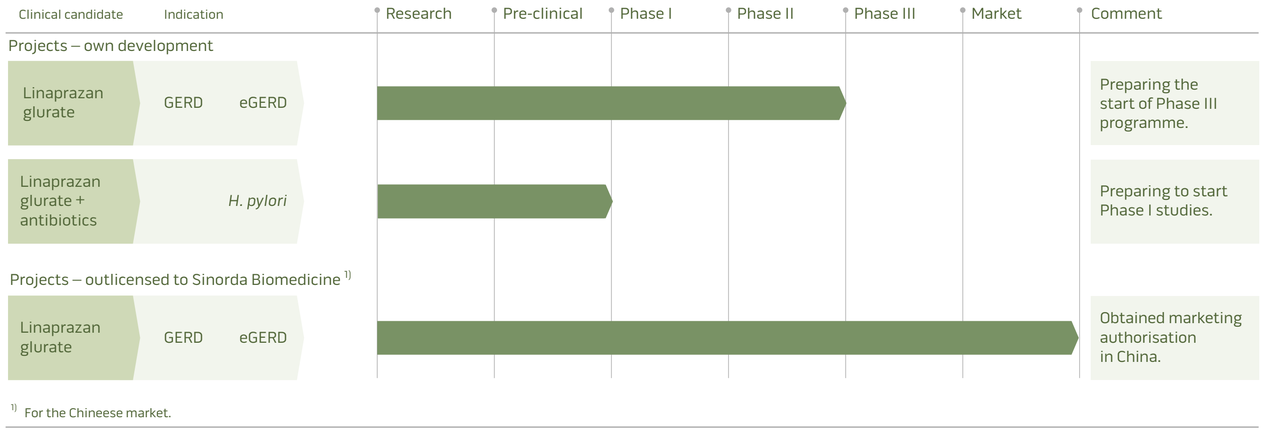


Image of linaprazan glurate constituents of the molecule.

* Source: IMS Health market data



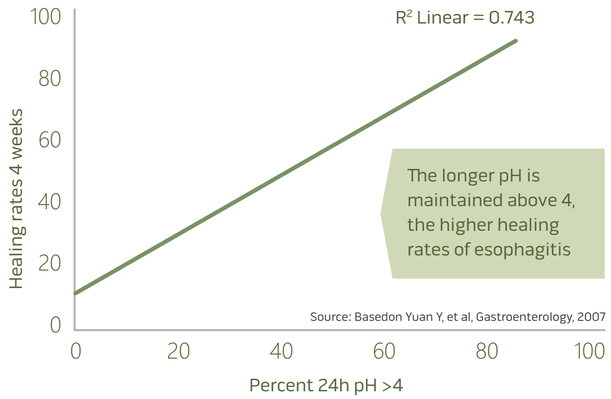
Product development



1) For the Chineese market.

Linaprazan glurate's beneficial pharmacodynamic properties have been successfully documented in several Phase I studies with positive results. These studies show dose-related acid control, which together with a strong biomarker makes the company's clinical development programme a lower risk compared to other new substances in a similar development Phase. This is verified by the close to 90% healing rate of the most severe patients in one of the dose groups from the Phase II study. Overall, there is an indication of high healing rates of erosive esophagitis in upcoming clinical studies.

24 h acid control is linearly correlated to healing. Mean percentage of time the intragastric pH>4 predicts healing rate.



The strong biomarker shows a clear correlation between time spent with pH above 4 in the stomach and healing rate of esophageal ulcers, see figure to the left. This means that the longer you can maintain pH value above 4 in the stomach over the day (24 hours), the greater the probability of healing of ulcers in the esophagus (provided that the ulcers in the esophagus are caused by acid from the stomach). In Q3, 2024, a Phase I study was published confirming that linaprazan glurate is able to maintain pH above 4 for 96% of the day for the intended dose in the upcoming Phase III study. This is a unique acid control that significantly increases the ability to heal esophageal ulcers even in the most severely ill patients.

Clinical development

The company has completed a successful Phase II study in Europe and the US in 248 patients with the indication eGERD. The primary purpose of the study was to support dose selection in future Phase III programs and was primarily based on healing data in grade C and D patients, and demonstrates that the product is effective and safe. The study provided 'proof of concept'. The company has conducted several Phase I studies with linaprazan glurate. The latest PK/PD study with the new formulation was presented at the UEGW scientific congress in October 2024, demonstrating the value of its data.

In addition to the Phase I and Phase II studies with linaprazan glurate conducted by Cinclus Pharma, there is extensive documentation of linaprazan glurate's active metabolite linaprazan, which has been evaluated in 23 Phase I and two Phase II studies in a total of approximately 2,600 patients as well as in many toxicological studies.

To obtain marketing approval for the eGERD indication, which is Cinclus Pharma's primary goal, the company has started preparations for a Phase III programme. The company held an "End of Phase 2" meeting in the fourth quarter of 2023 with the FDA and received acceptance to initiate a Phase III program with linaprazanglurate. The goal is to be able to recruit the first patient in 2025. The program will include two studies.

In addition to studies regarding the indication eGERD, the company will work to carry out Phase III studies regarding the indication *H. pylori* infection. Both programs are discussed on an ongoing basis with regulatory authorities and medical advisors to ensure the quality of future applications for approval and to ensure an optimal path towards approval of linaprazan glurate.

Pre-clinical development and CMC

The company has completed and is currently conducting several pre-clinical studies. During the year, phototoxicological and combitoxicological studies were completed with good results.

Within the CMC area, the company has developed a new tablet formulation that has advantages in comparison to the previous version that was used in the Phase II study. Among other things, the new formulation has better and more stable absorption in the body and provides conditions for more cost-effective manufacturing. During the third quarter, the manufacturing of linaprazan glurate tablets, which constitute study material in the up coming Phase III study, was completed. Through a robust CMC process, the company has paved the way for the tablet to be available for the conduct of the Phase III study and for commercial use after launch.

Patent

Linaprazan glurate has good patent protection that extends well into the 2040s. The company has already received approval for a polymorph patent in the US, which is valid until 2042, and a formulation patent in Europe, which is valid until 2040. During the year, the company received additional national approvals for the formulation patent in several other countries, in addition to Europe. The company has also made several applications for new patents that are expected to be approved in the coming years.

The company is actively working to strengthen the protection of the substance. To complement the patents, the company is also working on regulatory data exclusivity that provides strong protection against generic competition for the years it is valid. In Europe, there will be data exclusivity of up to 10-11 years from the date of approval of linaprazan glurate. In the US, there will be five years of regulatory data exclusivity from the date of approval. However, the company has been granted an extension of a further five years by the FDA in the event that it obtains approval for an *H. pylori* indication there, as the first indication. It is currently unclear whether this extension also applies to other indications.

Partnerships

Cinclus Pharma has previously entered into a license agreement with Jiangsu Sinorda Biomedicine Co. Ltd (Sinorda) for the development and commercialization of linaprazan glurate in China and other selected regions in Asia. Sinorda has in turn sub-licensed the manufacturing and industrial sales rights for linaprazan glurate in China, Hong Kong, Macau and Taiwan to SPH Sine Pharmaceutical Laboratories Co, Ltd, a member of the Shanghai Pharmaceuticals Group and one of the major pharmaceutical companies in China.

Sinorda applied for registration of linaprazan glurate in China in the first quarter of 2023, which was approved by the Chinese Medicines Agency in December 2024. With the approval, Cinclus has received a milestone revenue of SEK 3.1 million. Earlier in the quarter, Cinclus Pharma received development-related milestone revenue of SEK 1.5 million.

Under the terms of the License Agreement, Cinclus Pharma is entitled to a low double-digit percentage of development-, regulatory- and sales related milestone payments received by Sinorda from its commercialization partner SPH Sine Pharmaceuticals. Cinclus Pharma is also entitled to a low single-digit percentage of the corresponding sales royalties that Sinorda receives from SPH Sine Pharmaceuticals. Sinorda is entitled to receive compensation from Cinclus Pharma, but at half the percentage Cinclus Pharma receives from Sinorda. However, there is a cap on the maximum compensation for these milestone payment.

Kajsa Larsson, CMO, on the upcoming Phase III-studies of linaprazan glurate

The study will involve around 500 patients from eight countries in Europe and North America, with up to 100 hospitals and clinics.

CInclus Pharma is preparing to conduct Phase III studies to treat erosive GERD (gastroesophageal reflux disease with erosive changes) in Europe and the United States. In Europe, the study will be made public after approval, while in the US the information will be available through a public study database once the study starts enrolling patients.

"In collaboration with our CRO (Contract Research Organization), we have developed a detailed protocol outlining the study design. The protocol must be approved by regulatory authorities in each participating country and may be adjusted during the process. Additionally, patient information and other documentation have been prepared for translation and review by the ethics authorities or committees in each country.

"For the study, we have identified investigators, clinical sites, and research personnel at various centers where patient visits will take place. These sites will also be able to disseminate information about the study to nearby healthcare facilities, enabling direct contact with patients suffering from erosive GERD."

The first Phase III study focuses on treating erosive esophagitis, a form of GERD that causes bleeding and painful changes in the esophagus. The objective is to confirm results from the Phase II study, in which linaprazan glurate showed rapid and effective healing of even the most severe forms of erosive GERD.

The study will involve approximately 500 patients from eight countries in Europe and North America, with up to 100 hospitals and clinics participating. About one-third of the patients are expected to have more severe grades of erosive GERD (grades C and D according to the Los Angeles classification).

The study includes a one-month screening period, an eight-week treatment period, and a four-week follow-up to evaluate safety and efficacy.

Two pivotal Phase III studies will be conducted to meet regulatory requirements. These do not have to be identical but must be able to support and confirm each other's findings. The aim is to demonstrate that linaprazan glurate offers superior healing and symptom relief compared to current standard treatments.

"We are already looking forward to starting the roll-out of the study and, of course, the first read-out. It will be very exciting.", Kajsa concludes.

Kajsa Larsson, CMO

"With the eGERD Phase III program moving forward, we continue working toward go-to-market planning and commercialization. Our intention is to launch the best-in-class PCAB with very strong differentiation, building off the excellent results shown in the eGERD Phase II study. We look forward to enter into the market with superior efficacy claims, especially for the severe eGERD patients."

Peter Wallich, Commercial Director

A new paradigm shift driven by acid control

24-hour acid control is the most important characteristic to differentiate an acid-suppressive drug and to create optimal healing conditions.

24-hour acid control is the most important characteristic to differentiate an acid-suppressive drug and to create optimal healing conditions.

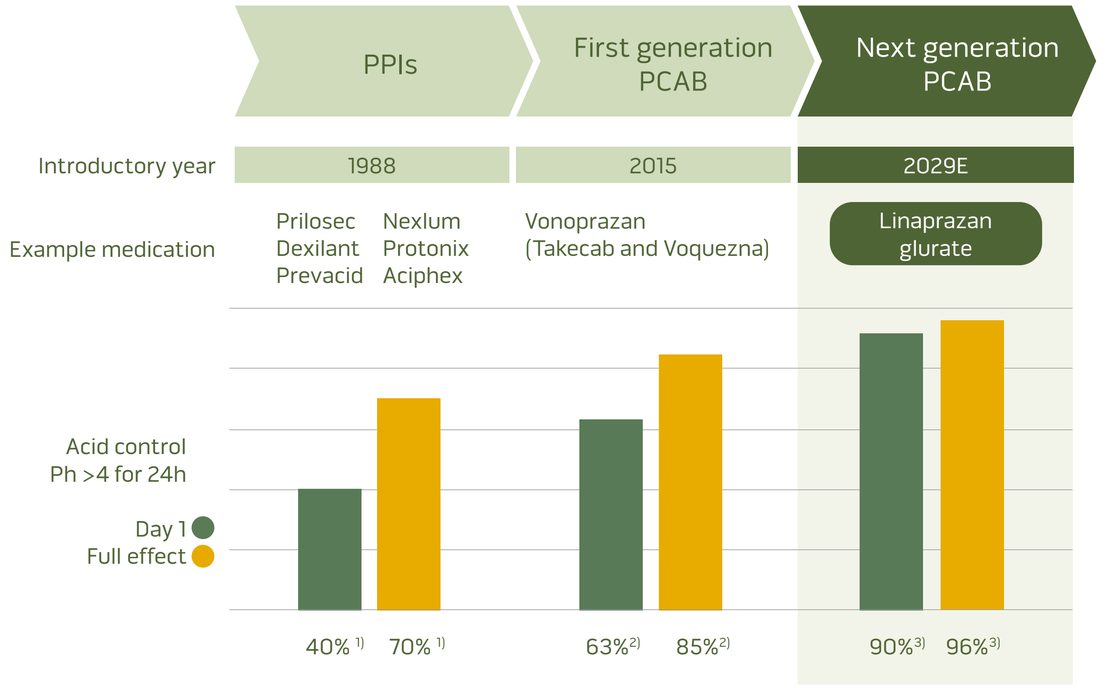
Acid control in this context means that the pH of the esophaegus is kept above 4. If the pH drops below 4, the healing process is disturbed, and if the pH remains low, it may be interrupted. The figure shows an overview of different pharmaceutical agents and their ability to provide acid control over 24 hours.

PPIs was introduced in the late 1980s and quickly became the standard treatment for various stages of GERD, creating globally recognized brands such as Nexium and Losec. The first generation of PCABs entered the market in 2015 and offered a significant increase in acid control, 63-85%.

Demand for PCABs is expected to increase as a result of a growing patient population and unmet need, as many patients do not recover despite high-dose treatment with PPIs.

Linaprazan glurate has a 24-hour acid control of 92-96%, implying that it has the potential to be the be the best in class PCAB.

Timeline of phamaceutical agents for gastric acid control



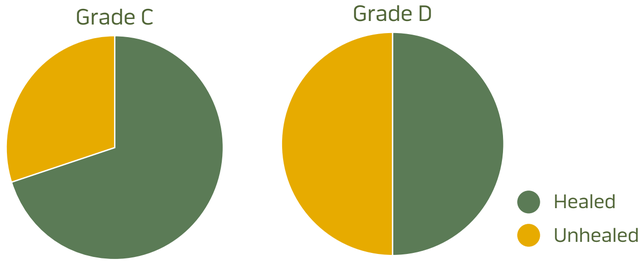
Source: 1) Miner P et al, Am J Gastro 2003. 2) Phathom Pharmaceuticals, Voquezna (Vonoprazan), FDA labeling 2023. 3) Cinclus Pharma Study CX842A2107 (data on file) Phase I pH control 1,5-24 hours Day 1 and 0-24 hours Day 14, data on file. 4) Publicly available company reports. Phathom Pharmaceuticals.

Addressing an unmet medical need in GERD

Significant proportion of severe eGERD patients treated by Gastroenterologists remain unhealed with PPI treatment.

GERD remains a major challenge and medical need worldwide. The more severe degrees of eGERD, grades C and D on the Los Angeles scale, are diagnosed in a total of nineteen million people worldwide. About ten million of these are located in the U.S. and Europe. According to gastroenterologists feedback more than a third of USA patients are not helped and in Europe the figure is as high as 43%.

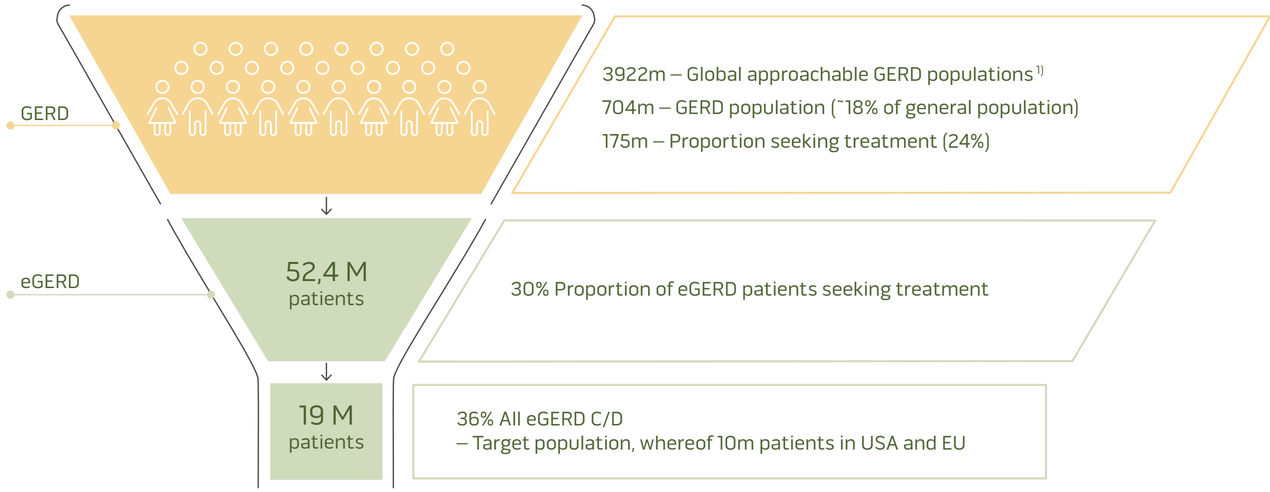
There is a large proportion of unhealed patients in all grades, from A to D. In clinical trials, more than 30% of patients with eGERD grade C and more than 50% of those suffering from grade D remain unhealed after treatment with PPIs [3].
A significant proportion of eGERD patients suffer from nocturnal symptoms. [1,2]



* The Los Angeles (LA) classification is the endoscopic scoring system most commonly used to grade the severity of reflux esophagitis. It divides reflux esophagitis into four categories (A-D) based on the extent of esophageal mucosal breaks.

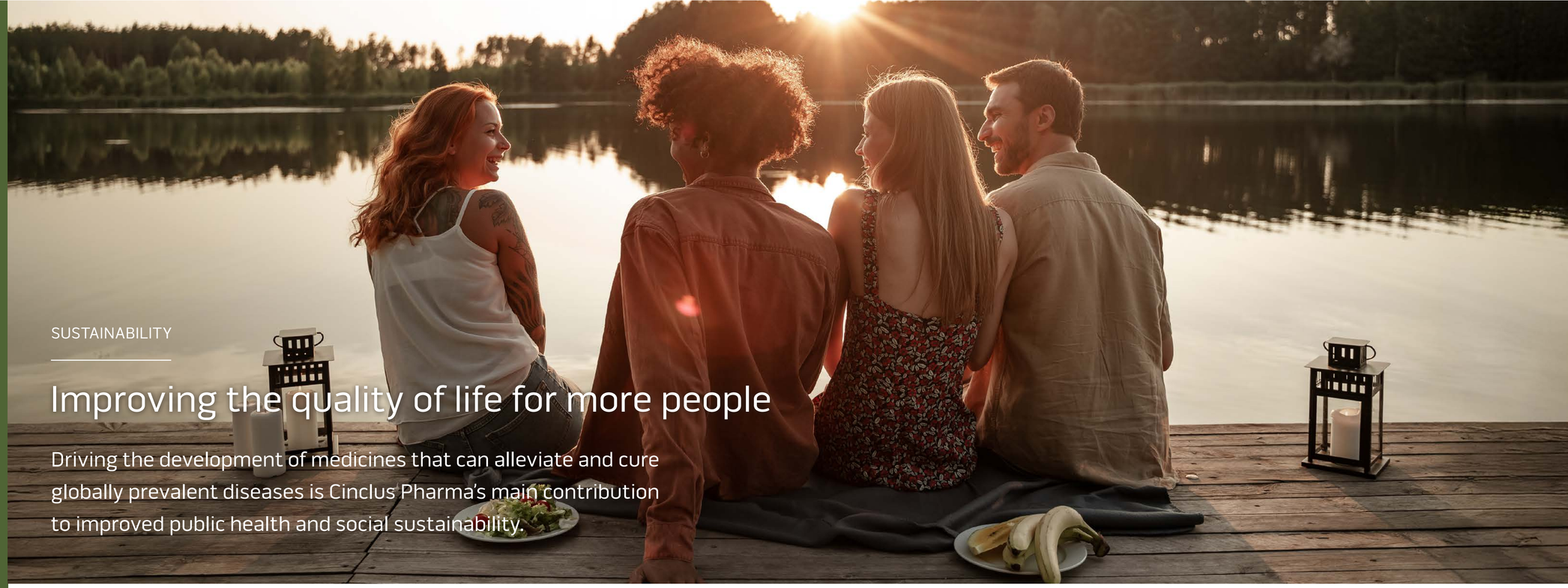
Source:
Note: 1) Apex Market Report (May 2022). 2) Crawley et. al. JCOM 2000, 7:11:29-34, 3) Kahrilas P, et. al. (2007)

Blockbuster market potential in severe eGERD (Global)



Gastroenterologists report large numbers of their LA Grade C and D patients remain unhealed despite high doses of PPI

Note: Data projected with respect to year 2025.
1) People above 18 years of age.
Source: Apex/IQVIA Market Reports 2022-2023. US Census Bureau International Database.



SUSTAINABILITY

Improving the quality of life for more people

Driving the development of medicines that can alleviate and cure globally prevalent diseases is Cinclus Pharma's main contribution to improved public health and social sustainability.

Cinclus Pharma's vision is to improve the quality of life for people around the world living with gastric acid-related diseases and other diseases of the upper gastrointestinal tract. If the company's innovative drug candidate is approved and commercialized, it could help improve the quality of life for many patients living with GERD and *H. pylori*. On an overall level, effective treatment and faster diagnosis can also help reduce the environmental impact through reduced use of medicines and shorter periods of treatment.

The sustainability work within Cinclus Pharma will be further developed in 2025 and the company intends to establish a roadmap for the coming years.

By including patients outside the U.S. and the EU, larger value creation is possible. Cinclus Pharma aims to lay the foundation for wide patient access, in order to help a large number of patients in need of a more efficacious therapy, through the clinical trial site selection in the Phase III study program and regulatory and commercial strategy with impact value creation highly prioritized.

Cinclus Pharma believes that commercial value creation, ESG and societal impact in the form of improved quality of life goes hand in hand and that the importance of these matters will further increase in significance over the years to come.

The Company's impact objectives, which is informed by this fundamental belief consists of three parts:

Improving the current standard of care:
Cinclus Pharma aims to introduce new products that impact the current standard of care for gastric acid-related diseases and *H. pylori* infection, underpinned by linaprazan glurate. Cinclus Pharma believes that linaprazan glurate has the potential to drive a paradigm shift in this field and improve the quality of life for patients suffering from gastric acid-related diseases.

Heal/eradicate *H. pylori* infection and combat antimicrobial resistance

The rate of cured *H. pylori* infection is decreasing globally due to increasing antibiotic resistance. *H. pylori* is included on WHO's list of 'high priority pathogens' as well as FDA's list of "qualifying pathogens" as a bacteria that has the potential to pose a serious threat to public health. The current standard of care for eradication of *H. pylori* is a therapy with two antibiotics combined with a PPI. Linaprazan glurate holds the potential to decrease the use of antibiotics by introducing a dual therapy with only one antibiotic, thereby contributing to reducing the use of antibiotics and the development o f antimicrobial resistance. Peter Unge (Senior Advisor and Board Member of Cinclus Pharma) is the inventor of the treatment method for eradicating *H. pylori*. By combining acid control with antimicrobial substances and specifically dual therapy with amoxicillin in combination with an acid blocker, eradication of *H. pylori* is achieved.

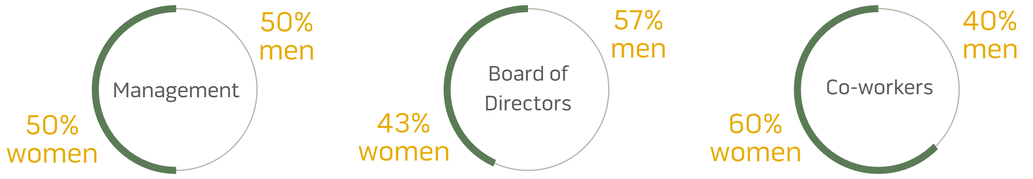
Expanding the geographical reach

In addition to the company's target population in the US and EU30, CinclusPharma intends to reach a larger patient population outside of high-income countries, through its strategy of reaching out broadly to patients. Beyond the patient and community perspective, Cinclus Pharma works to ensure that every employee has a safe, healthy and stimulating workplace. Furthermore, Cinclus Pharma stands for a non-discriminatory workplace with equal rights for all.

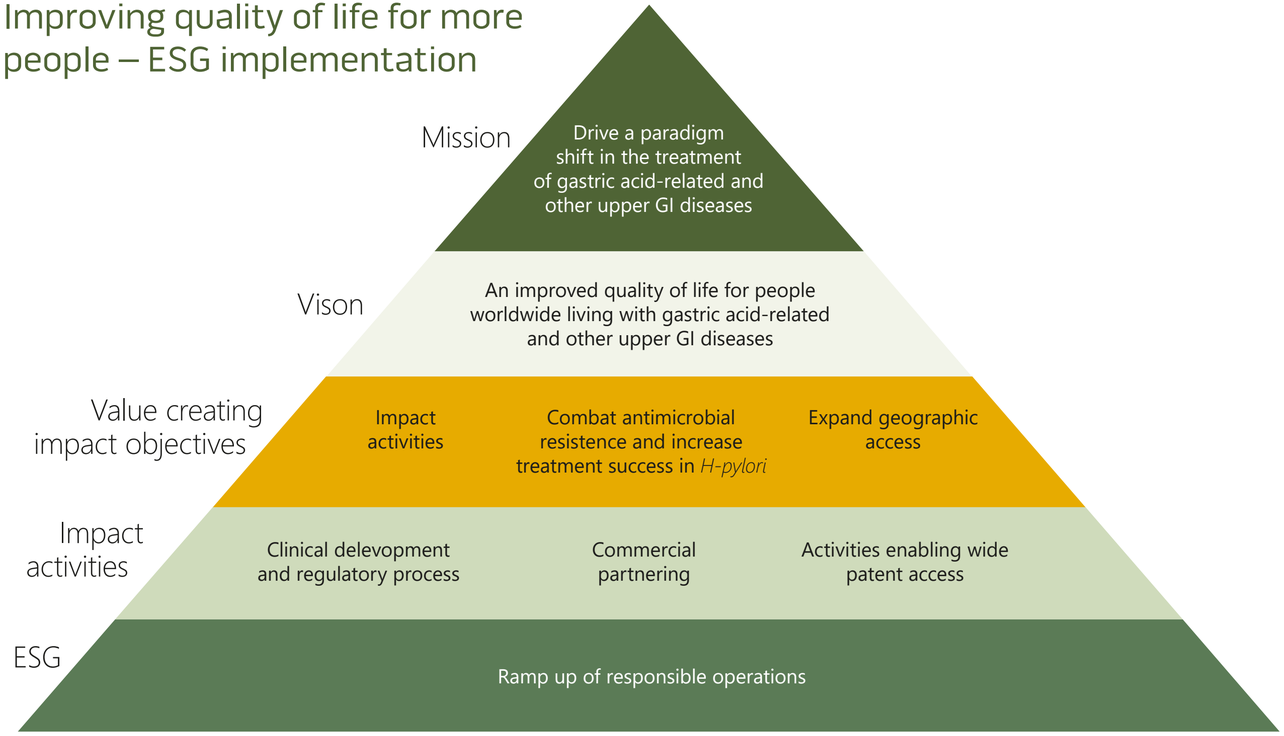
Cinclus Pharma's key initiatives to reach its societal impact ambitions

Listed below are Cinclus Pharma's main initiatives to achieve its ambition regarding social impact through the Company's clinical development and regulatory process, commercial collaboration partners and other activities to reach out widely to patients, as well as how the Company works or intends to work with these initiatives.

Proportion women/men



Improving quality of life for more people – ESG implementation



Clinical development and regulatory processes

» Research and development work with the aim of demonstrating that linaprazan will contribute to the achievement of UN Global Goal 3 by
- eradicating *H. pylori* infection
- reducing the global use of antibiotics, where resistance problems exist, used in the treatment of *H. pylori*
- achieving superior clinical efficacy in patients with severe GERD

Commercial partnerships

» Collaborate with sales and marketing companies that can ensure scaled, efficient distribution of linaprazan glurate in different markets (may be different partners in different countries).

Activities to enable patient access

» Lay the groundwork for reaching patients in many parts of the world, through the selection of clinical sites in the Phase III study program, aiming for broad and diverse patient representation.

» Adopt a feasible commercialization model that enables broad patient access.

Cinclus Pharma's key initiatives to achieve its ESG ambitions

Nedan listas Cinclus Pharmas huvudsakliga initiativ för att
Listed below are Cinclus Pharma's key initiatives to achieve its ESG ambitions in the areas of environment, social responsibility and corporate governance, and how the company is working or intends to work on these initiatives.

Environmental: Reduce carbon footprint

» As Cinclus Pharma grows its business, the Company further intends to exercise an increasingly positive impact on human health, while also considering any negative effect of its resource utilization.

» The Company's ambition is to reduce its carbon footprint and ultimately be net zero.

Social: Promote employee wellbeing, equality and diversity

» Cinclus Pharma continuously strives to improve employees' well-being on all levels, with well-being and job satisfaction as prerequisites for motivated and engaged employees as well as the most efficient way to attract the best talent The Company has clear policies in place, measures its progress, and aims to provide its managers with the tools needed to identify and manage work environment issues.

» Cinclus Pharma strives towards an inclusive, responsive, diverse, and gender-balanced organization with respect for individuals. From a gender equality perspective, the Company is well balanced across all levels and positions, from the board of directors to managers and other employees..

Corporate governance: Promoting an ethical and and transparent organizational culture

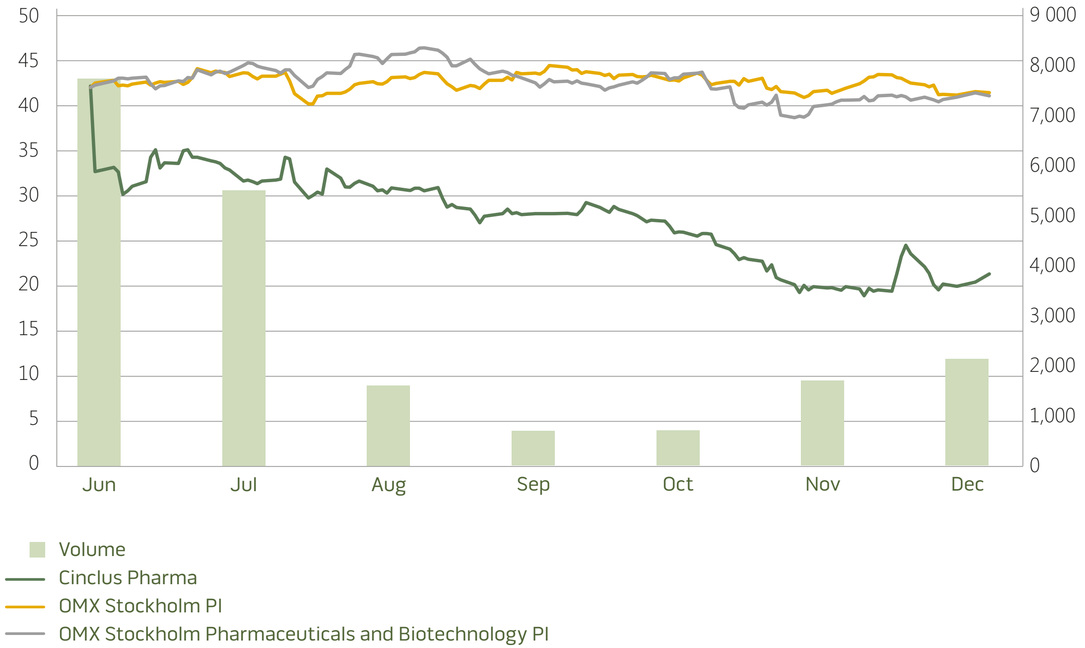
» Cinclus Pharma has introduced guidelines on corporate governance policies covering aspects such as bribery, corruption and whistleblowing.

» The Company's Code of Conduct applies to all directors, officers, other employees, contractors and temporary personnel of the Company and, where applicable, its vendors and suppliers, who play an important role in the Company's research, development and commercialization of products. The purpose of the Code of Conduct is to guide employees in their day-to-day work and decision-making in order to promote the long-term positive development of the Company. The Code of Conduct is an important basis for the company to actively contribute to socially, economically and environmentally sustainable development. The Code regulates, among other things, the following areas: work environment, environment, research and development, safety and quality, development and marketing of products and services, business ethics and data management.

The share and price development

The share in Cinclus Pharma Holding AB (publ), (hereinafter also Cinclus Pharma or the company), has been listed on Nasdaq Stockholm MidCap since 20 June 2024 and is traded under the name CINPHA. The opening price in the IPO was SEK 42.00 per share. In connection with the listing, a new share issue was carried out that added SEK 715 million to the company before expenses and increased the number of new shares by 20,310,749 to a total of 46,537,789 ordinary shares. The closing price on the last trading day in December was SEK 21.38 per share. The highest price paid for the year was SEK 42.00 and the lowest was SEK 18.81. During 2024, the average volume-weighted share price was SEK 30.78 per share. The number of shares traded during the year amounted to 19,702,366 shares, of which 86.80% of the turnover was traded on Nasdaq Stockholm. The remaining trading took place on Cboe, London Stock Exchange and ITG Posit.

Share price development and turnover



Source: Modular Finance AB

Owners and structure

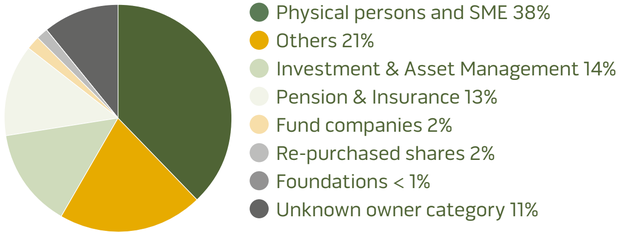
Cinclus Pharma Holding AB (publ) had 47,392,219 outstanding shares at the end of the year, of which 46,537,789 shares were ordinary shares and 854,430 shares were C-shares which carry 1/10 of the vote of an ordinary share. The C-shares are held in the company's own custody. At the end of the year, the company had just under 4,000 shareholders. The 15 largest shareholders in the company held shares corresponding to 55.1% of the votes. The market capitalization on the last trading day in December was SEK 1.0 billion. Of the number of shares, 38% of the ownership is held by private individuals and closely held companies, 21% by others, 14% by investment & capital management, 13% by pension & insurance and 11% by unknown ownership type. Share ownership in Sweden amounted to 83% of the capital corresponding to the same proportion of the votes. Of the foreign shareholding, shareholders in Finland accounted for 4% of the capital, owners in Ireland for 1% and owners with unknown geographical residence accounted for 11% of the capital.Trill Impact Ventures, the Fourth Swedish National Pension Fund and Linc AB are the largest owners in the company and together with EIR Ventures AB they also acted as anchor investors in the IPO. Analyses from ABG Sundal Collier, Bryan Garnier & Co and Carnegie Investment Bank AB monitor Cinclus Pharma continuously.

Analysts covering Cinclus Pharma

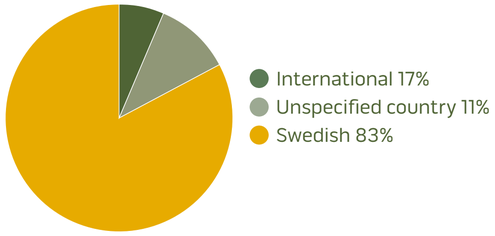
Firm	Analysts
ABG Sundal Collier	Alexander Krämer
ABG Sundal Collier	Sten Gustafsson
Bryan Garnier & Co	Oscar Haffen-Lamm
Carnegie Investmaent Bank AB	Arvid Necander
Redeye	Kevin Sule
Redeye	Fredrik Thor

Source: Modular Finance AB

Share per owner category



Ownership distribution domestically and internationally



Top 15 Owners

Sharholding at the end of the year	Shares	Proportion
Trill Impact Ventures	3,721,221	8.0%
Fjärde AP-fonden	3,686,568	7.9%
Linc AB	2,318,322	5.0%
Movestic Livförsäkring AB	2,285,756	4.4%
Peter Unge via company	2,050,015	4.1%
Kjell Andersson via company	1,908,000	4.0%
Futur Pension	1,829,056	3.9%
Mikael Dahlström estate	1,818,520	4.9%
Nylof Holding AB	1,164,575	2.5%
Nordnet Pensionsförsäkring	1,144,506	2.3%
Lennart Hansson via company	1,084,771	2.5%
Eir Ventures I AB	898,750	1.9%
Cinclus Pharma*	854,430	1.8%
Postamentet Holding AB	688,409	1.5%
MWP Management Consulting AB	680,000	1.5%
Fifteen largest shareholders	***26,132,899***	***56.3%***
Others	***21,259,320***	***44.9%***
Total	**47,392,219**	**100.0%**

* Refers to C shares which give the right to 1/10 vote.

Owner distribution by holding

Size of holding	Shares	Capital	Votes	No of known users	Proportion known owners
1 - 100	27,125	0.06%	0.06%	710	17.94%
101 - 200	198,657	0.42%	0.43%	1,256	31.73%
201 - 300	129,134	0.27%	0.28%	510	12.89%
301 - 400	63,577	0.13%	0.14%	179	4.52%
401 - 500	103,418	0.22%	0.22%	218	5.51%
501 - 1,000	299,679	0.63%	0.64%	381	9.63%
1,001 - 2,000	346,603	0.73%	0.74%	238	6.01%
2,001 - 5,000	590,756	1.25%	1.27%	177	4.47%
5,001 - 10,000	621,078	1.31%	1.33%	84	2.12%
10,001 - 20,000	841,809	1.78%	1.81%	62	1.57%
20,001 - 50,000	1,961,391	4.14%	4.21%	60	1.52%
50,001 - 100,000	2,729,139	5.82%	5.91%	36	0.91%
100,001 - 500,000	5,406,039	11.77%	11.94%	28	0.71%
500,001 - 1,000,000	5,971,746	12.62%	11.16%	9	0.23%
1,000,001 - 5,000,000	23,074,310	48.95%	49.52%	10	0.25%
Unknown size	5,027,758	9.89%	10.34%	0	0.00%
Total	**47,392,219**	**100.00%**	**100.00%**	**3,958**	**100.00%**

Board and Managment report

The Board of Directors and the CEO of Cinclus Pharma Holding AB (publ), reg. no. 559136-8765, hereby submit the annual report and consolidated financial statements for the financial year 2024.

Company in brief and multi-year overview

Company description

Cinclus Pharma Holding AB (publ), hereinafter Cinclus Pharma or the Company, is a pharmaceutical company in clinical development phase that develops small molecules for the treatment of gastric acid-related diseases with a focus on the diseases GastroEsophageal Reflux Disease (GERD) and *Helicobacter pylori* infection. The Company's drug candidate linaprazan glurate represents a new class of drugs, Potassium Competitive Acid Blocker (PCAB), which has a different mechanism of action than the most commonly used drugs today, so-called proton pump inhibitors (PPIs). Linaprazan glurate is a fast-acting and highly potent regulator of intragastric pH and is a prodrug of linaprazan, a PCAB, which was developed by AstraZeneca before Cinclus Pharma acquired the global rights. Cinclus Pharma has successfully completed several clinical phase I studies and one clinical phase II study with its drug candidate linaprazan glurate.

In 2024, the company began preparations for patient inclusion in 2025 in a first phase III study for eGERD. During the year, the company also completed two phase I studies, one of which, PK/PD, was presented at the UEGW scientific congress. In June 2024, the company's common stock was listed on Nasdaq Stockholm under the short name CINPHA. Cinclus Pharma was founded in 2014 and Cinclus Pharma Holding AB (publ) is the parent company of the group, which in addition to the parent company consists of two subsidiaries, one in Sweden and one in Switzerland. The head office is based in Stockholm, Sweden.

Multi year overview

(TSEK)	2024	2023	2022	2021	2020
Multi-year overview, Group					
Net sales	4,580	5,959	10,571	–	–
Operating profit (EBIT)	−169,639	−200,976	−212,556	−84,285	−39,290
Profit for the year	−168,031	−215,118	−249,074	−76,266	−42,941
Operational costs	−173,511	−206,240	−221,299	−84,268	−39,290
R&D costs/operating costs %	79%	81%	71%	83%	93%
Cash flow from operating activities	−178,367	−209,186	−192,076	−75,353	−39,472
Cash and cash equivalents at year-end	566,716	87,972	173,546	138,202	208,501
Cash Liquidity %	1320%	57%	401%	747%	3275%
Equity	555,330	−76,800	126,874	127,101	205,986
Equity ratio (%)	92%	−81%	68%	86%	97%
Average number of full-time employees during the year	13	13	10	4	2
Average number of ordinary shares before dilution [1]	37,048,341	26,227,040	23,045,112	21,091,528	19,814,210
Average number of ordinary shares after dilution [1]	37,060,299	26,227,040	23,045,112	21,091,528	19,814,210
Number of ordinary shares at the end of the period before dilution [2]	46,537,789	26,227,040	26,227,040	21,126,240	21,056,240
Number of ordinary shares at the end of the period after dilution [2]	46,561,439	26,227,040	26,227,040	21,126,240	21,056,240
Earnings per ordinary share for the year before dilution [3]	−4.54	−8.20	−10.81	−3.62	−2.17
Earnings per ordinary share for the year after dilution [3]	−4.54	−8.20	−10.81	−3.62	−2.17

1) As the redemption price exceeds the market value per share in respect of all outstanding warrant programs, there will be no effect on the average number of shares after dilution. The number of shares and the amounts for all periods are recalculated for the split of the company's ordinary shares, 1:80, which was decided at an extraordinary general meeting on 29 May 2023.

2) The number of shares and the amounts for all periods are recalculated for the split of the company's ordinary shares, 1:80, which was decided at an extraordinary general meeting on 29 May 2023.

3) The period's earnings per share before and after dilution are defined in IFRS. Other key figures in the above table are alternative key figures and thus not defined in IFRS, see further section for definitions and reconciliation of key figures and alternative key figures later in this report.

GERD

Cinclus Pharma's drug candidate is being developed for the primary indication area of Gastroesophageal Reflux Disease (GERD). GERD is divided into two main groups, symptomatic GERD (sGERD) and erosive GERD (eGERD), which is the primary indication for the Company. In eGERD, the patient develops ulcers in the esophagus due to stomach contents flowing back from the stomach into the esophagus. Approximately 130 million people of the adult population in the USA and Europe suffer from GERD. The global market for the treatment of patients with GERD has long been dominated by the proton pump inhibitor (PPI) drug group. PPIs do not help the most seriously ill patients, and therefore there is a large medical need for other treatment options.

Regulatory and commercial strategy

Cinclus Pharma's goal is for linaprazan glurate to be best in class and thus drive a paradigm shift in the treatment of acid-related stomach diseases. The next step in development is to document the product in a Phase III program that provides regulatory approval and lays the foundation for a clear market position reinforced by commercial partnerships and a build-up of the company's own organization.

Cinclus Pharma's primary goal for linaprazan glurate is a market approval for the indication eGERD. The focus will be on patients with severe eGERD. In addition to eGERD, Cinclus Pharma will also work towards a market approval for the treatment of *H. pylori* infection.

Indications

Cinclus Pharma is focusing the development of linaprazan glurate for the indications erosive GERD (eGERD) and *H. pylori*. In the case of *H. pylori*, the treatment is linaprazan glurate in combination with antibiotics. There are attractive opportunities to expand the use of linaprazan glurate beyond moderate to severe eGERD, e.g. symptomatic GERD or so-called sGERD. Other examples of treatment options are for nocturnal GERD symptoms and bleeding ulcers. Also preventive treatment to counteract NSAID- or ASA-related mucosal damage. These expanded use options could significantly expand the market potential.

Patent and other protection regarding intellectual property rights

Linaprazan glurate has good patent protection that extends into the 2040s. The company has previously received approval for a polymorph patent in the USA that is valid until 2042 and a formulation patent in Europe that is valid until 2040. During the year, the company has received additional national approvals for the formulation patent in several additional countries outside of Europe. In addition, the company has filed several applications for new patents that are expected to be approved in the coming years. The company is actively working to strengthen the protection of the substance. As a complement to the patents, the company is also working with regulatory data exclusivity that provides strong protection against generic competition during the years that it is valid. In Europe, there will be data exclusivity of up to 10–11 years from the approval date of linaprazan glurate. In the USA, five years of regulatory data exclusivity will be obtained from the approval date. The company has also received an additional five-year extension from the FDA in the event that approval is obtained for an *H. pylori* indication. It is currently unclear whether this extension will also apply to other indications.

Partnership

Cinclus Pharma has previously entered into a license agreement with Jiangsu Sinorda Biomedicine Co. Ltd (Sinorda) for the development and commercialization of linaprazan glurate in China and other selected regions in Asia. Sinorda has in turn sublicensed manufacturing and industrial sales rights for linaprazan glurate in China, Hong Kong, Macau and Taiwan to SPH Sine Pharmaceutical Laboratories Co., Ltd, a company within the Shanghai Pharmaceuticals Group and one of the major pharmaceutical companies in China. Sinorda applied in the first quarter of 2023 for registration of linaprazan glurate in China, which was approved by the Chinese drug regulatory authority in December 2024. With the approval, Cinclus received milestone revenue of SEK 3.1 million. Earlier in the year, Cinclus Pharma received development-related milestone revenue of SEK 1.5 million. Under the license agreement, Cinclus Pharma is entitled to a low double-digit percentage of development-related, regulatory and sales-related milestone payments that Sinorda receives from its commercialization partner SPH Sine Pharmaceuticals. Cinclus Pharma is also entitled to a low single-digit percentage of corresponding sales royalties that Sinorda receives from SPH Sine. Correspondingly, Sinorda is entitled to compensation from Cinclus Pharma, but at half the percentage that Cinclus Pharma receives from Sinorda. However, there is a cap on the maximum compensation for these milestone payments to Sinorda.

Business and operations development

The Company has over the past year developed towards being ready to start Phase III studies for eGERD. The Company has also obtained its first financing for this purpose, which in 2024 enabled the Company to select a CRO and begin preparations to include the first patient in the first Phase III study in 2025. At the end of 2024, linaprazan glurate was approved for marketing in the Chinese market. It was Cinclus Pharma's license partner Sinorda Biomedicine that received the approval after conducting a Phase III program on 380 patients in China. During the year, the Company has continuously worked to find partners in regions other than China, both in terms of product development and future commercialization.

Product development

Clinical development

The company has conducted a successful phase II study in Europe and the USA on 248 patients with the indication eGERD. The study had the primary purpose of supporting the dose selection in the upcoming phase III program and was based primarily on healing data in grade C and D patients and shows that the product is effective and safe. The study provided proof of concept. The company has conducted several phase I studies with linaprazan glurate. The most recent PK/PD study with the new formulation was presented at the UEGW scientific congress in October 2024, which demonstrates the value of its data. In addition to the phase I and phase II studies conducted with linaprazan glurate under the auspices of Cinclus Pharma, there is extensive documentation of linaprazan glurate's active metabolite linaprazan. This has been evaluated in 23 phase I and two phase II studies in a total of approximately 2,600 patients, as well as in numerous toxicological studies. In order to obtain marketing approval for the eGERD indication, which is Cinclus Pharma's primary goal, the company has initiated preparations for a phase III program. The company conducted an "End of Phase II" meeting in the fourth quarter of 2023 with the FDA and received acceptance to initiate a phase III program with

linaprazan glurate. The goal is to be able to recruit the first patient in 2025. The program will include two studies. In addition to studies on the eGERD indication, the company will work to conduct phase I and phase III studies on the *H. pylori* infection indication. Both programs are under ongoing discussion with regulatory authorities and medical advisors to ensure the quality of future applications for approval and to ensure an optimal path towards approval of linaprazan glurate.

Pre-clinical development and CMC

The company has conducted and is currently conducting several preclinical studies. During the year, photo- and combitoxicological studies were completed with good results. In the CMC area, the company has developed a new tablet formulation that has advantages compared to the previous version used in the phase II study. Among other things, the new formulation has better and more stable absorption in the body and provides the conditions for a more cost-effective manufacturing. During the third quarter, the manufacturing of linaprazan glurate tablets was completed, which constitute study material in the upcoming phase III study. Through a stable CMC process, the company has paved the way for the tablet to be available for the implementation of the phase III study and for commercial use after launch.

Sustainability

Cinclus Pharma's vision is to improve the quality of life for people around the world living with acid-related diseases and other upper gastrointestinal diseases. If the company's innovative drug candidate is approved and commercialized, it could contribute to improving the quality of life for many patients living with GERD and *H. pylori*. Including patients outside the US and EU could contribute to additional value creation. Cinclus Pharma intends to lay the foundation for reaching out broadly and helping a large number of patients in need of more effective treatment, through the company's selection of clinics for the Phase III study program and its regulatory and commercial strategy, where value creation and social impact are given high priority. Cinclus Pharma believes that commercial value creation, ESG and social impact in the form of improved quality of life go hand in hand, and that the importance of these issues will increase further over the coming years. The company's impact strategy, which is based on this fundamental belief, can be divided into three parts:

- Improve current standard of care: Cinclus Pharma is seeking to introduce new products that impact the current standard of care for acid-related and other upper gastrointestinal diseases, based on linaprazan glurate. Cinclus Pharma believes that linaprazan glurate has the potential to drive a paradigm shift in this field and improve the quality of life for patients suffering from acid-related diseases.

- Eradicate *H. pylori* and combat antimicrobial resistance: The eradication rate of *H. pylori* is declining worldwide due to increasing antibiotic resistance. *H. pylori* is listed by the WHO as a "high priority pathogen" and by the FDA as a "qualified pathogen", i.e. a bacterium that potentially poses a serious threat to public health. The current standard of care for the eradication of *H. pylori* is a triple therapy, with two types of antibiotics combined with a PPI. Linaprazan glurate has the potential to reduce antibiotic use by introducing a dual therapy, with only one type of antibiotic, thereby helping to reduce antibiotic use and the development of antimicrobial resistance. By combining acid control with antimicrobial agents and specifically dual therapy with amoxicillin in combination with an acid blocker, *H. pylori* eradication is achieved.

- Expand geographic reach: in addition to the company's target population in the US and EU-30, Cinclus Pharma intends to reach a larger patient group outside high-income countries, through its strategy of reaching out broadly to patients.

In addition to the patient and societal perspective, Cinclus Pharma works to ensure that every employee has a safe, healthy and stimulating workplace. Furthermore, Cinclus Pharma stands for a non-discriminatory workplace with equal rights for all.

Significant events during the year

- The Annual General Meeting took place on April 8, 2024. All board members were re-elected.
- A new qualified employee stock option program was approved at the Annual General Meeting. A total of 51,737 qualified employee stock options were granted to the CEO, other management and specialists on 9 April 2024.
- Two of the company's Phase I studies (BA and PK/PD) were completed during the first half of the year.
- Two of the company's pre-clinical studies (photo- and combitoxicology studies) were completed with good results during the second quarter.
- During the second quarter, the company received additional national approvals of the formulation patent in Hong Kong and Mexico.
- At an extraordinary general meeting on 3 June 2024, a new employee option program was approved. A total of 290,000 employee options were decided upon for the CEO and one of Cinclus Pharma's scientific advisors. A performance share program was also decided upon for employees of Cinclus Pharma. The programs were allocated and began to be expensed during the third quarter.
- On June 20, Cinclus Pharma Holding AB (publ)'s shares, short name CINPHA, were listed on Nasdaq Stockholm. The company was issued 17,023,810 new ordinary shares and SEK 715 million before expenses of SEK 60 million. In connection with the listing, the shareholder loan that the company took out in June 2023 was also converted into 3,286,939 new ordinary shares.
- At the beginning of the third quarter, it was announced that a stabilization purchase had been made of Cinclus Pharma's common stock in connection with the over-allotment option mandate given to Carnegie Investment Bank AB. On July 19, it was also announced that the over-allotment option had not been exercised.
- During the third quarter, it was announced that the Swiss company PSI CRO will serve as the clinical research organization (CRO) for the Phase III program for the company's lead drug candidate, linaprazan glurate, for the treatment of eGERD.

- At the end of the third quarter, Cinclus Pharma announced that the manufacturing of the study drug to be used for the company's upcoming Phase III study of linaprazan glurate for eGERD has been successfully completed.
- In October 2024, linaprazan glurate was presented at UEGW (United European Gastroenterology Week).
- At the end of October, Cinclus Pharma announced that the company had reached agreement with the European Medicines Agency's (EMA) Paediatric Committee (PDCO) on the company's paediatric investigation plan (PIP).
- In November, Cinclus Pharma announced that the company had reached an agreement with the US Food and Drug Administration (FDA) on the company's pediatric study plan (iPSP).
- On 28 November, it was announced that the company's board of directors had decided to carry out a new share issue and immediately repurchase 854,430 C shares. The shares were issued and repurchased in accordance with the long-term incentive programs, PSP 2024/2027 and ESOP 2024/2027, which were adopted by an extraordinary general meeting on 3 June 2024.
- On December 4, it was announced that the company's lead drug candidate, linaprazan glurate, had received its first marketing authorization for the treatment of GERD. The approval from the National Medical Products Administration (NMPA) enables commercialization in China in 2025.

Significant events after the end of the year

There are no significant events after the end of the period.

Expected future development

Mission

To introduce completely new products that will change standards of care, improve health outcomes and quality of life for patients with gastrointestinal diseases.

Vision

An improved quality of life for people worldwide with stomach acid-related diseases.

Strategy

PCAB is the new treatment regimen that has the potential to replace proton pump inhibitors (PPIs), and the company's goal is for linaprazan glurate to be best in class and to achieve a paradigm shift in the treatment of acid-related gastric diseases. Thanks to the unique properties of linaprazan glurate, the company has the potential to develop a drug that is clearly differentiated and well positioned against other PCABs and PPIs. The company's strategy to achieve this paradigm shift is briefly based on the following:

1. Document linaprazan glurate in a phase III program and differentiate the product against PPIs and other PCAB:s.
2. Acquire strong commercial partners and build its own organization.
3. Obtain marketing approval in the US and Europe and the rest of the world primarily for eGERD but also other indications such as *H. pylori*.

All decisions made on the path to market approval and launch are based on the company's strategic ambition to become a market leader.

Financing

With the listing of the company's common stock on 20 June 2024 and the new share issue made in connection with this, the Company estimates as of 31 December 2024 that its current working capital is sufficient to complete the Phase III program's first study, the results of which are expected to be obtained in 2026. The Company will continue to work on the financing strategy, which includes evaluating partners, lenders or other financing opportunities in order to, for example, accelerate the development of linaprazan glurate by starting another Phase III study earlier than planned or starting the *H. pylori* program in parallel with the eGERD program.

Ownership information

	Number of shares	Share (%)
Trill Impact Ventures	3,721,221	7.9%
Fjärde AP-fonden	3,686,568	7.8%
Linc AB	2,318,322	4.9%
Movestic Livförsäkring AB	2,285,756	4.8%
Peter Unge via company	2,050,015	4.3%
Kjell Andersson vi company	1,908,000	4.0%
Futur Pension	1,829,056	3.9%
Mikael Dahlström estate	1,818,520	3.8%
Nylof Holding AB	1,164,575	2.5%
Nordnet Pensionsförsäkring	1,144,506	2.4%
Lennart Hansson via company	1,084,771	2.3%
Eir Ventures I AB	898,750	1.9%
Cinclus Pharma Holding AB (publ)*	854,430	1.8%
Postamentet Holding AB	688,409	1.5%
MWP Management Consulting AB	680,000	1.4%
Fifteen largest shareholders	***26,132,899***	***55.1%***
Others	***21,259,320***	***44.9%***
Total	**47,392,219**	**100.0%**

* Refers to C shares which give the right to 1/10 vote.

Appropriations of earnings

Balanced funds at the disposal of the Annual General Meeting:

Earnings appropriation	
(SEK)	
The annual general meeting has the following balanced funds at its disposal:	
Share premium fund	1,297,508,630
Retained earnings	−332,710,302
Profit or loss for the year	−170,000,460
Total	**794,797,868**
The board proposes that the profits be allocated as follows:	
Carried forward in new account	794,797,868
Total	**794,797,868**

Risks

Introduction

Cinclus Pharma's board and management work continuously to identify and assess risks to the company's operations and take measures to reduce their impact. For each significant risk, a risk management strategy is designed and incorporated into the work with the internal control process. This work involves expertise to support in areas such as regulatory strategies and the design and implementation of clinical studies.

Cinclus Pharma's operations are affected by many factors that the company can partially control in some respects but cannot control at all in other respects. These factors can also be expressed in various risks. The risks can have a more or less significant effect on the company's results and position depending on whether and how they turn out. Below are described some of these risks that the company assesses to be of greatest importance for the company's future development. The financial risks are described in more detail in the notes to the financial statements, see the Group's Note 19.

Industry and business-related risks

Risks related to the regulatory environment for pharmaceuticals

Cinclus Pharma's drug candidate linaprazan glurate is subject to extensive regulations worldwide and is monitored by various industry-specific regulatory authorities. In addition to such industry-specific regulations, Cinclus Pharma is also subject to a number of other requirements and restrictions arising from environmental, health and safety laws. These requirements may also be expanded in the future. The costs of complying with applicable laws, requirements and guidelines can be substantial. In addition, the regulatory environment has generally become stricter and more extensive over time. Failure to comply with these regulations could result in sanctions that could significantly increase Cinclus Pharma's costs, delay the development and commercialization of the company's product candidates and significantly harm the ability to generate planned revenues and achieve profitability. If these risks materialize, it could have a material adverse impact on the company's operations and financial position.

Risks related to the market access process for pharmaceuticals

Before Cinclus Pharma's drug candidate can be marketed in its intended treatment areas in a new national or regional market, the company must obtain approval from the relevant authorities in the countries where the company intends to market and sell its drug. Changes or delays in the process and requirements for market access could negatively impact Cinclus Pharma's ability to generate desired revenues. All of the risks listed above could have a material adverse effect on the company's business, financial condition and results of operations.

Risks related to the conduct and results of pre-clinical and clinical studies

Cinclus Pharma has completed several pre-clinical and clinical phase I studies and one phase II study regarding its drug candidate linaprazan glurate. In 2023, the company has prepared for phase III studies for use in the treatment area of eGERD and *H. pylori* in the medical field of gastroenterology. The implementation of the studies is crucial for the next step in the development work that will result in the company being able to market its upcoming potential drugs in the medical field in the markets that the company plans to target. The company is therefore dependent on obtaining positive results in studies in order to be able to achieve its long-term business goals. The execution of studies is associated with a number of risks. Among other things, there is always a risk for delays and for the costs of studies to be higher than estimated. Delays may arise, for example, due to problems finding study sites, problems obtaining required regulatory approvals for conducting studies, problems recruiting patients, problems reaching satisfactory agreements with, for example, contract research companies and suppliers, etc. Delays can lead to increased costs, but also to the launch of a product being delayed, which may result in the company not generating revenues as estimated. Increased costs may also arise due to the cost per patient being higher than estimated or due to poor quality in the conduct of the studies at the sites where they are conducted, etc. Studies may show negative or insufficient results within the treatment area that Cinclus Pharma's products are aimed at. If the desired results are not achieved, it may lead to the necessary marketing approvals not being obtained, which in turn may jeopardize the company's ability to market and sell its products and product candidates. If the risks above were to materialize, it could have a material adverse effect on the company's ability to generate revenues and have a material adverse effect on its operations, financial position and results.

Risks related to third-party agreements regarding, among other things, the performance of pre-clinical and clinical studies and manufacturing

Cinclus Pharma engages external companies such as contract research and manufacturing companies to conduct pre-clinical and clinical studies and to manufacture its products. These business operations are subject to extensive requirements, including reporting, safety and environmental requirements. There is a risk that these companies do not comply with applicable laws, regulations and relevant ethical standards such as good manufacturing practice (GMP), good laboratory practice (GLP) and good clinical practice (GCP). There is also a risk of insufficient or non-delivery of products or services from current and future contracted external companies. This may negatively affect the development and sales of Cinclus Pharma's products by causing delays and increased costs. The company is not dependent on any single contract research or manufacturing company, but changing suppliers can be both costly and time-consuming. The fulfillment of the risks described above could have a negative impact on Cinclus Pharma's operations, financial position and results.

Risks related to failed market acceptance from healthcare providers, patients and healthcare payers including the possibility of being covered by reimbursement systems

Even if a product meets the requirements for market entry, such as by obtaining marketing authorization, there is a risk that the desired level of market acceptance will not be achieved by physicians, hospitals, patients, healthcare payers and the industry in general, which could prevent Cinclus Pharma from generating desired revenues and could have a material adverse effect on the company's business, financial condition and results of operations. There is also a risk that the potential drug will not qualify for product subsidies from privately and publicly funded healthcare programs, or that reimbursement levels will be lower than expected, which could result in lower or no sales of linaprazan glurate.

Risks related to internal capacity for marketing, sales and distribution and/or collaborations

To the extent that Cinclus Pharma chooses, after marketing approval, to develop internal capacity to sell, market and distribute linaprazan glurate, it will be necessary to recruit additional personnel and implement new processes and strategies within the company, which is likely to be costly and time-consuming. On the other hand, dependence on licensees or other partners is associated with other risks, such as the company's partners not having sufficient resources or otherwise being unable or unwilling to fulfill their commitments. If the above risks were to materialize, it could have a material adverse effect on the company's ability to generate revenues, increase its costs and have a material adverse effect on its operations, financial position and results of operations.

Risks related to competition

Cinclus Pharma's products within the defined treatment area primarily face competition from a number of competitors within the same treatment area. Although Cinclus Pharma is confident in the ability of its products to capture market share, there is a risk that the company will not achieve the desired market acceptance, and a risk of being exposed to competition that could have a detrimental effect on the company. The risks related to competition could have a material adverse effect on the company's operations, financial condition and results of operations.

Risks related to macroeconomic factors including pricing and demand for medical products

Since Cinclus Pharma intends to market and sell its products in several parts of the world, the company may be affected by the general demand and pricing of products within the specific treatment area in relevant markets as well as political instability. Cinclus Pharma cannot predict developments in financial markets, economic and political climates or other macroeconomic events. A recession or weak economic development may put pressure on the pharmaceutical market and lead to increased pressure on hospitals, authorities and other healthcare payers to cut costs, which potentially reduces the willingness to pay for products in general, including Cinclus Pharma's products. If the risks above materialize, it could have a material adverse effect on the company's operations, financial position and results.

Dependence on sales and development of one or a few products

Cinclus Pharma is currently focused on planning a Phase III clinical study program for its drug candidate linaprazan glurate with the aim of obtaining marketing approval for the product. The company's growth targets are based on a few indication areas for linaprazan glurate, primarily eGERD and *H. pylori*. Cinclus Pharma is therefore dependent on the successful development of linaprazan glurate through positive results from ongoing and planned pre-clinical and clinical studies, which are exposed to risks that are attributable to all drug development. Cinclus Pharma's operations, financial condition and results would be materially adversely affected by setbacks in current and future development programs, including pre-clinical and clinical studies and the application for market approval.

Risks related to key individuals and qualified personnel

Cinclus Pharma is dependent on its employees, particularly active founders, senior executives and other key employees. The company is dependent on being able to recruit highly qualified personnel for the continued development of the business. If Cinclus Pharma were to lose any of its key employees or fail to recruit qualified personnel, it could have a negative effect on the company's operations, financial position and results of operations.

Risks related to the company's protection of its intellectual property rights

Patents and other intellectual property rights are a central asset in Cinclus Pharma's operations and therefore any future success is largely dependent on the ability to maintain existing intellectual property rights such as trademarks and patents and to obtain patent protection for filed and future patent applications. If the company's patents, patent applications or other intellectual property rights were to be lost, not approved or restricted, or if the company is otherwise unable to maintain the required patent protection, it could have a material adverse effect on its operations, results of operations and financial position.

Risks related to fluctuating exchange rates

The company reports its financial position and results in Swedish kronor. However, a significant portion of the company's operating expenses are denominated in currencies other than Swedish kronor. Mostly euros, US dollars, Swiss francs and British pounds. In the future, the company's operating income and expenses may also be denominated in other currencies. As a result, Cinclus Pharma is subject to exchange rate risks in relation to payment flows within and outside Sweden and the eurozone, such as fluctuations where the exchange rate changes from the time an agreement is entered into until payment is due under the agreement, which may lead to currency transaction losses or gains (so-called transaction exposure) that the company cannot predict. Currency transaction losses could have a material adverse effect on the company's future operations, financial

position and profits. Cinclus Pharma has developed a financial policy for how currency may be purchased in relation to fixed and estimated contracts. Cinclus Pharma has bank accounts in the currencies to which the company is exposed, which contributes to reduced currency exposure.

Risks related to current and additional financing

The extent of the resources that will be required for the implementation of Cinclus Pharma's business plan, including the development and commercialization of pharmaceuticals, depends on a number of factors that are not currently known. There is a risk that Cinclus Pharma will not obtain sufficient financing for its operations and development. If the company is unable to obtain financing on acceptable terms, it may limit the company's ability to maintain its position in the market or the competitiveness of its offerings in the future. Cinclus Pharma may also be forced to seek additional financing in order to continue its operations. Such financing may be sought from external investors or existing shareholders and may be through public or private financing initiatives. There is a risk that new capital cannot be obtained when needed or on acceptable terms or that the capital obtained is not sufficient to finance the operations in accordance with the established business plan and established goals. If risks associated with problems in obtaining sufficient financing to maintain the company's operations are met, it may have a material adverse effect on its future operations, financial position and results. See also page 8 of the administration report and the Group's note 19.

Risks related to exposure to tax requirements and changes in tax regulations

Cinclus Pharma believes that the company complies with applicable tax legislation. Tax regulation is complex and subject to different interpretations. There is no guarantee that Cinclus Pharma's tax situation will not be challenged by tax authorities or that the company will be successful in such an event. A decision by a tax authority may change Cinclus Pharma's previous tax situation, which could have a negative impact on the company's operations, financial position and results.

Risks related to accumulated tax deficit

As a result of the significant losses generated by the business, Cinclus Pharma has large accumulated tax losses. Changes in ownership that result in someone gaining control of the company may result in limitations on the ability to utilize such losses in the future. Such limitations and changes could have a negative impact on Cinclus Pharma's future operations, financial position and results of operations.

Financial overview for the Group

Income

Net turnover

Net sales for the year were TSEK 4,580 (5,959). The revenue relates to the fulfillment of development-related and regulatory milestones for linaprazan glurate in China, which according to the contract with Sinorda Biomedicine gives Cinclus Pharma royalties on license revenues Sinorda Biomedicine receives from its license partner in China, SPH Sine.

Operating expenses

Research and development expenses

Research and development (R&D) costs amounted to TSEK -136,657 (-166,678), corresponding to a cost reduction of TSEK -30,020 or 18%. As the company has no clinical studies that have started patient recruitment and as the Phase III program is only in the preparatory stage, the costs are at a lower level than in the previous year.

Administration expenses

Administrative expenses amounted to TSEK -36,854 (-39,562), a marginal decrease of TSEK 2,708 or 7%. During the first half of 2024 and 2023, the company had large expenses for IPO preparations. Now that the IPO has been completed, the expenses are slightly lower than the previous year.

Other operating income and expenses

Other operating income and expenses amounted to a net TSEK -707 (-695), a change of TSEK -12. Other operating income and expenses consist of realized and unrealized exchange rate effects on operating receivables and operating liabilities.

Depreciations

(Included in R&D and Administration expenses)

Depreciation during the year amounted to TSEK -1,338 (-1,251) i.e. an increase of 87 TSEK compared to the previous year. Depreciation consists of tangible fixed assets regarding office equipment of -28 (-28) TSEK and depreciation on right-of-use assets regarding leased premises in accordance with IFRS 16 of TSEK -1,310 (-1,223).

Operating income (EBIT)

The Group's operating loss for the full year amounted to TSEK -169,639 (-200,976), an improvement of TSEK 31,337.

Financial items

Financial income and expenses (net financial income) amounted to TSEK 2,359 (-13,637), which was TSEK 15,996 better than the previous year. The positive net is mainly due to interest income received from bank funds as a result of the new share issue at the IPO in June, but also to the fact that the shareholder loan was settled in connection with the new share issue at the IPO, which resulted in lower interest costs.

Tax

The Group reported a tax expense of TSEK -750 (-505) for the year. The tax consists of Swiss federal and cantonal tax.

Net income

The Group reported a loss after tax of TSEK -168,031 (-215,118), an improvement of 47,087 TSEK or 22%.

Equity and indebtedness

Equity in the Group amounted to TSEK 555,330 as of December 31, 2024, compared to TSEK -76,800 at the end of 2023, an increase corresponding to TSEK 632,130, mainly due to the new share issue in connection with the IPO on June 20.

Long-term liabilities amounted to TSEK 190 (6,790) at the end of the period and consist of lease liabilities of 190 (0) TSEK.

Current liabilities in the Group amounted to TSEK 45,493 (164,422) at the end of the year, a decrease of TSEK 118,930. The decrease is mainly due to the fact that the bridge loan from shareholders was settled with a set-off issue in connection with the IPO in June. Furthermore, the current liabilities consisted of accounts payable of TSEK 18,928 (16,448), lease liabilities of TSEK 109 (24), tax liabilities of TSEK 7,449 (7,216), other liabilities of TSEK 2,107 (2,903) and accrued expenses of TSEK 16,899 (6,826). The accrued expenses that have increased largely consist of accrued expenses for the production of study materials and preparations for the clinical phase III study, which have not yet been invoiced at the end of the year.

Liquid funds and cash flow

Cash and cash equivalents at the end of the year amounted to TSEK 566,716 (87,972), an increase of TSEK 478,745 compared to December 31, 2023. The increase is due to funds the company received in connection with the new share issue at the IPO on June 20, 2024.

The year's cash flow from operating activities before changes in working capital was TSEK -162,195 (-201,581). Cash flow from operating activities including changes in working capital amounted to TSEK -178,367 (-209,186).

Cash flow from financing activities amounted to TSEK 655,200 (122,892). The positive cash flow is due to funds that were provided to the parent company in connection with the new share issue that took place in June in connection with the listing of the company's ordinary shares on Nasdaq Stockholm. Total cash flow for the year amounted to TSEK 476,833 (-86,294).

Investments

Investments during the 2024 financial year amounted to TSEK 0 (0).

Parent company

Cinclus Pharma Holding AB (publ), corporate registration number 559136–8765, is the parent company of the group. The operations consist of work with preclinical and clinical development, marketing, and administrative and corporate management functions.

The parent company has two wholly owned subsidiaries, one in Switzerland and one in Sweden, which together constitute the group. The parent company's total revenue amounted to TSEK 1,376 (628) for the year. The operating profit amounted to TSEK -172,975 (-204,754). Net financial items for the year amounted to TSEK -1,318 (-18,660). The negative net financial items are primarily attributable to interest expenses for the shareholder loan and intra-group liabilities. The net income for the year amounted to TSEK -170,000 (-217,757).

With the transfer of patents and IP rights to the parent company from the Swiss subsidiary as of January 1, 2022, the parent company reports an intangible asset of TSEK 320,463 (320,463).

Cash and cash equivalents at the end of the year amounted to TSEK 559,632 compared to TSEK 82,304 at the end of 2023, an increase of TSEK 477,328 mainly due to the new share issue in connection with the IPO.

Equity in the parent company amounted to TSEK 795,718 as of 31 December 2024 compared to TSEK 168,221 at the end of 2023, which corresponds to an increase of TSEK 627,497. Share capital amounted to TSEK 920 (509). On the balance sheet date of 31 December, the company had 46,537,789 ordinary shares and 854,430 C shares. Current liabilities in the parent company amounted to TSEK 204,977 (329,501) at the end of the year. The decrease of TSEK 124,523 is mainly due to the fact that the bridge loan from shareholders was settled in an offissue in connection with the IPO. The remaining portion mainly relates to group internal liabilities..

Organization and Personnel

Personnel

At the end of the year, the number of employees was 18 compared to 13 at the end of the previous year. The average number of employees during the year was 13 compared to 13 in the same period the previous year. All employees are employed by the parent company. At the end of the year, the company had 17 consultants affiliated with the company.

Guidelines for remuneration of senior executives

Scope

The remuneration guidelines cover the Board of Directors, the CEO and other members of the Group Management. The guidelines shall apply to remuneration that is agreed upon and changes made to remuneration that is already agreed upon. The guidelines were adopted at the 2024 Annual General Meeting. The guidelines do not cover remuneration that is decided upon by the General Meeting.

The guidelines promotion of the Company's business strategy, long-term interests and sustainability

The successful implementation of the Company's business strategy and the safeguarding of the Company's long-term interests, including its sustainability, requires that the Company can recruit and retain qualified employees. This requires that the Company can offer competitive remuneration. The remuneration guidelines enable senior executives to be offered a competitive total remuneration. The Board considers it of great importance that there is a clear connection between the remuneration and the Group's values and financial goals, both in the short and long term, i.e. its business strategy and sustainability.

The Company has established long-term share-based incentive programs in the form of warrant programs, qualified employee option programs, ordinary employee option programs and performance share programs. The programs cover the CEO, other senior executives and employees of the Company and aim to align the interests of key employees with the interests of the shareholders. Variable cash remuneration covered by these guidelines shall aim to promote the Company's business strategy and long-term interests, including its sustainability.

Forms of compensation, etc..

The remuneration shall be in line with the market and the criteria shall be based on the importance of the work tasks, requirements for competence, experience and performance. The remuneration may consist of the following components: fixed basic salary, variable cash remuneration, pension benefits and other benefits and severance pay. The general meeting may also – and independently of these guidelines – decide on, for example, share and share price-related remuneration or market-based programmes such as a warrant programme.

Fulfilment of criteria for payment of variable cash remuneration shall be measurable over a period of one year. The variable cash remuneration may amount to a maximum of 50 percent of the base salary for the CEO and a maximum of 30 percent of the base salary for other senior executives. Variable cash remuneration shall be based on the Company's overall objectives. In the first year as an employee of the Company, the employee may receive variable cash compensation in the current year if the employment commences no later than 30 June. If the employment commences after 30 June, the employee may not receive variable cash compensation until the following year.

The CEO shall receive a pension benefit amounting to 25 percent of the fixed annual base salary. For other senior executives, pension premiums shall be paid in an amount based on a company-specific pension policy that corresponds to the ITP1 plan. Variable cash compensation shall not be pensionable.

Other benefits may include, among others, life insurance, health insurance and car benefits. Such benefits may not exceed 15 percent of the fixed annual base salary in total.
With regard to employment relationships that are subject to rules other than Swedish, appropriate adjustments may be made to comply with such mandatory rules or fixed local practice insofar as pension benefits and other benefits are concerned, whereby the overall purpose of these guidelines shall be met as far as possible.

Termination of employment

In the event of termination by the Company, the notice period may be a maximum of twelve months, without entitlement to severance pay. In the event of termination by an executive, the notice period may be a maximum of six months, without entitlement to severance pay.

In addition, compensation for any non-competition commitment may be paid. Such compensation shall compensate for any loss of income and shall only be paid to the extent that the former executive is not entitled to severance pay. The compensation shall be based on the executive's average monthly remuneration (fixed and variable remuneration) during the last 12 months before the employment ended, however, a maximum of 60 percent of the executive's average remuneration and shall be paid during the period that the non-competition commitment applies, which shall be a maximum of 12 months after the employment ended.

Criteria for distribution of variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria that may be financial or non-financial. The criteria shall be designed to promote the Company's business strategy and long-term interests, including its sustainability, for example by having a clear link to the business strategy.

When the measurement period for fulfilling the criteria for payment of variable cash remuneration has ended, it shall be assessed and determined to what extent the criteria have been met. The Remuneration Committee shall be responsible for the assessment and the decision shall be made by the Board. With regard to financial targets, the assessment shall be based on the Company's most recently published financial information.

Remuneration to Board of Directors

The remuneration of board members for work on the Company's board is decided by the general meeting. Board members are only entitled to receive such remuneration as has been decided by the general meeting. However, any additional remuneration may be paid for services that board members provide to Cinclus Pharma within their respective areas of expertise outside of their assignments as board members. Such remuneration shall be in line with market conditions and regulated in a consultancy agreement approved by the board..

Salary and employment conditions for employees

In preparing the Board's proposal for these remuneration guidelines, the salary and employment conditions of the Company's employees have been taken into account by providing information on employees' total remuneration, the components of remuneration and the increase and rate of increase in remuneration over time as part of the basis for the Remuneration Committee's and the Board's decision-making when evaluating the reasonableness of the guidelines and the limitations that follow from them. The development of the gap between the remuneration of senior executives and the remuneration of other employees is reported in the remuneration report.

The decision-making process for establishing, reviewing and implementing the guidelines

The Board has established a Remuneration Committee. The Committee's tasks include preparing the Board's decision on proposed guidelines for remuneration to senior executives. The Board shall prepare proposals for new guidelines at least every four years and submit the proposal for decision at the Annual General Meeting. The guidelines shall apply until new

guidelines have been adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and evaluate variable remuneration programs for the management, the application of guidelines for remuneration to senior executives and current remuneration structures and levels in the Company. The members of the Remuneration Committee are independent of the Company and the management. The CEO and other members of the management are not present when the Board considers and decides on remuneration-related issues, to the extent that they are affected by the issues.

Deviations from the guidelines

The Board may decide to temporarily depart from the guidelines in whole or in part, if in an individual case there are special reasons for it and a departure is necessary to satisfy the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the tasks of the Remuneration Committee include preparing the Board's decisions on remuneration issues, which include decisions on departures from the guidelines.

Warrant program

At the end of the financial year, Cinclus Pharma Holding AB (publ) had three outstanding warrant programs. All warrants have been subscribed for by employees and consultants in the Group at market terms. The holders have paid a market value for the warrants calculated according to the Black & Scholes valuation model. For full allocation, employees and consultants must be employed or contracted for three years. The total premium paid for the options in the outstanding programs amounted to SEK 1,268 thousand. A prerequisite for subscription of warrants in all programs is that employees have undertaken to the company, among other things, to sell back a certain portion of the subscribed but unvested warrants if the employee's employment or assignment in the Group terminates before the end of three years from the date of entry into the warrant agreement. Upon full exercise of all warrants in all outstanding warrant programs, the company's share capital will increase by approximately SEK 6,729 through the issuance of 354,160 new ordinary shares in the company, see also Note 8 in the Group.

Long-term incentive programs

Qualified Employee Stock Option Program (QESO) 2022–2027

An extraordinary general meeting on December 16, 2022 decided on a qualified employee stock option program (QESO 2022) for 13 employees of Cinclus Pharma at the time of the decision. Initially, the program comprised 5,200 options allocated to employees as of December 31, 2022. At the end of 2024, the number of options was 4,800. QESO 2022 runs from January 1, 2023 to December 31, 2025. The options must be exercised no later than December 31, 2027. In order to exercise the options, the holders must be employed during the 36-month term, otherwise the options will expire. Each employee stock option entitles the holder to acquire 80 new ordinary shares in the Company at an exercise price of SEK 47.33. Cinclus Pharma's average monthly cost for QESO 2022 is estimated to be approximately TSEK 180 and the total cost is approximately SEK 6,800 thousand (excluding remuneration to external advisors). Cinclus Pharma will not be charged with any costs for social security contributions in relation to QESO 2022. The value of an option has been calculated according to the Black & Scholes valuation model. Upon full exercise of all qualified employee options, the company's share capital will increase by approximately SEK 7 thousand through the issuance of 384,000 new ordinary shares in the company, see also Note 8 in the Group..

Qualified Employee Stock Option Program (QESO) 2024–2029

The Annual General Meeting in April 2024 decided on an additional qualified employee option program (QESO 2024) for 7 employees in Cinclus Pharma at the time of the decision. Initially, the program comprised 51,737 options allocated to employees as of April 9, 2024. At the end of 2024, the number of options was 51,737. QESO 2024 runs from April 9, 2024 to April 10, 2029. The options must be exercised no later than December 31, 2029. In order to exercise the options, the holders must be employed during the 36-month term, otherwise the options will expire. Each employee option entitles the holder to acquire 1 new ordinary share in the Company at an exercise price of SEK 47.33. Cinclus Pharma's average monthly cost for QESO 2024 is estimated to be approximately TSEK 27 and the total cost to approximately TSEK 852 (excluding remuneration to external advisors). Cinclus Pharma will not be charged with any social security costs in relation to QESO 2024. The value of an option has been calculated according to the Black & Scholes valuation model. Upon full exercise of all qualified employee options, the company's share capital will increase by approximately SEK 1 thousand through the issuance of 51,737 new ordinary shares in the company, see also Note 8.

Employee Stock Option Program (ESOPO) 2024–2027

At an extraordinary general meeting on June 3, 2024, a long-term employee option program, PO 2024/2027 series 1, was adopted. 290,000 employee options were granted to the CEO and a scientific advisor in July 2024 and have begun to be expensed in quarter 3, 2024. The employee option program is a program under which participants will be granted options to acquire ordinary shares in Cinclus Pharma free of charge. The options vest three years after the grant. In order for vesting to occur, the participant must, with certain exceptions, still be employed by Cinclus Pharma (or, in the case of the scientific advisor, still provide services to Cinclus Pharma). In the event that the holder terminates his or her own employment before the options can be exercised, no options can be vested. The 2024/2027 employee stock option program will be accounted for in accordance with "IFRS 2 – Share-based Payments".

IFRS 2 stipulates that the options shall be expensed as personnel costs over the vesting period. Personnel costs in accordance with IFRS 2 do not affect the Company's cash flow. Costs for social security contributions will be expensed in the income statement in accordance with UFR 7 during the vesting period. Assuming an estimated annual employee turnover of 10 percent, a price of

SEK 76 per ordinary share at the end of the vesting period and average social security contributions of 31.42 percent, the cost of the 2024/2027 employee stock option program in accordance with IFRS 2 is estimated to be SEK 1.5 million and social security costs to SEK 1.4 million. The total cost of the 2024/2027 stock option program, assuming full participation, is thus estimated to amount to approximately SEK 2.9 million over a three-year period.

Performance Share Program (PSP) 2024–2027

On June 3, 2024, an extraordinary general meeting of Cinclus Pharma decided to adopt a long-term incentive program in the form of a performance share program for employees of Cinclus Pharma. The Performance Share Program 2024/2027 initially included a maximum of 23 participants in the program, who could be existing and future employees of the Group. At the end of the year, there were 12 participants in the program. There are two series of the program. Series 1 is the participants who joined the program in July 2024. Series 2 is the participants who joined the program in December 2024. In connection with joining the program, the participants in the program have invested in the company by acquiring ordinary shares in Cinclus Pharma, so-called investment shares. The participants were also allowed to benefit from already held ordinary shares as investment shares. At the end of the year, the CEO has allocated 11,600 investment shares and members of the Company's Group Management have allocated 5,375 investment shares. Members of the Company's R&D management have allocated 16,625 investment shares and other employees have allocated 6,625 investment shares in the program. For each Investment Share held within the framework of the program, the Company will grant participants a right to one matching share, so-called matching rights, entailing the right to receive one matching share free of charge for each investment share. In addition, provided that certain performance conditions regarding the development of the common share are met, the CEO is entitled to a maximum of eight additional rights to eight performance shares and other participants four additional rights to four performance shares, so-called performance rights, free of charge, according to the conditions set out below.

The matching shares are received after the end of the vesting period as defined below. The matching rights for participants in series 1 can be exercised from the date of publication of the company's interim report for quarter 2, 2027 (however, no later than August 31, 2027). For series 2, exercise applies from and including the publication of the company's report for quarter 3, 2027 (however, no later than November 30, 2027). The requirement for receiving matching shares is that the employee has retained his or her original Investment Shares and that the participant, with certain exceptions, is still employed within the Group. In order to exercise the performance rights, in addition to the requirement for the participant's continued employment and an intact investment shareholding as above, certain performance conditions are set. A participant's performance rights entitle the CEO to a maximum number of performance shares of six per investment share and other participants to four per investment share if the total return (return to shareholders in the form of price appreciation and reinvestment of any dividends during the performance period) on Cinclus Pharma's common shares during the period from and including June 20, 2024, to and including June and November 2027, respectively, amounts to or exceeds 60 percent. In order for the allocation to take place according to the performance condition, the development of Cinclus Pharma's common shares must be at least 20 percent during the performance period, which entitles the participant to one performance share per investment share. Between these levels, performance shares are received linearly. The performance shares are received after the end of the vesting period. In addition to being entitled to performance shares upon meeting established targets related to the development of the common share, the CEO is also entitled to an additional two performance shares per investment share if the average share price of the company's common share on Nasdaq Stockholm during June 2027 is at or above SEK 75. Upon maximum allocation of all matching shares and performance shares, a maximum of 247,525 common shares will be allocated to participants within the framework of the program.

The maximum value per matching right or performance right is limited to SEK 252. In the event that the value of such a right exceeds this ceiling, the number of matching shares and performance shares will be reduced proportionately. The Performance Share Program 2024/2027 will be accounted for in accordance with IFRS 2, which means that the rights shall be expensed as a non-cash personnel expense over the period that the Performance Share Program 2024/2027 runs. The cost of the Performance Share Program 2024/2027 is assumed to amount to approximately SEK 6.8 million, excluding social security contributions, calculated in accordance with IFRS 2 on the basis of the following assumptions: that all matching rights and performance rights are awarded, an estimated annual employee turnover of 10 percent and a price of SEK 76 per ordinary share at the end of the Vesting Period. The costs for social security contributions are estimated at approximately SEK 6.2 million based on the assumptions above and that social security contributions amount to 31.42 percent. Together with the IFRS 2 cost, this results in estimated costs of SEK 13 million. In addition to what is stated above, the costs for the performance share program 2024/2027 have been calculated based on the assumption that the performance share program 2024/2027 includes a maximum of 21 participants and that each participant utilizes the maximum investment.

C-shares

The company's commitment to allocate shares to participants in the performance share program 2024/2027 and the employee stock option program 2024–2027 is intended to be secured with C shares. A new article of association was adopted at the extraordinary general meeting on 3 June 2024, according to which the company can issue C shares to secure delivery of ordinary shares to participants in the programs and to secure payment of future social security contributions. In December 2024, 854,430 C shares were issued, which the company repurchased and thus holds in its own custody.

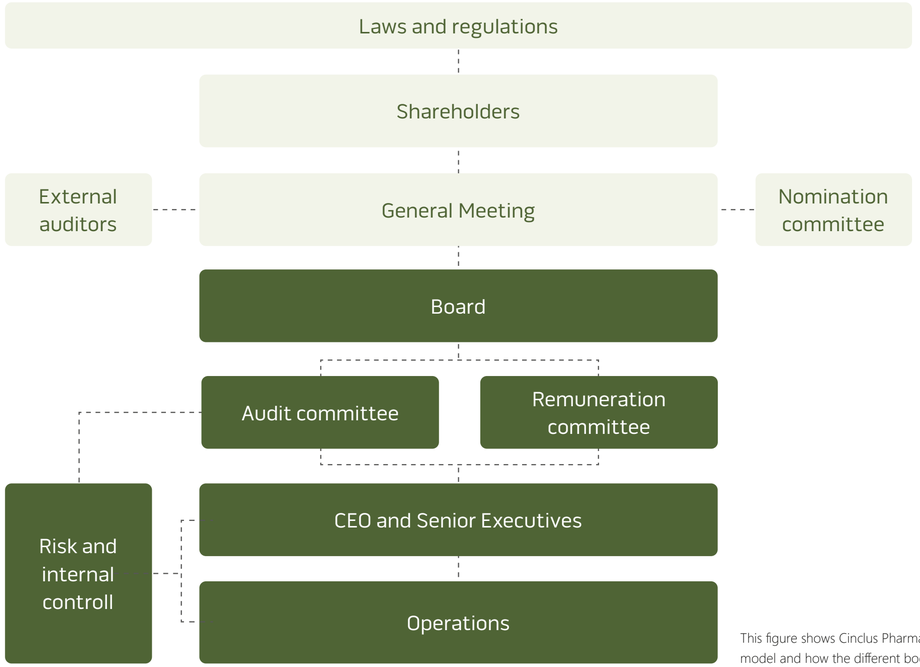
Corporate Governance

Intoduction

Cinclus Pharma Holding AB (publ) ("Cinclus Pharma" or the "Company") is a Swedish public limited company with its registered office in Stockholm. The Company's shares were listed on Nasdaq Stockholm on 20 June 2024. This corporate governance report has been prepared for the first time for the year 2024. A general description of the corporate governance, corporate governance reports and financial reports are available on the Company's website, www. cinclupharma.com. This corporate governance report forms part of the Company's annual report. The corporate governance report has been reviewed by the Company's auditor.

Legislation, articles of association and governance

In connection with the listing of the Company's shares on Nasdaq Stockholm, the Company began to apply the rules that apply to listed companies on Nasdaq Stockholm Nordic Main Market; the Rulebook for Issuers of Shares (the "Issuer Rules") and the Swedish Code of Corporate Governance (the "Code"). In addition to legislation, the Issuer Rules and the Code, the Company's Articles of Association and internal policies and guidelines, see table to the right, are the primary basis for corporate governance. The figure below shows Cinclus Pharma's corporate governance model and how the various bodies operate.



This figure shows Cinclus Pharma's corporate governance model and how the different bodies operate.

Internal instructions and policies that, among other things, have significance for corporate governance

- Articles of association
- Board of Directors' Rules of Procedure and CEO Instructions
- Audit Committee Instructions
- Remuneration Committee Instruction
- Financial Reporting Instruction
- Guidelines for Remuneration of Senior Executives
- Code of Conduct
- Corporate Governance Policy
- Finance Policy
- Finance Manual
- Delegation of Authority Instruction
- Information Policy
- Insider Policy
- IT policy
- HR policy
- HR manual
- Whistleblower Policy
- Anti-Corruption Policy
- Sanctions Manual
- Related Party Transaction Guidelines
- Information Security Policy
- Risk Management Policy

External regulations that affect corporate governance

- The Swedish Corporate Governance Code
- The Limited Liability Companies Act
- Accounting regulations
- Issuers regulations
- Good practice in the stock market

The Swedish Code of Corporate Governance is available at www.bolagsstyrning.se and the Issuer Regulations are available at https://www.nasdaq.com/market-regulation/nordic/stockholm.

Deviation from the Corporate Governance Code

During the year, Cinclus Pharma's board of directors has not made any deviations from the code or committed any violations of the Issuer Regulations or good practice in the stock market.

General Meeting

The shareholders' influence in the Company is exercised at the Annual General Meeting, which, in accordance with the Companies Act, is the Company's highest decision-making body. As the Company's highest decision-making body, the Annual General Meeting may make decisions on any matter in the Company that does not constitute the exclusive competence of another company body. The Annual General Meeting thus has a superior role in relation to the Company's Board of Directors and CEO.

Notices, minutes and communiqués from general meetings will be made available on the Company's website. At the Annual General Meeting, which according to the Companies Act must be held within six months of the end of each financial year, decisions shall be made on the adoption of the income statement and balance sheet, appropriations of the Company's profit or loss, discharge from liability for the Board of Directors and the CEO, election of Board of Directors and auditors and remuneration for the Board of Directors and auditor. At the general meeting, the shareholders also make decisions on other central issues for the Company, such as amendments to the Company's articles of association, any new issue of shares, incentive programs, etc.

If the Board of Directors considers that there are grounds to hold a general meeting before the next annual general meeting, or if an auditor of the Company or an owner of at least one tenth of all shares in the Company so requests in writing, the Board of Directors shall call an extraordinary general meeting. Notice of the annual general meeting and of an extraordinary general meeting where amendments to the Articles of Association are to be considered shall be given no earlier than six weeks and no later than four weeks before the meeting. Notice of another extraordinary general meeting shall be given no earlier than six weeks and no later than three weeks before the meeting. Notice shall be given by advertisement in the Swedish Official Gazette and on the Company's website. The fact that notice has been given shall be simultaneously announced in Svenska Dagbladet.

In order to participate in the annual general meeting, shareholders must notify their intention to participate in the meeting no later than the date specified in the notice of the meeting. This day may not be a Saturday, Sunday, public holiday, Midsummer Eve, Christmas Eve or New Year's Eve and may not be earlier than the fifth weekday before the meeting. Shareholders may attend the Annual General Meeting in person or by proxy and may also be assisted by a maximum of two persons. Shareholders may normally register their attendance at the Annual General Meeting in several different ways in accordance with the instructions in the notice.

Shareholders who wish to have a matter dealt with at the Annual General Meeting must submit a written request to the Company's Board of Directors.Such a request shall normally be received by the Board no later than seven weeks before the Annual General Meeting. In order to determine who is entitled to participate and vote at the Annual General Meeting, Euroclear Sweden AB shall, at the Company's request, provide the Company with a list of all holders of shares as of the record date in connection with each Annual General Meeting. Shareholders whose shares are nominee-registered must instruct the nominee to temporarily register the shares in the shareholder's own name in order to have the right to participate and vote for their shares at the Annual General Meeting (voting rights registration). Such registration must be completed no later than the applicable record date and shall cease to be valid after the record date. Shareholders whose shares are directly registered in an account in the Euroclear system will automatically be included in the list of shareholders. There are no restrictions on how many votes each shareholder can cast at a general meeting..

Annual General Meeting 2024

The following members of the board of directors were present at the general meeting on April 8, 2024:

- Lennart Hansson, Chairman of the Board
- Peter Unge, Board member
- Helena Levander, Board member
- Torbjörn Koivisto, Board member
- Anders Öhberg, Board membert
- Nina Rawal, Board member

CEO, Christer Ahlberg and auditor Leonard Daun, PwC also participated in the meeting. As the Company was not listed at the time of the Annual General Meeting, there was no regular nomination committee, but a group of shareholders representing 18.4% of the votes submitted proposals to the meeting. These shareholders were Linc AB (publ) represented by Bengt Julander, Regulus AB represented by Carl-Magnus Uggla, OBX Invest AB represented by Kjell Andersson and Nylof Holding AB represented by Urban Paulsson. From the Nomination Committee, Linc AB (publ) represented by Bengt Julander and Karl Tobieson participated in the meeting, as well as Regulus AB represented by Carl-Magnus Uggla and Staffan Unge. The Annual General Meeting was noted as quorate with 49.05% of the votes represented either in person or by proxy.

In addition to approving the income statement and balance sheet, remuneration and election of board members and auditors, the general meeting decided on the number of board members and auditors and discharge from liability for the board members and the CEO.

The following was otherwise resolved by the general meeting in accordance with the Board's proposal:

- To authorize the Board to, on one or more occasions during the period until the next annual general meeting, decide on the issue of new shares, warrants and/or convertibles that may amount to a maximum of 20 percent of the total number of registered shares in the Company the first time the authorization is exercised.
- To authorize the Board to decide on a new share issue in connection with a listing of the Company's shares.
- Resolution on principles for the appointment of a nomination committee.
- Resolution on guidelines for remuneration to senior executives and board members.
- Resolution on a Qualified Employee Stock Option Program (QESO 2024).

Extraordinary General Meeting 2024

At an extraordinary general meeting on 3 June 2024, the Chairman of the Board, parts of the Board, the CEO and the auditor were present. The meeting decided on long-term incentive programs (PSP 2024–2027 and ESOP 2024–2027) and to authorize the Board to make decisions on a directed issue of C shares, on the repurchase of issued C shares and the transfer of own ordinary shares to participants in the long-term incentive programs LTIP, PSP 2024–2027 and ESOP 2024–2027. The meeting was noted as quorate with 43.57% of the votes represented either in person or by proxy..

Annual General Meeting 2025

The 2025 Annual General Meeting will be held on Wednesday, May 22, at the premises of the law firm Vinge on Smålandsgatan in Stockholm. For the right to participate, see information further on in this annual report or at www.cinclusphar ma.com. The minutes of the Annual General Meeting will be available on the website www.cinclusphar ma.com..

Major shareholders

No shareholder in Cinclus Pharma has direct or indirect shareholdings in the company that represent at least one tenth of the voting rights for all shares in the company. At the end of 2024, the Company had 3,986 shareholders. The single largest owner was Trill Impact Ventures, which held 3,721,221 shares.

Nomination Committee

The Nomination Committee's mission is to ensure that the members of CinclusPharma's Board of Directors have the knowledge and experience that is relevant to being able to contribute to the company's satisfactory development over time. The Nomination Committee shall submit proposals to the Annual General Meeting on the following:

- the number of board members
- the composition of the board
- remuneration of the board and for work in the committees
- proposals for the chairmen of the board and the general meeting
- auditors and their remuneration

Ahead of the 2024 Annual General Meeting, the Company did not have a formal Nomination Committee. However, a group of shareholders representing 18.4% of the votes operated an informal Nomination Committee that submitted proposals to the meeting, see previous section regarding the 2024 Annual General Meeting. The Company's Annual General Meeting on 8 April 2024 decided to adopt the following principles for the appointment of and instructions regarding the Nomination Committee for future annual general meetings.The principles and instructions below shall apply until a decision on amendment is made by the Annual General Meeting.

The Nomination Committee shall consist of the Chairman of the Board and a representative for each of the three largest shareholders listed in the share register maintained by Euroclear Sweden as of the end of the third quarter of the financial year. In the event that any of the three largest shareholders refrains from appointing a representative to the Nomination Committee, the right shall pass to the shareholder who, after these three shareholders, has the largest shareholding in the Company. The Chairman of the Board shall convene the Nomination Committee. The member representing the largest shareholder shall be appointed as Chairman of the Nomination Committee unless the Nomination Committee unanimously appoints another member..

If a shareholder who has appointed a representative to the Nomination Committee more than three months before the Annual General Meeting is no longer among the three largest shareholders, the representative appointed by that shareholder shall make his or her seat available, and the shareholder who has subsequently become one of the three largest shareholders shall have the right to appoint a representative to the Nomination Committee. Unless there are special reasons, however, no change shall be made to the Nomination Committee's composition if only a marginal change in ownership has occurred or if the change occurs more than three months before the Annual General Meeting. Shareholders who have become one of the three largest shareholders as a result of a material change in ownership more than three months before the Annual General Meeting shall, however, have the right to appoint a representative who shall have the right to take part in the Nomination Committee's work and attend the Nomination Committee's meetings. If a representative leaves the Nomination Committee before the Nomination Committee's work is completed and the Nomination Committee deems it necessary to replace him or her, such replacement representative shall represent the same shareholders or, if the shareholder is no longer one of the largest shareholders, the largest shareholder in the order of precedence. Shareholders who have appointed

a representative as a member of the Nomination Committee have the right to dismiss such member and appoint a new representative as a member of the Nomination Committee. Changes in the composition of the Nomination Committee must be announced immediately.

The composition of the Nomination Committee for the Annual General Meeting shall normally be announced no later than six months before the meeting. No remuneration shall be paid to the representatives of the Nomination Committee. The Company shall reimburse any costs incurred by the Nomination Committee in its work. The term of office of the Nomination Committee shall end when the composition of the following Nomination Committee has been published..

The Nomination Committee for the 2025 Annual General Meeting was presented 8 November 2024 and consists of:

- Bita Sehat, appointed by Trill Impact Ventures Pharma 1 AB
- Karl Tobieson, appointed by Linc AB
- Elin Häggbom, appointed by PetoMaj Invest AB

The Chairman of the Board, Lennart Hansson, has been co-opted to the Nomination Committee. Bita Sehat was appointed as Chairman of the Nomination Committee..

Board

Board of Directors' duties

The Board of Directors is the Company's highest decision-making body after the Annual General Meeting. According to the Companies Act, the Board of Directors is responsible for the Company's administration and organization, which means that the Board of Directors is responsible for, among other things, setting goals and strategies, ensuring routines and systems for evaluating established goals, continuously evaluating the Company's performance and financial position, and evaluating the operational management. The Board of Directors is also responsible for ensuring that the annual report and interim reports are prepared in a timely manner. In addition, the Board of Directors appoints the Company's CEO. The Board shall also ensure that the Company operates in a sustainable manner. The Board of Directors does this, among other things, by ensuring that policies contain relevant guidelines regarding the environment, health, and equality.

The Board members are normally elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's Articles of Association, the Board of Directors, to the extent that it is elected by the General Meeting, shall consist of at least three members and a maximum of ten members without deputies.

According to the Code, the Chairman of the Board shall be elected by the Annual General Meeting and shall have special responsibility for managing the work of the Board and ensuring that the work of the Board is well organized and carried out in an efficient manner.

The Board follows a written procedure that is revised annually and approved at the statutory Board meeting each year. The procedure regulates, for example, board practices, functions and the division of work between the board members and the CEO. In connection with the statutory Board meeting, the Board also approves the instructions for the CEO, including financial reporting.

The Board meets according to an annually approved schedule. In addition to these Board meetings, additional Board meetings may be convened to handle issues that cannot be referred to a regular Board meeting. In addition to the Board meetings, the Chairman of the Board and the CEO have an ongoing dialogue regarding the management of the Company. The Board works continuously during the year to evaluate the work of the CEO.

Composition of the Board

According to the Company's Articles of Association, the Company's Board shall consist of a minimum of three and a maximum of ten members. Board members are elected annually at the Annual General Meeting for the period until the next Annual General Meeting is held. There is no limitation on how long a board member may serve on the board. In accordance with the Swedish Companies Code, a majority of the board members elected by the general meeting shall be independent of the company and its management. All board members except one are deemed to be independent of the company and its management. All board members are also deemed to be independent of the company's major shareholders. Cinclus Pharma thus meets the Code's requirements for independence. As of the balance sheet date for the financial year, the company's board of directors consists of seven members: Lennart Hansson (chairman), Torbjörn Koivisto, Helena Levander, Nina Rawal, Wenche Rolfsen, Peter Unge and Anders Öberg. For information about each board member, see further forward in this annual report.

	Year elected to the Board	Attendnce Board meetings (21)	Board remuneration * (TSEK)	Attendance Audit Committee (6)	Remuneration Audit Committee * (TSEK)	Attendance Remuneration Committee (7)	Remuneration Remuneration Committee* (TSEK)	Independent in relation to The Company	Independent in relation to Larger owners
Chairman of the Board:									
Lennart Hansson	2014	21	480			7	12,5	Yes	Yes
Board members:									
Torbjörn Koivisto	2017	21	240			7	25	Yes	Yes
Helena Levander	2021	20	240	6	50			Yes	Yes
Nina Rawal	2022	20	240	5	25			Yes	Yes
Wenche Rolfsen	2016	16	240	6	25			Yes	Yes
Peter Unge	2014	19	240					No	Yes
Anders Öberg	2016	21	240					Yes	Yes

* Decided at the 2024 Annual General Meeting and refers to the time until the next Annual General Meeting.

Board attendance and fees in 2024

The table above shows the Board's attendance at Board meetings and committee meetings during 2024 and the fees decided for the Board members at the 2024 Annual General Meeting. Board member Peter Unge does not receive any board fees as he holds a consulting assignment in Cinclus Pharma, see also Note 27 in the Group..

Chairman of the Board

The Chairman of the Board is responsible for leading the work of the Board and ensuring that the work of the Board is carried out efficiently and that the Board fulfils its duties. The Chairman shall, through contacts with the CEO, monitor the Company's development and ensure that the Board members, through the CEO, continuously receive the information they need to monitor the Company's position, financial planning and development. The Chairman shall also consult with the CEO on strategic issues and ensure that the Board's decisions are implemented effectively. The Chairman of the Board is responsible for contacts with the shareholders on ownership issues and for conveying the views of the owners to the Board. The Chairman does not participate in the operational work of the Company, nor is he part of the company's management.

The work of the Board

The Board follows a written procedure that shall be reviewed annually and approved at the statutory board meeting. The procedure regulates, among other things, the Board's working methods, tasks, decision-making procedures within the Company, the Board's meeting procedures, the Chairman's tasks, and the division of work between the Board and the CEO. Instructions regarding financial reporting and CEO instructions are also approved in connection with the statutory board meeting. In addition to the board meetings, the Chairman and CEO have an ongoing dialogue regarding the management of the Company. The Board meets according to a previously decided annual plan and shall hold at least five regular board meetings between each annual general meeting.
The Board works to constitute a gender-balanced board and to ensure that the operations of Cinclus Pharma are conducted in a sustainable manner. The Chairman of the Board is responsible for evaluating the Board's work, including the efforts of individual members. This is done through an annual, structured evaluation with subsequent discussions in the board and the nomination committee, where the evaluation is used as a tool to develop the board's work and also forms a basis for the nomination committee's nomination work. The board's work was evaluated in October 2024 and the results have been communicated to the nomination committee.

Committees

The Board of Directors appoints an Audit Committee and a Remuneration Committee at the statutory Board meeting.

The Audit Committee's tasks are described in an instruction for the Audit Committee. Within the framework of the Board's work, the Audit Committee shall, among other things, monitor the Company's financial reporting and prepare issues concerning the Company's financial reporting and auditing in accordance with Chapter 8, Section 49 b of the Swedish Companies Act and carry out the tasks that follow from EU Regulation No. 537/2014. As of the balance sheet date for the financial year, the Company's Audit Committee consists of Helena Levander (Chair), Wenche Rolfsen and Nina Rawal. All members of the Audit Committee are independent in relation to the Company and major shareholders.

The Remuneration Committee is tasked with handling the tasks that, according to the Code, fall to the Remuneration Committee, such as decisions regarding remuneration and terms of employment for the company's management and proposals for guidelines for remuneration to the CEO and senior executives, which the Board of Directors submits for decision by the Annual General Meeting. As of the balance sheet date for the financial year, the Company's Remuneration Committee consists of Torbjörn Koivisto (Chairman) and Lennart Hansson.

The Board of Directors may authorize the committees to decide on specific issues within their areas of responsibility. The committees may refer any matter that it has the authority to decide on to the Board of Directors for decision.

CEO and other Senior Executives

The Company's CEO is subordinate to the Board and, in accordance with the provisions of the Companies Act, manages the day-to-day management of the Company in accordance with the Board's guidelines and instructions. Measures that, taking into account the scope and nature of the Company's operations, are of an unusual nature or of great importance fall outside the scope of "day-to-day management" and must therefore, as a general rule, be prepared and submitted to the Board for decision. The Company's CEO shall also take the measures necessary to ensure that the Company's accounting is carried out in accordance with law and that the management of funds is carried out in a satisfactory manner. The Board's rules of procedure and written CEO instructions state the division of work between the Board and the CEO. The Board continuously evaluates the work of the CEO. In 2024, Christer Ahlberg was CEO of the Company. Cinclus Pharma's management team consisted of:

- CFO Maria Engström (January-December)
- CMO Kajsa Larsson (January-December)
- Executive R&D Director Margit Mahlapuu (October-December)
- CCO Peter Wallich (Januari-December)
- Director of Business Development Jesper Wiklund (Oktober-December)
- Head of Regulatory Affairs Malin Filler (Januari-September)
- Head of CMC Bengt Erlandsson (Januari-September)
- COO Gösta Hiller (Januari-September)

For information on each person in the management team, see further on in this annual report.

The management team is composed so that the management team can together steer and manage the company in an effective manner and safeguard the company's interests. The management team holds continuous meetings at least once a month.

Risk and internal control

Cinclus Pharma has established an internal control framework that aims to achieve efficient, structured and controlled processes for the organization to achieve the objectives set by the board. This framework includes work to ensure that Cinclus Pharma's operations are conducted correctly and efficiently and that laws and regulations are complied with. Furthermore, the work includes ensuring that financial reporting is correct, reliable and in accordance with applicable laws and regulations. The board's responsibility for internal control is regulated in the Companies Act, the Annual Accounts Act and the Code. Within the Group, the structure for internal control shall be based on the so-called COSO framework (Committee of Sponsoring Organizations of the Treadway Commission). Based on COSO, Cinclus Pharma applies the following building blocks to achieve good internal control.

Control environment

Internal control is based on the division of responsibilities and work assignments through, among other things, the board's rules of procedure, instructions for the board's committees and the CEO, instructions for the established financial reporting, and Cinclus Pharma's code of conduct and other policies. A financial policy has been adopted by the board that sets out the framework for how financial risks are to be managed and the division of responsibilities between the board, CEO and CFO. Cinclus Pharma also has a financial manual whose purpose is to set guidelines and rules for how financial control and reporting are to be carried out and complied with within Cinclus Pharma. Compliance with these governing documents and policies is monitored at least annually by management and reported to the audit committee and board.

Risk assessment

Cinclus Pharma's risk assessment aims to identify and evaluate risks of material errors in Group-wide risks and the Group's financial reporting. The risk assessment is the basis for, among other things, the work of ensuring that financial reporting is reliable and how the risks in reporting are to be managed through various control structures. Group management makes a risk assessment based on probability, the impact and consequences of different risks on the Company and its operations. This assessment is made at least annually and reported to the audit committee and board. The CFO is responsible for the risk assessment in financial reporting and the work to ensure its reliability. The CEO is overall responsible for the total risk assessment and the work to ensure its reliability.

Control activities

Controls shall be linked to each identified risk at a group-wide level and in relation to the group's financial reporting until the risk is deemed eliminated or reduced to an acceptable level. Developed measures and documented process maps and risk/control matrices are part of how control activities are managed within the group.

Information and communication

Relevant information should be communicated in the right way, to the right recipient and at the right time. Communicating significant information, both up and down an organization and to external parties, is an important part of good internal control. Group management meetings are used as a forum for communication and dissemination of information related to risk management for the Group. It is also the responsibility of the Group's management team to ensure that the process managers linked to financial reporting have sufficient knowledge of the significant risks and related control activities in the specific process.

The guidelines for internal and external communication are described in Cinclus Pharma's information policy. Ultimately, this is about ensuring that information obligations according to laws and regulations are complied with and that investors receive the right information in a timely manner. The Board of

Directors and its Audit Committee regularly receive financial reports regarding the Group's position and performance. The procedures for external information provision aim to provide the market with relevant, reliable and correct information about the Company's development and financial position. The Company's guidelines include how such communication should take place, who is authorized to provide certain types of information and procedures regarding the maintenance of an insider list.

Governnce and monitoring

Group management shall continuously evaluate that the Group-wide risk assessment and management and the specific control activities carried out in each significant process linked to financial reporting are relevant to managing the significant risks Cinclus Pharma faces. Control activities shall be documented so that their execution is traceable. Follow-up to ensure the effectiveness of internal control is also carried out by the Audit Committee and the Board. The Group-wide risk management and financial reporting system shall be continuously monitored and aims to ensure that the system is maintained, that changes are made when necessary and to evaluate changes in working methods. The Audit Committee shall also review that internal control follows established procedures and policies, and report to the Board at least once a year. The Company's Chief Financial Officer is responsible for ensuring that internal control is maintained in accordance with the decisions of the Board. The CEO is ultimately responsible.

Audit

Auditor and audit

The Company, as a public limited company, is required to have at least one auditor to audit the Company's and the Group's annual accounts and accounts, as well as the management of the Board of Directors and the Managing Director. The audit shall be as thorough and comprehensive as good auditing practice requires. The Company's auditors are elected by the Annual General Meeting in accordance with the Swedish Companies Act. An auditor in a Swedish limited company is thus assigned by and reports to the Annual General Meeting and may not be directed in his or her work by the Board of Directors or any senior executive. The auditor shall audit the Company's annual accounts and accounts, as well as the management of the Board of Directors and the Managing Director. After each financial year, the auditor shall submit an audit report and a group audit report to the Annual General Meeting. The Company's Board of Directors shall meet with the auditor without the presence of the Managing Director or other person from the company's management at least once a year. According to the Company's Articles of Association, the Annual General Meeting shall appoint
at least one (1) and a maximum of two (2) auditors with a maximum of two (2) deputy auditors. The Company's current auditors are Öhrlings PricewaterhouseCoopers AB (PwC) with authorized public accountant Leonard Daun until July 2024 when authorized public accountant Lars Kylberg took office upon Leonard Daun's retirement. Lars Kylberg is seen as independent of the Company and of major shareholders..

Internal audit

Cinclus Pharma has not yet found a reason to establish a separate internal audit function in the financial area, as the company is relatively small and the ongoing work on internal control has resulted in a high awareness of internal control in the Group. The question of a separate internal audit function will be examined as the Company grows.

Board of directors

	Lennart Hansson	Torbjörn Koivisto	Helena Levander	Nina Rawal
	Chairman of the Board, Co-founder	Non-executive Director	Non-executive Director	Non-executive Director
Born	1956	1969	1957	1979
Nationality	Swedish	Swedish	Swedish	Swedish
Position	Board member since 2014 and Chairman of the Board since 2020.	Board member since 2017.	Board member since 2021.	Board member since 2022.
Education	Ph.D. in Genetics from Umeå University.	Master of Laws (LL.M.) from Uppsala University.	Master in Finance and Business Administration from Stockholm School of Economics.	Ph.D. in Molecular Neurobiology and Master of Science in Biomedicine. Both from Karolinska Institutet.
Board Committees	Member of the Remuneration Committee.	Chairman of the Remuneration Committee.	Chairman of the Audit Committee.	Member of the Audit Committee.
Experience	Former head of Life Science Investments at Industrifonden. He has more than 25 years' experience from the pharma and biotech industry in executive positions at KabiGen, Symbicom AB, AstraZeneca AB, Karolinska Development AB and BioVitrum AB and as CEO for Arexis AB.	More than 20 years' experience as a business lawyer, focusing entirely on advising clients within the life sciences industry on matters of commercial and corporate law. Previous work experience includes law firms Mannheimer Swartling, Lindahl and Bird & Bird. Since 2006 working for his own company IARU.	More than 20 years of experience within asset management and equity markets from SEB, Nordea, Odin Funds and Neonet Securities. Entrepreneurial experience from building and running Nordic Investor Services, an advisory consultant within global corporate governance, since 2002.	Currently Partner and Co-Head at Trill Impact Ventures. Previous experience includes the roles of Head of life science at Industrifonden, Vice President, Strategy and Ventures at Gambro, and management consulting at Boston Consulting Group in Stockholm and New York.
Other current assignments	Member of the Board in Medivir Aktiebolag. Chairman of the Board in Sixera Pharma AB, QureTech Bio AB, Omnio AB and Ignitus AB.	Member of the Board in Xspray Pharma AB (publ) and IARU Institutet för Affärsjuridisk Rådgivning i Uppsala AB.	Chairman of the Board in Factoringgruppen AB and Caroline Svedbom AB. Stendörren Fastigheter AB (publ) and Occlutech AG.	Member of the Board of Emerging Health Ventures I AB and serves on the board of Stockholms Sjukhem.
Independent/ Dependent of the company/ major owners	Independent in relation to the company and its management and in relation to major shareholders.	Independent in relation to the company and its management and in relation to major shareholders.	Independent in relation to the company and its management and in relation to major shareholders.	Independent in relation to the company and its management and in relation to major shareholders.
Holdings in Cinclus Pharma	Ordinary shares: 1,084,771 (via related parties).	Ordinary shares: 94,435 (via related parties).	Ordinary shares: 50,270 (own and via related parties).	-

Board of directors

	Wenche Rolfsen	Peter Unge	Anders Öhberg
	Non-executive Director	Non-executive director, Senior Adviser, Co-founder	Non-executive Director
Born	1952	1951	1980
Nationality	Swedish	Swedish	Swedish
Position	Board member since 2016.	Board member since 2014.	Board member since 2016.
Education	Pharmacist, Ph.D of Pharmacy (pharma-cognosy), Adjunct Professor at Uppsala University.	MD. Ph.D. Gastroenterologist and Internal Medicine and Hepatology from Karolinska Institutet.	Master of Medical Sciences and Clinical Drug Development from Uppsala University.
Board Committees	Member of the Audit Committee.	-	-
Experience	Former Head of pharmacology at Pharmacia & Upjohn; VP clinical trials Quintiles Europe, CEO of Quintiles Scandinavia. Chairman of Aprea Therapeutics AB, Denator AB and Aprea Personal AB. Board member of Swedish Match AB, SOBI AB, Recipharm AB, Smartfish AB, Moberg Pharma AB, TFS Trial Form Support International AB, Apotek Produktion & Laboratorier AB and Industrifonden. Chairman Bionor Pharma AS and Chairman i BioArctic AB. Chairman of the Board of Index Pharmaceutical Holding AB.	27 years of Clinical experience. Consultant at AstraZeneca and former VP at Novartis. Innovated the modern principles for *H. pylori* eradication therapy, currently state-of-the-art.	More than 15 years experience from drug development and medical affairs within the pharmaceutical industry. He has held a broad spectrum of positions within clinical development, pharmacovigilance, quality assurance and medical affairs at Pfizer, Ipsen, Shire and Novartis. Currently Medical Director for Northern Europe at PTC Therapeutics.
Other current assignments	CEO and Member of the Board in Rolfsen Consulting AB. Partner in Serendipity Partners.	Chairman of the Board in PetoMaj Invest AB and Cinclus Pharma AG.	Member of the Board in Regulus Pharma Fas 1 AB and Fovea AB.
Independent/ Dependent of the company/ major owners	Independent in relation to the company and its management and in relation to major shareholders.	Not independent in relation to the company and its management. Independent in relation to major shareholders.	Independent in relation to the company and its management and in relation to major shareholders.
Holdings in Cinclus Pharma	Ordinary Shares: 23,290 (own).	Ordinary shares: 2,050,015 (own and via related parties).	Ordinary shares: 24,083 (own).

Management

Christer Ahlberg

Chief Executive Officer and President

Born	1971
Nationality	Swedish
Position	CEO and President since 2021. Employed since 2021.
Education	BSc in business administration and economics from Örebro University.
Experience	Former experience in the pharmaceutical industry includes CEO at Sedana Medical Group (2017-2021) and CEO at Unimedic Group (2010-2016), CEO at Eisai AB (2005-2010) and additional 10 years of experience in leading positions in sales and marketing at AstraZeneca (including launch of Nexium), Meda and Wyeth.
Other current assignments	Member of the Board of FrostPharma AB and FrostPharma Holding AB. Deputy CEO and deputy Member of the Board of Waxholm by the sea AB.
Holdings in Cinclus Pharma	Ordinary shares: 104,400 (own), Share rights (PSP2024): min 11,600 max 104,400, ESOP 24/27: 200,000, QESO: 22/25: 700 (conv. Term 1:80), QESO: 24/27: 7,391.

Maria Engström

Chief Financial Officer

Born	1972
Nationality	Swedish
Position	CFO since 2021. Employed since 2021.
Education	BSc in Business Administration and Economics from Stockholm University.
Experience	Former CFO of Sedana Medical Group (2017-2021) and Managing Director at Cross Pharma AB (2015-2016). Maria has also extensive experience from leading positions within finance for the past 25 years within Medivir, Biovitrum, Bristol Myers Squibb and Ericsson.
Other current assignments	Member of the Board of FAYSIT – Finance At Your Service In Tyresö AB.
Holdings in Cinclus Pharma	Ordinary shares: 11,400 (own and via related parties), Share rights (PSP2024): min 5,375 max 26,875, QESO: 22/25: 700 (conv. term 1:80), QESO: 24/27: 7,391.

Kajsa Larsson

Chief Medical Officer

Born	1966
Nationality	Swedish
Position	CMO since 2022. Employed since 2022
Education	MD and Ph.D in Medical Sciences from Karolinska Institutet.
Experience	Consultant in internal medicine and hematology/hematooncology with more than 15 years' of clinical experience. From 2009 full time in the pharmaceutical industry at different positions within medical affairs and clinical development at national, regional and global levels in Genzyme, Roche, Alexion, Alnylam and Oncopeptides.
Other current assignments	-
Holdings in Cinclus Pharma	Ordinary shares: 3 325 (own), Share rights (PSP2024): min 3,325 max 16,625, QESO: 22/25: 700 (conv. term 1:80), QESO: 24/27: 7,391, Warrants 21/24: 1,450 (conv. term 1:80).

Management

	Margit Mahlapuu	Peter Wallich	Jesper Wiklund
	Executive R&D Director	Commercial Director	Director of Corporate and Business Development
Born	1972	1961	1969
Nationality	Estonian	Swedish, Australian.	Swedish
Position	Executive R&D Director since 2024. Consultant since 2024.	Commercial Director since 2022. Consultant since 2022.	Director of Corporate and Business Development since 2023. Consultant since 2023.
Education	Education:PhD, Prof. in Molecular Genetics.	BSc, Biochemistry, Molecular Biology, Microbiology from Sydney University and Master Commerce, Marketing and Finance from University of NSW.	BS Biology, St Mary's College of CA, MBA Harvard Business School.
Experience	Senior manager with 20+ years of experience in R&D of novel pharmaceuticals overseeing cross-functional teams. Held leadership roles in publicly traded biopharmaceutical companies and privately owned biotech firms. Managed R&D portfolios across diverse therapeutic areas with an emphasis on clinical and product development, regulatory affairs, and vendor management.	Extensive experience from the pharmaceutical industry. Former Head of Digital Transformation at Novartis and Ass. Global Brand Director of Diabetes at Novartis. Several executive positions within AstraZeneca such as VP Nexium, Global Marketing and Development, Global Product Director and Marketing Director Gastroenterology for Nexium and Losec.	30 years experience in Biopharma industry. Jesper has served as Head of Business and Corporate Development at both Evotec and SOBI. CEO at Biopharma companies Index Pharmaceuticals and Klaria Pharma. Jesper also worked as a Private Equity investor while he was Managing Director, Europe at New York based Life Science focused investment fund Oberland Capital.
Other current assignments	Prof. in Molecular Genetics, University of Gothenburg, Member of the Board in Sixera Pharma.	Member of the Board of PCW Consulting AB. Deputy Member of the Board of Wallich Composite AB and Wallich Holding AB.	Member of the Board in Math Colors AB. CEO and Member of the Board in W B C Europe AB. Member of the Board in WBC Europe GmbH.
Holdings in Cinclus Pharma	-	-	Ordinary shares: 42 890 (via related party).

Consolidated income statement

(TSEK)	Note	2024	2023
Revenues			
Net sales	4	4,580	5,959
Operating expenses	5, 9		
Administrative expenses	6, 7	–36,854	–39,562
Research and development expenses	7	–136,657	–166,678
Other operating income	10	2,780	77
Other operating expenses	11	–3,487	–772
Operating income		**–169,639**	**–200,976**
Income from financial items			
Financial income	12	30,471	3,605
Financial expenses	13	–28,113	–17,242
Net financial items		**2,359**	**–13,637**
Income before tax		**–167,281**	**–214,613**
Income tax	14	–750	–505
Net income for the year attributable to the parent company shareholders		**–168,031**	**–215,118**
Earnings per share, calculated on earnings attributable to the parent company's ordinary shareholders in SEK *:	15		
Before dilution		–4.54	–8.20
After dilution		–4.54	–8.20

*Earnings per share are recalculated for the split of the company's ordinary shares, 1:80, which was decided at the extraordinary general meeting on May 29, 2023.

Consolidated statement of comprehensive income

(TSEK)	Note	2024	2023
Net income for the year		**–168,031**	**–215,118**
Other comprehensive income			
Items that can later be reclassified to the income statement:			
Translation differences from operations abroad		2,664	9,167
Other comprehensive income, net after tax		**2,664**	**9,167**
Comprehensive income for the year		**–165,367**	**–205,951**
Comprehensive income for the year, as a whole attributable to the parent company's shareholders		**–165,367**	**–205,951**

Consolidated statement of financial position

(TSEK)	Note	31/12/2024	2023/12/31
ASSETS			
Tangible non-current assets			
Inventories	16	44	72
Right-of-use assets	9	500	249
Financial non-current assets			
Other non-current receivables	17, 18	1	1
Total non-current assets		546	322
Other current assets	20	1,942	3,870
Prepaid expenses and accrued income	21	31,808	2,249
Cash and cash equivalents	18, 22	566,716	87,972
Total current assets		**600,467**	**94,091**
TOTAL ASSETS		**601,013**	**94,413**

(TSEK)	Note	31/12/2024	2023/12/31
EQUITY AND LIABILITIES			
Equity	24		
Share capital		920	509
Other contributed capital		1,297,740	503,524
Translation difference		28,667	26,004
Retained earnings including net income for the year		–771,997	–606,837
Equity attributable to the parent company's shareholders		**555,330**	**–76,800**
Non-current liabilities			
Lease liabilities	9	190	–
Non-current tax liabilities		–	6,790
Total non-current liabilities		**190**	**6,790**
Current liabilities			
Loan from shareholders	25	–	130,341
Derivates	25	–	665
Trade payables	18, 19	18,928	16,448
Lease liabilities	9	109	24
Current tax liabilities	14	7,449	7,216
Other liabilities	18	2,107	2,903
Accrued expenses	26	16,899	6,826
Total current liabilities		**45,493**	**164,422**
Total liabilities		**45,683**	**171,213**
TOTAL EQUITY AND LIABILITIES		**601,013**	**94,413**

Consolidated statement of changes in equity

		Equity attributable to parent company shareholders				
(TSEK)	Note	Share capital	Other contributed capital	Translation difference	Retained earnings including profit for the year	Total
Opening balance at January 1, 2024		509	503,524	26,004	–606,837	–76,800
Profit for the year		–	–	–	–168,031	–168,031
Other comprehensive income for the year		–	–	2,664	–	2,664
Comprehensive income for the year		**–**	**–**	**2,664**	**–168,031**	**–165,367**
Transactions with the Group's owners						
New share issue		347	714,653	–	–	715,000
Issue expenses		–	–58,424	–	–	–58,424
Set-off issue		64	137,988	–	–	138,051
Share-related remuneration, staff vested value		–	–	–	2,870	2,870
Total transactions with the Group's owners		**411**	**794,216**	**–**	**2,870**	**797,497**
Closing balance at December 31, 2024	8, 24	**920**	**1,297,740**	**28,667**	**–771,997**	**555,330**

		Equity attributable to parent company shareholders				
(TSEK)	Note	Share capital	Other contributed capital	Translation difference	Retained earnings including profit for the year	Total
Opening balance at January 1, 2023		509	503,691	16,837	–394,163	126,874
Profit for the year		–	–	–	–215,118	–215,118
Other comprehensive income for the year		–	–	9,167	–	9,167
Comprehensive income for the year		**–**	**–**	**9,167**	**–215,118**	**–205,951**
Transactions with the Group's owners						
Issue expenses		–	–167	–	–	–167
Share-related remuneration, staff vested value		–	–	–	2,444	2,444
Total transactions with the Group's owners		**–**	**–167**	**–**	**2,444**	**2,277**
Closing balance at December 31, 2023	8, 24	**509**	**503,524**	**26,004**	**–606,837**	**–76,800**

Consolidated statement of cash flow

(TSEK)	Note	2024	2023
Operating activities			
Operating income		−169,639	−200,976
Adjustments for items not included in the cash flow	22		
Depreciations and amortisation		1,338	1,251
Exchange rate differences		−251	25
Share-based remuneration		2,870	2,444
Interest received		11,271	2,912
Interest paid		−349	−453
Taxes paid		−7,437	−6,784
Cash flow from operating activities before change in working capital		**−162,195**	**−201,581**
Cash flow from change in working capital			
Increase/decrease in operating receivables		−27,512	5,642
Increase/decrease in trade payables		2,480	−546
Increase/decrease in operating liabilities		8,860	−12,701
Cash flow from operating activities		−178,367	−209,186
Financing activities			
New share issue		715,000	–
Issue expenses		−58,424	−167
Loan from shareholders	25	–	124,343
Amortisation of lease liabilities		−1,376	−1,284
Cash flow from financing activities		**655,200**	**122,892**
Cash flow for the period		**476,833**	**−86,294**
Cash and cash equivalents at the beginning of the period		**87,972**	**173,546**
Exchange rate differences in cash and cash equivalents		1,912	720
Cash and cash equivalents at the end of the period	22	**566,716**	**87,972**

Notes – Group

NOTE 1 General information

This annual report and consolidated financial statements comprise the Swedish parent company Cinclus Pharma Holding AB (publ) (the "Parent Company"), corporate registration number 559136–8765, and its subsidiaries (collectively the "Group"). The Group's principal activity is to develop pharmaceuticals.

The Parent Company is a limited liability company registered in and with its registered office in Stockholm, Sweden. The address of the head office is Kungsbron 1, plan 3, trappuppgång G, 111 22 Stockholm, Sweden. Unless otherwise stated, all amounts are reported in thousands of Swedish kronor (TSEK).

The Board of Directors has approved this annual report and consolidated financial statements on 17 April 2025, which will be submitted for adoption at the Annual General Meeting on 22 March 2025.

NOTE 2 Significant accounting and valuation principles

Basis for preparing the reports

The consolidated accounts have been prepared in accordance with the Annual Accounts Act (1995:1554) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). In addition, the consolidated accounts comply with the recommendation from the Swedish Financial Reporting Board RFR 1 "Supplementary accounting rules for groups".

The accounting principles set out below have, unless otherwise stated, been applied consistently to all periods presented in the Group's financial statements. The Group's accounting principles have been applied consistently by the Group's companies.

Retroactive adjustment of earnings per share

Earnings per share for comparative periods have been retroactively adjusted due to the 1:80 split that was implemented on June 1 based on a resolution from an extraordinary general meeting on May 29, 2023.

New and amended standards applied by the Group

No other new or amended standards applied by the Group have had any material effect on the 2024 annual report..

New standards and interpretations that have not yet been applied by the Group

Certain amendments to standards that have been published are effective for annual periods beginning on or after 1 January 2024 and have not been early applied in the preparation of these financial statements.

IIFRS 18 Presentation and Disclosure in Financial Statements will replace IAS 1 Presentation of Financial Statements, and introduces new requirements that will help to achieve comparability in the reporting of performance of similar entities and provide users with more relevant information and transparency. Although IFRS 18 will not affect the recognition or measurement of items in the financial statements, its effects on presentation and disclosures are expected to be pervasive, particularly those related to the income statement and performance measures defined by management. Management is currently evaluating the exact consequences of applying the new standard to the consolidated financial statements. The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and therefore, comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Operating segments

The chief executive officer of Cinclus Pharma is the CEO, as the CEO is responsible for allocating resources and evaluating performance. The assessment of the Group's operating segments is based on the financial information reported to the CEO. The financial information reported to the CEO, as a basis for allocating resources and assessing the Group's performance, refers to the Group as a whole. As the CEO monitors the operations as one unit, the entire operations constitute a single operating segment.

Functional currency and reporting currency

The various units in the Group have the local currency as their functional currency, as the local currency is defined as the currency used in the primary economic environment in which the respective unit primarily operates. The consolidated financial statements use the Swedish kronor (SEK), which is the parent company's functional currency and the Group's reporting currency.

Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction date. Exchange gains and losses arising on the settlement of such transactions and on the translation of monetary assets and liabilities in foreign currencies at the closing rate are recognised in operating profit or loss in the statement of comprehensive income. Exchange gains and losses relating to loans and cash and cash equivalents are recognised in the statement of comprehensive income as financial income or expenses.

Valuation bases and classification

The consolidated financial statements have been prepared in accordance with the historical cost method, except for certain financial assets and liabilities (including derivative instruments)

measured at fair value. Non-current assets and liabilities consist essentially of amounts expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and short-term liabilities consist essentially of amounts expected to be recovered or paid within twelve months after the balance sheet date.

Revenues - Net sales

Licenses

Cinclus Pharma grants customers a "right to use" license. The IP licensed has a substantial functionality in itself (a patented drug formula), and the company does not perform any activities that affect the functionality. Any fixed remuneration for the license is recognized at a time when the customer can use or benefit from the license.

Cinclus Pharma applies the exception for variable remuneration related to sales or usage-based royalties received in exchange for licenses for intellectual property rights. Royalties are not included in the transaction price until the underlying sale or use by the customer occurs, regardless of whether the company has experience with similar arrangements or not.

Remuneration to employees

Pensions

The Group's pension obligations are covered solely by defined contribution plans.

Income tax

Current tax

Current tax is tax payable or receivable for the current year, using the tax rates enacted or substantively enacted at the balance sheet date. Current tax also includes adjustments to current tax relating to previous periods.

Deferred tax

Deferred tax is recognized on all temporary differences that arise between the tax base of assets and liabilities and their carrying amounts. Deferred tax is calculated using the tax rates and tax rules that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets relating to deductible temporary differences and tax loss carryforwards are recognized only to the extent that it is probable that they will be utilized. The value of deferred tax assets is reduced when it is no longer probable that they can be utilized.

Leasing agreements

The Group's lease agreements essentially relate to office premises. The lease agreements are recognised as right-of-use assets and a corresponding liability on the date the leased asset is available for use by the Group.

Right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Assets and liabilities arising from leases are initially recognised at present value. Lease liabilities include the present value of the following lease paymentsr:

- fixed lease payments
- variable lease payments linked to index

Lease payments are discounted at the lease's implicit interest rate. If this interest rate cannot be readily determined, which is normally the case for the Group's leases, the lessee's incremental borrowing rate is used.

Short-term and low-value leasing agreements

Lease payments attributable to short-term leases and leases for which the underlying asset has a low value are recognised as an expense on a straight-line basis over the lease period. Short-term leases are leases with a lease term of 12 months or less. Leases for which the underlying asset has a low value are essentially parking spaces.

Options to extend and terminate contracts

Options to extend or terminate the agreement are included in the Group's office leases. The terms are used to maximize flexibility in managing the agreements. Options to extend or terminate the agreement are included in the asset and liability when it is reasonably certain that they will be exercised..

Research and development

All expenses directly attributable to the development and testing of identifiable and unique products controlled by CinclusPharma are recognized as intangible assets when the following criteria are met:

- It is technically possible to complete the product or process so that it can be used.
- Cinclus Pharma's intention is to complete the product and to use or sell it.
- There are conditions to use or sell the product.
- It can be shown how the product generates probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available.
- The expenses attributable to the product during its development can be estimated reliably.

Research expenses are expensed when incurred. Development expenses that were expensed in previous periods are not recognized as an asset in a subsequent period.

Tangible non-current assets

Tangible non-current assets include inventories. Tangible non-current assets are stated at cost less depreciation. Cost includes expenses directly attributable to the acquisition of the asset. Depreciation on assets, to allocate their cost to their estimated residual value over their estimated useful lives, is made on a

straight-line basis as follows:
- Inventories – 5 years
- Computers – 3 years

Financial assets and liabilities

Classification and valuation of financial assets

The Group's financial assets consist of non-current receivables, other current receivables and cash and cash equivalents, all of which are classified at amortized cost. Assets classified at amortized cost are held in accordance with the business model of collecting contractual cash flows that are only payments of principal and interest on the outstanding principal.

For accounts receivable, the Group applies the simplified method for calculating expected credit losses. The method means that expected losses over the entire life of the receivable are used as a starting point. Cash and cash equivalents, accrued income and part of the Group's other current assets that constitute financial instruments are also within the scope of application for impairment. However, the impairment that would be considered has been deemed to be immaterial.

Classification and valuation of financial liabilities

The Group's financial liabilities are classified at amortized cost, with the exception of derivative instruments, see below. Financial liabilities carried at amortized cost are initially measured at fair value, net of transaction costs. After initial recognition, they are measured at amortized cost using the effective interest method..

Derivative instruments

The recognized derivative instrument constitutes a separate embedded derivative instrument relating to the bridge loan agreement entered into with existing shareholders. Derivative instruments are initially recognized at fair value. In subsequent periods, derivative instruments are recognized at fair value and any changes in value are recognized in the income statement as income or expense within net financial items.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances with banks and similar institutions.

Classification as equity or liability

When issuing a financial instrument, the company assesses whether the instrument is, in whole or in part, an equity instrument or a financial liability. A financial instrument is an equity instrument in the following cases:

- It does not include any contractual obligation to deliver cash or another financial asset, or to exchange a financial asset or financial liability under conditions that may be unfavorable to the company.
- The instrument will or may be settled in the company's own shares unless it is a derivative and does not entail that the company must pay a variable number of shares..
- It is a derivative that will only be settled by the company exchanging a fixed amount of cash or financial asset for a fixed number of the company's shares.

Equity

Ordinary shares, Class C shares, other contributed capital and retained earnings are classified as equity. Financial instruments that are deemed to meet the criteria for classification as equity are reported as equity even if the financial instrument is legally structured as a liability. Transaction costs that are directly attributable to the issue of new shares or options are reported net of tax in equity as a deduction from the issue proceeds. Exchange rate differences arising from the translation of financial statements from foreign operations are classified as reserves in equity.

Warrants

The Group has issued warrants that have been transferred at fair value, and are reported as share-based compensation. Premiums received for issued options to acquire shares in companies within the Group are reported as a contribution to equity, based on the option premium, on the date the option is transferred to the counterparty.

Share-based compensation

The Group has share-based payment plans where the settlement is made with shares and where the company receives services from employees as consideration for the Group's equity instruments (options/share rights). The fair value of the service that entitles employees to the allocation of options/share rights is expensed. The total amount to be expensed is based on the fair value of the allocated options/share rights.

At the end of each reporting period, the Group reassesses its assessments of how many shares are expected to vest based on the terms of service and the share price development. Any deviation from the original assessments that the reassessment gives rise to is recognized in the income statement and corresponding adjustments are made in equity.

When the options/share rights are exercised, the company issues new shares. Payments received, after deduction of any directly attributable transaction costs, are credited to the share capital (quota value) and other contributed capital.

The social security contributions arising from the allocation of option programs and share rights are recognized in the same way as a cash-settled share-based payment. Social security costs are recognized over the period the service is performed. The fair value of the liability is remeasured at the end of each reporting period.

Earnings per share

The calculation of earnings per share is based on the consolidated profit for the year attributable to the parent company's shareholders and on the weighted average number of ordinary shares outstanding during the year. In calculating diluted earnings per share, the profit and the average number

of shares are adjusted to take into account the effects of dilutive potential ordinary shares. To the extent that the dilution would result in earnings per share after dilution being higher than earnings per share before dilution, or the loss per share being lower than the loss per share before dilution, the profit is not adjusted for this.

Cash flow

The cash flow statement is prepared according to the indirect method. The reported cash flow only includes transactions that have resulted in receipts or payments, divided between operating activities, investing activities and financing activities. Cash flows from receipts and payments are reported gross, with the exception of transactions that consist of receipts and payments of large amounts relating to items that are quickly traded and have a short maturity.

NOTE 3 Assessments and estimates

Preparing the financial statements in accordance with IFRS requires management to make judgments and estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates.

The estimates and assumptions are evaluated on an ongoing basis. Changes in estimates are recognized in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

Timing of capitalization of internally generated intangible assets related to development projects

The risk in ongoing development projects is high overall. The risk consists of, among other things, safety and efficacy-related risks that may arise in clinical studies, regulatory risks related to applications for approval of clinical studies and market approval. All development work is therefore considered to be research, since the work does not meet the criteria listed in the accounting principles for capitalizing development costs. As of 31 December 2024 and in the comparative periods no development costs have therefore been reported as intangible assets in the balance sheet.

The Group will capitalize expenses for the development of drugs to the extent that they are deemed to meet the criteria for capitalization according to IAS 38 p. 57. As the company's expenses for the development of drugs are not yet deemed to meet the criteria for capitalization, SEK -136 657 (-166 678) thousand have been expensed. Capitalization of expenses for drug development occurs at a late stage of phase III, alternatively in connection with the commencement of registration work, depending on when and whether the criteria are deemed to be met. The reason for this is that it is too uncertain before then whether the expenses will generate future economic benefits and that the financing of the completion of the asset is not secured.

Loss carryforward

Deferred tax assets relating to loss carryforwards or other future tax deductions are recognised to the extent that it is probable that the deduction can be offset against surplus in future taxation. As the Group does not report a positive result, no deferred tax assets relating to loss carryforwards have yet been recognised, except to the extent that they are deemed to be able to be offset against deferred tax liabilities. See also Note 14 Income tax on profit for the year.

Going concern principle

Cinclus Pharma is a research and development company and does not have any approved products on the market. As the company has costs that far exceed the low royalty income received from the out-licensing of its product candidate to its Chinese partner, there is uncertainty about its continued operation. The Board of Directors and the CEO continuously assess the Group's liquidity and position, both in the short and long term. In 2024, a new share issue was made in connection with the company's listing on Nasdaq Stockholm. With the new share issue, the company estimates that ongoing pre-clinical studies can be completed and that the first phase III study can be initiated.

As of December 31, 2024, the company estimates that its current working capital is sufficient until June 2026. The annual report has been prepared on the assumption that the company has the ability to continue operations for the next 12 months. Cinclus Pharma will continue to be dependent on financing from external parties including current shareholders to be able to continue the development of linaprazan glurate in, among other things, a second phase III study.

NOTE 4 Geographic information - net sales and non-current tangible assets

Geographic information

The table below reports revenue from external customers distributed by country, based on where customers are located. All net sales refer to one customer.

(TSEK)	2024	2023
China	4,580	5,959
Total	**4,580**	**5,959**

Non-current tangible assets distributed by country

Non-current tangible assets, other than financial instruments and deferred tax assets (there are no assets in connection with post-employment benefits or rights under insurance contracts), are distributed by country as follows:

(TSEK)	2024	2023
Sweden	544	321
Total	**544**	**321**

The distribution of the non-current tangible assets above has been made based on the ownership of the on-current tangible asset.

NOTE 5 Operating expenses per cost type

(TSEK)	2024	2023
Other external costs	–138,419	–171,857
Personnel costs	–33,754	–33,132
Depreciation	–1,338	–1,251
Other operating costs	–3,487	–772
Total	**–176,999**	**–207,012**

NOTE 6 Fees and reimbursement of expenses to auditors

(TSEK)	2024	2023
Öhrlings PricewaterhouseCoopers AB		
Audit assignment	591	497
Other auditing activities	10	1,191
Tax advice	169	170
Other services	2,456	663
Total	**3,226**	**2,521**

Audit engagements refer to statutory audits of the annual accounts and accounting records, as well as the management of the board and CEO, and audits carried out in accordance with an agreement or contract. This includes other tasks that it is the responsibility of the company's auditor to perform, as well as advice or other assistance arising from observations made during such audits or the performance of such other tasks.

Other auditing activities refer to the services according to a special agreement concerning financial reports.

Other services refer to advice on accounting issues, advice on processes and internal control, and various services in connection with the stock exchange listing, such as so-called comfort letters to advisory banks.

NOTE 7 Employees, personnel expenses and remuneration of senior executives

Employees and senior executives

	2024		2023	
Average number of employees	Total	Of which men	Total	Of which men
Parent company				
Sweden	13	5	13	5
Total	**13**	**5**	**13**	**5**
Total group	**13**	**5**	**13**	**5**
Senior executives at year-end				
Board of Directors	7	4	7	4
CEO and senior executives	6	3	6	4

Gender distribution among the Board of Directors and senior executives at the end of the year.

	2024		2023	
	Proportion of women	Propotion of men	Proportion of women	Propotion of men
Board of Directors	43%	57%	43%	57%
Other senior executives [1]	50%	50%	32%	68%

[1] Senior executives include the CEO and other senior executives.

Salaries and other remuneration, pension costs and social security costs for the board of directors, senior executives and other employees.

Salaries and other compensations

(TSEK)	2024	2023
Parent company		
Board of Directors and senior executives [1]	18,651	13,784
Other employees	6,299	7,453
Total	**24,950**	**21,237**
Subsidiaries		
Board of Directors and senior executives [1]	1,230	2,280
Other employees	–	–
Total	**1,230**	**2,280**
Total group	**26,179**	**23,517**

Share-based remuneration

(TSEK)	2024	2023
Parent company		
Board of Directors and senior executives [1]	1,997	1,364
Other employees	874	1,080
Total	**2,870**	**2,444**

Social and pension costs

(TSEK)	2024	2023
Parent company		
Pension costs for the board and senior executives [1]	2,415	2,280
Pension costs for other employees	1,746	1,731
Social cost	3,925	3,834
Total	**8,086**	**7,846**

[1] Senior executives include the CEO and other senior executives.

Disclosures regarding remuneration to the Board of Directors and senior executives.

Financial year 2024

(TSEK)	Base salary, board fees	Pension cost	Variable remuneration	Consultant fees	Share-based remuneration	Total
Chairman of the Board						
Lennart Hansson	495	–	–	–	–	495
Board members						
Wenche Rolfsen	265	–	–	–	–	265
Peter Unge	–	–	–	1,941	–	1,941
Torbjörn Koivisto	265	–	–	76	–	341
Anders Öhberg	240	–	–	–	–	240
Helena Levander	290	–	–	–	–	290
Nina Rawal	265	–	–	–	–	265
Senior executives						
Christer Ahlberg (CEO) [2]	3,676	953	1,034	–	580	6,243
Other senior executives (5 st) [2]	7,335	1,746	426	3,573	1,417	14,497
of which subsidiaries	–	–	–	–	–	–
Totalt	**12,830**	**2,699**	**1,460**	**5,590**	**1,997**	**24,576**

Financial year 2023

(TSEK)	Base salary, board fees	Pension cost	Variable remuneration	Consultant fees	Share-based remuneration	Total
Chairman of the Board						
Lennart Hansson	494	–	–	–	–	494
Board members						
Wenche Rolfsen	265	–	–	–	–	265
Peter Unge	–	–	–	2,280	–	2,280
Torbjörn Koivisto	265	–	–	72	–	337
Anders Öhberg	240	–	–	–	–	240
Helena Levander	290	–	–	–	–	290
Nina Rawal	265	–	–	–	–	265
Senior executives						
Christer Ahlberg (CEO) [2]	3,477	874	490	–	341	5,181
Other senior executives (6 st) [2]	6,786	1,407	355	794	1,023	10,364
of which subsidiaries	–	–	–	–	–	–
Total	**12,082**	**2,280**	**845**	**3,146**	**1,364**	**19,717**

[2] CEO and number of senior executives refer to the end of the year. The remuneration amounts refer to the entire financial year. The number of senior executives including the CEO were eight until September 30, 2024. From October 1, 2024 the number of senior executives including the CEO were six.

Remuneration of senior executives

Remuneration to the CEO and other senior executives consists of base salary and variable remuneration. Other senior executives refer to the 5 (6) individuals who, together with the CEO, formed the Group Management Team. Other senior executives refer to the Chief Financial Officer, Chief Medical Officer, Executive R&D Director, Chief Commercial Officer and Director of Corporate and Business Development.

Pensions

All pension obligations are defined contributions. The retirement age of the CEO is 65 years and the pension premium is 25% of the base salary. The pension obligations for other Swedish senior executives are between 15–20% of the basic salary. The retirement age is 65 years for all other senior executives. There are no other pension obligations.

Variable remuneration

Variable remuneration refers to variable bonus based on a fixed proportion of the base salary. The outcome is based on a one-year earning period, and is dependent on the achievement of corporate objectives. The maximum outcome for the CEO is 50% of the fixed annual salary and for other senior executives, the maximum variable remuneration is 30% of the fixed annual salary in accordance with the guidelines for remuneration to senior executives.

Share-based remuneration

Total personnel costs include costs for qualified employee stock option programmes, a share performance programme and an employee stock option programme in accordance with IFRS2. See also note 8.

Severance pay

If the termination of employment is made by the CEO, a notice period of 6 months applies. If the termination of employment is made by the company, a notice period of 12 months applies. The CEO is not entitled to special severance pay but receives a salary during the notice period. Between the company and other senior executives, a mutual notice period of 6 months applies during which salary is paid. No severance pay will be paid to the members of the Board of Directors.

NOTE 8 Share-based remuneration

Table of option programs in 2024

Warrant program	Number of options at the beginning of the year	Number of options granted during the year	Number of repurchased options during the year	Number of options at year-end [1]	Number of ordinary shares per option [2]	Exercise price (SEK) [3]
CEO	8,225	–	−8,225	–	80	75
Other	735	–	−735	–	80	75
2021/2024 serie 1	**8,960**	**–**	**−8,960**	**–**	**80**	**75**
Other senior executives	1,450	–	−1,450	–	80	75
Other employees	600	–	−600	–	80	75
2021/2024 serie 2	**2,050**	**–**	**−2,050**	**–**	**80**	**75**
Other senior executives	2,900	–	–	2,900	80	85
Other employees	600	–	–	600	80	85
2022/2025 serie 1	**3,500**	**–**	**–**	**3,500**	**80**	**85**
Other	27	–	–	27	80	85
2022/2025 serie 2	**27**	**–**	**–**	**27**	**80**	**85**
Other	900	–	–	900	80	95
2022/2025 serie 3	**900**	**–**	**–**	**900**	**80**	**95**
Total CEO	8,225	–	−8,225	–	80	
Total other senior executives	4,350	–	−1,450	2,900	80	
Totalt other employees	600	–	−600	–	80	
Total other	2,262	–	−735	1,527	80	
Total	**15,437**	**–**	**−11,010**	**4,427**	**80**	
Dilution at full vesting and exercise [4]				0.76%		

Qualified employee stock option program	Number of options at the beginning of the year	Number of options granted during the year	Number of overdue options during the year	Number of options at year-end [1]	Number of ordinary shares per option [2]	Exercise price (SEK) [3]
CEO	700	–	–	700	80	47
Other senior executives	2,100	–	–	2,100	80	47
Other employees	2,200	–	−550	1,650	80	47
Total KPO 2022/2027	**5,000**	**–**	**−550**	**4,450**	**80**	
Dilution at full vesting and exercise [4]				0.76%		

Qualified employee stock option program	Number of options at the beginning of the year	Number of options granted during the year	Number of overdue options during the year	Number of options at year-end [1]	Number of ordinary shares per option	Exercise price (SEK) [3]
CEO	–	7,391	–	7,391	1	47
Other senior executives	–	14,782	–	14,782	1	47
Other employees	–	29,564	–	29,564	1	47
Total KPO 2024/2029	**–**	**51,737**	**–**	**51,737**	**1**	
Dilution at full vesting and exercise [4]				0.11%		

Employee stock option program	Number of options at the beginning of the year	Number of options granted during the year	Number of overdue options during the year	Number of options at year-end [1]	Number of ordinary shares per option	Exercise price (SEK) [3]
CEO	0	200,000	–	200,000	1	55
Other	0	90,000	–	90,000	1	55
Total PO 2024/2027	**–**	**290,000**	**–**	**290,000**	**1**	
Dilution at full vesting and exercise [4]				0.62%		

[1] Of which no warrants/employee stock options are redeemable.
[2] The terms and conditions for conversion of warrants have been changed from one share per warrant/employee stock option to 80 shares per warrant/employee stock option as a result of the share split resolved at the Extraordinary General Meeting on 29 May 2023.
[3] The exercise price has been recalculated in accordance with the share split resolved at the Extraordinary General Meeting on 29 May 2023.
[4] Dilution in relation to the total number of shares at the end of the financial year, excluding C-shares and other incentive programmes.

Table of option programs in 2023

Warrant program	Number of warrants at the beginning of the year	Number of warrants allocated during the year	Number of overdue options during the year	Number of options at year-end [1]	Number of ordinary shares per option [2]	Ransom-course (SEK) [3]
CEO	8,225	–	–	8,225	80	75
Other	735	–	–	735	80	75
2021/2024 serie 1	**8,960**	**–**	**–**	**8,960**	**80**	**75**
Other senior executives	1,450	–	–	1,450	80	75
Other employees	600	–	–	600	80	75
2021/2024 serie 2	**2,050**	**–**	**–**	**2,050**	**80**	**75**
Other senior executives	2,900	–	–	2,900	80	85
Other	600	–	–	600	80	85
2022/2025 serie 1	**3,500**	**–**	**–**	**3,500**	**80**	**85**
Other	27	–	–	27	80	85
2022/2025 serie 2	**27**	**–**	**–**	**27**	**80**	**85**
Other	900	–	–	900	80	95
2022/2025 serie 3	**900**	**–**	**–**	**900**	**80**	**95**
Total CEO	8,225	–	–	8,225	80	
Total other senior executives	4,350	–	–	4,350	80	
Totalt other employees	600	–	–	600	80	
Total other	2,262	–	–	2,262	80	
Totalt	**15,437**	**–**	**–**	**15,437**	**80**	
Dilution at full vesting and exercise				4.71%		

Qualified employee stock option program	Number of options at the beginning of the year	Number of options granted during the year	Number of overdue options during the year	Number of options at year-end [1]	Number of ordinary shares per option [2]	Ransom-course (SEK) [3]
CEO	700	–	–	700	80	47
Other senior executives	2,100	–	–	2,100	80	47
Other employees	2,400	–	–200	2,200	80	47
Totalt QESO 2022	**5,200**	**–**	**–200**	**5,000**	**80**	**47**
Dilution at full vesting and exercise				1.5%		

[1] Of which no warrants/employee stock options are redeemable.

[2] The terms and conditions for conversion of warrants have been changed from one share per warrant/employee stock option to 80 shares per warrant/employee stock option as a result of the share split resolved at the Extraordinary General Meeting on 29 May 2023.

[3] The exercise price has been recalculated in accordance with the share split resolved at the Extraordinary General Meeting on 29 May 2023.

Warrant program, general

For all warrant programs, complete terms and conditions apply, including customary recalculation terms and conditions, which among other things mean that the subscription price as well as the number of shares that the warrant entitles to subscription for may be recalculated in certain cases, e.g. in the event that the company makes changes to the share capital and/or the number of shares through, for example, issue of shares or other securities, reverse share split or share split. All transfers of warrants to employees (employees and consultants) in the Group have been made on market terms. The holders have paid a market value for the warrants calculated according to the Black & Scholes valuation model by an external valuer. The volatility of the calculation in the valuation model has been determined by a comparison with similar listed companies. The same company (comparison group) has been used in all warrant programs. For full assignment, employees must be employed for 3 years. The total premium for the warrants paid by the warrant holders for the outstanding programs amounts to SEK 3,790,880. A prerequisite for the acquisition of warrants within the framework of all programs is that employees have undertaken towards Cinclus Pharma Holding AB (publ) to sell back acquired but not vested warrants if the employee's employment or assignment in the Group ends before three years have passed from the date of acquisition. Upon full exercise of all warrants in all outstanding programs, the company's share capital will increase by approximately SEK 6,729 through the issuance of 354,160 new shares in the company. The share price on the grant date of the options is recalculated in the tables for option programs taking into account the split (1:80) that took place during the second quarter of 2023.

Warrant program 2021/2024, series 1

At an Extraordinary General Meeting held on 19 May 2021 in Cinclus Pharma Holding AB (publ), it was resolved to introduce a warrant program, TO 2021/2024, series 1 for the CEO and consultants. A total of 10,167 warrants were issued, of which 8,960 warrants were subscribed, entitling to subscription of a total of 716,800 shares. Each warrant entitles the holder to subscribe for 80 new shares in Cinclus Pharma Holding AB (publ) during the period 1 April–30 June 2024 at a subscription price of SEK 75 per share. As of the balance sheet date, 8,960 warrants have been transferred at market value to the CEO and consultants, whereby the remaining 1,207 warrants have been cancelled. As of 30 June 2024, 8,960 warrants lapsed. As a result, there are no warrants in this program outstanding as of the balance sheet date.

Other terms and conditions for the calculation of the option premium are presented as follows:

Risk-free interest rate	0%
Volatility	40%
Maturity, years	3.0
Expected dividend	0 SEK
Share price on the date of grant of the option	38 SEK
Fair value of the option	228 SEK

Warrant program 2021/2024, series 2

At the Annual General Meeting on 24 June 2021 in Cinclus Pharma Holding AB (publ), the Board of Directors was authorised to implement a new warrant program for employees (employees and consultants) in Cinclus Pharma Holding AB (publ). In September 2021, the company thus issued 2,050 warrants entitling to subscription of a total of 164,000 shares. Each warrant entitles the holder to subscribe for 80 new shares in Cinclus Pharma Holding AB (publ) during the period 1 July–30 September 2024 at a subscription price of SEK 75 per share. As of 30 September 2024, 2,050 warrants lapsed. As a result, there are no warrants in this program outstanding as of the balance sheet date.

Other terms and conditions for the calculation of the option premium are presented as follows:

Risk-free interest rate	0%
Volatility	40%
Maturity, years	3.0
Expected dividend	0 SEK
Share price on the date of grant of the option	38 SEK
Fair value of the option	234 SEK

Warrant program 2022/2025, Series 1

At the Annual General Meeting on 24 June 2021 in Cinclus Pharma Holding AB (publ), the Board of Directors was authorised to implement a new warrant program for employees (employees and consultants) in Cinclus Pharma Holding AB (publ). In February 2022, the Company thereby issued 3,500 warrants entitling to subscription of a total of 280,000 shares. Each warrant entitles the holder to subscribe for 80 new shares in Cinclus Pharma Holding AB (publ) during the period 25 November 2024 – 25 February 2025 at a subscription price of SEK 85 per share. As of the balance sheet date, 3,500 warrants have been transferred at market value to employees in the Group.

Other terms and conditions for the calculation of the option premium are presented as follows:

Risk-free interest rate	0%
Volatility	40%
Maturity, years	3.0
Expected dividend	0 SEK
Share price on the date of grant of the option	43 SEK
Fair value of the option	263 SEK

Warrant program 2022/2025, Series 2

At the Annual General Meeting on 24 June 2021 in Cinclus Pharma Holding AB (publ), the Board of Directors was authorised to implement a new warrant program for employees (employees and consultants) in Cinclus Pharma Holding AB (publ). In March 2022, the company thus issued 200 warrants. During 2022, the company repurchased 173 warrants, of which 27 warrants are outstanding at the end of the year and entitle warrant holders to subscribe for a total of 2,160 shares. Each warrant entitles the holder to subscribe for 80 new shares in Cinclus Pharma Holding AB (publ) during the period 25 November 2024 – 25 February 2025 at a subscription price of SEK 85 per share. As of the balance sheet date, 27 warrants have been transferred at market value to employees in the Group.

Other terms and conditions for the calculation of the option premium are presented as follows:

Risk-free interest rate	0%
Volatility	40%
Maturity, years	3.0
Expected dividend	0 SEK
Share price on the date of grant of the option	43 SEK
Fair value of the option	263 SEK

Warrant program 2022/2025, Series 3

At the Annual General Meeting on 24 June 2021 in Cinclus Pharma Holding AB (publ), the Board of Directors was authorised to implement a new warrant program for employees (employees and consultants) in Cinclus Pharma Holding AB (publ). In May 2022, the company thereby issued 900 warrants entitling to subscription of a total of 72,000 shares. Each warrant entitles the holder to subscribe for 80 new shares in Cinclus Pharma Holding AB (publ) during the period 1 June 2025 – 1 September 2025 at a subscription price of SEK 95 per share. As of the balance sheet date, 900 warrants have been transferred at market value to consultants in the Group.

Other terms and conditions for the calculation of the option premium are presented as follows:

Risk-free interest rate	1.5%
Volatility	40%
Maturity, years	3.0
Expected dividend	0 SEK
Share price on the date of grant of the option	47 SEK
Fair value of the option	328 SEK

Qualified employee stock option program, QESO 2022 -2027

At an Extraordinary General Meeting on 16 December 2022 in Cinclus Pharma Holding AB (publ), the Board of Directors resolved to implement a qualified employee stock option program for employees of Cinclus Pharma Holding AB (publ). As of 31 December 2022, the Company thus allotted 5,200 qualified employee stock options entitling the holder to subscribe for a total of 416,000 shares. Each qualified employee stock option entitles the holder to subscribe for 80 new shares in Cinclus Pharma Holding AB (publ) during the period 1 January 2026 – 31 December 2027 at a subscription price of SEK 47 per share. In order to exercise the options, the holders must be employed for the term of 36 months, otherwise the options expire. At full subscription, the company's share capital will increase by SEK 7,296. The qualified employee stock options are subject to complete terms and conditions, including customary recalculation terms and conditions, which entail, among other things, that the subscription price as well as the number of shares that the qualified employee stock entitles to subscribe for may be recalculated in certain cases, e.g. in the event that the company makes changes to the share capital and/or the number of shares through, for example, the issue of shares or other securities, reverse share split or share split. As of the balance sheet date, 4,800 qualified employee stock options have been allotted to employees in the Group. All qualified employee stock options have been vested by the employees only after 3 years of employment from the date on which the options were granted. In 2024, personnel costs of SEK 2,174 thousand were incurred by the company in accordance with IFRS2. The fair value of the options has been calculated according to the Black & Scholes valuation model by an external valuer.

Other terms and conditions for calculating the value of the option are presented as follows:

Risk-free interest rate	2.2%
Volatility	41%
Maturity, years	5.0
Expected dividend	0 SEK
Share price on the date of grant of the option	47 SEK
Fair value of the option	1 463 SEK

Qualified employee stock option program, QESO 2024-2029

At the Annual General Meeting on 8 April 2024 in Cinclus Pharma Holding AB (publ), the Board of Directors resolved to implement a qualified employee stock option program for employees of Cinclus Pharma Holding AB (publ). As of 9 April 2024, the Company thus allotted 51,737 qualified employee stock options entitling the holder to subscribe for a total of 51,737 shares. Each qualified employee stock option entitles the holder to subscribe for one new share in Cinclus Pharma Holding AB (publ) during the period 10 April 2027 – 9 April 2029 at a subscription price of SEK 47 per share. In order to exercise the options, the holders must be employed for the term of 36 months, otherwise the options expire. Upon full subscription, the company's share capital will increase by SEK 983. The qualified employee stock options are subject to complete terms and conditions, including customary recalculation terms and conditions, which entail, among other things, that the subscription price as well as the number of shares that the qualified employee stock entitles to subscribe for may be recalculated in certain cases, e.g. in the event that the company makes changes to the share capital and/or the number of shares through, for example, the issue of shares or other securities, reverse share split or share split. As of the balance sheet date, 51,737 qualified employee stock options have been allotted to employees in the Group. All qualified employee stock options have been vested by the employees only after 3 years of employment from the date on which the options were granted. In 2024, personnel costs of SEK 206 thousand were incurred by the company in accordance with IFRS2. The fair value of the options has been calculated according to the Black & Scholes valuation model by an external valuer.

Other terms and conditions for calculating the value of the option are presented as follows:

Risk-free interest rate	2.2%
Volatility	41%
Maturity, years	5.0
Expected dividend	0 SEK
Share price on the date of grant of the option	47 SEK
Fair value of the option	18 SEK

Employee Stock Option program, ESOP 2024-2027

At an Extraordinary General Meeting on 3 June 2024, an employee stock option program, PO 2024/2027 series 1, was adopted. As of 1 July 2024, a total of 290,000 employee stock options were granted to the CEO and one scientific advisor to the company, of which the CEO was allotted 200,000 employee stock options. Each employee stock option entitles the holder to subscribe for one new share at a subscription price of SEK 54.60. Upon full subscription, the company's share capital will increase by SEK 983. The employee stock options are subject to complete terms and conditions, including customary recalculation terms and conditions, which among other things mean that the subscription price as well as the number of shares that the employee share entitles to subscribe for may be recalculated in certain cases, e.g. in the event that the company makes changes to the share capital and/or the number of shares through, for example, the issue of shares or other securities, reverse share split or share split. The program also generates personnel costs in accordance with IFRS2 totalling approximately SEK 1.5 million and social security costs estimated at SEK 1.4 million during the term. In 2024, personnel costs of SEK 115 thousand and social security costs of SEK 3 thousand were imposed on the company in accordance with IFRS2.

Other terms and conditions for calculating the value of the option are presented as follows:

Risk-free interest rate	2.3%
Volatility	33%
Maturity, years	3.0
Expected dividend	0 SEK
Share price on the date of grant of the option	31 SEK
Fair value of the option	2,45 SEK

Performance share program

		Employees per category and series		Investment in number of shares per category			Max. share rights at the end of the vesting period per category		
Category	Series	Max no. of employees	Actual no. of employees	Max. per employee	Max. total	Actual total	Per employee	Total	Vesting period
CEO (1 person)	1	1	1	11,600	11,600	11,600	104,400	104,400	2407-2708
Executve management (maximum 3 persons)	1	3	1	5,375	16,125	5,375	26,875	26,875	2407-2708
R&D-management (maximum 7 persons)	1	7	5	3,325	23,275	16,625	16,625	83,125	2407-2708
Employees level 2 (maximum 2 persons)	1	2	–	1,775	3,550	–	8,875	–	2407-2708
Employees level 1 (maximum 8 persons)	1	8	3	1,025	8,200	3,075	5,125	15,375	2407-2708
Total series 1		**21**	**10**		**62,750**	**36,675**		**229,775**	
Employees level 2 (maximum 2 persons)	2	2	2	1,775	3,550	3,550	1,775	17,750	2412-2712
Total series 2		**2**	**2**		**3,550**	**3,550**		**17,750**	
TOTAL series 1 and 2		**23**	**12**		**66,300**	**40,225**		**247,525**	

Performance Share Program, PSP 2024-2027 Series 1 and 2

At an extraordinary general meeting on June 3, 2024, a performance share program was adopted. The first part of the performance share program (series 1) for employees has been awarded on July 1, 2024 and began to be expensed during quarter 3, 2024 and its second part (series 2) has been awarded as of December 1, 2024 and began to be expensed during December 2024. The performance share program runs for just over 3 years and participants must maintain their employment and their invested shares during the entire vesting period in order to be able to receive allocation of new shares. The number of shares allocated depends partly on how the share price develops, partly on employment status at the end of the vesting period. Regarding the development of the share price, at the end of the vesting period, a comparison is made between the initial share price, i.e. the listing price of SEK 42 per share, and the price at n at the end of the vesting period. A range between 20% and 60% in price development results in a linearly different allocation of shares. A maximum of 360,150 shares can be allocated to participants in the program. The performance share program generates personnel costs, in accordance with IFRS2 and are initially calculated at approximately SEK 6.8 million, as well as social costs which are calculated at SEK 6.2 million according to certain assumptions. These estimated costs refer to the entire duration of the program. During 2024, personnel costs of SEK 375 thousand and social costs of SEK 20 thousand have been imposed on the company in accordance with IFRS2.

The dilution of all incentive programs in the company, at maximum allocation, including hedging of social costs by means of C shares, is 1.9%.

NOTE 9 Leasing agreements

Right-of-use assets and depreciation

This year's leasing agreement consists only of rented office premises and parking spaces. Lease agreements are normally between 6-8 months and can be extended unless either party terminates the lease at least 3 months before.

Reported amounts in the balance sheet

In the balance sheet, the following amounts related to leasing agreements are reported.

Right-of-use assets

(TSEK)	31/12/2024	31/12/2023
Rented office space	500	249
Closing balance	**500**	**249**

Additional rights of use in 2024 amounted to SEK 1,561 (686) thousand.

Lease liabilities

(TSEK)	31/12/2024	31/12/2023
Non-current leasing liabilities	190	–
Current leasing liabilities	109	24
Closing balance	**299**	**24**

Amounts reported in the income statement

Depreciation on right-of-use assets is included in the income statement in the sub-items research and development costs with SEK 1,031 (986) thousand and administration costs with SEK 280 (237) thousand.

Depreciation on rights of use

(TSEK)	2024	2023
Rented premises	–1,310	–1,223
Total depreciation	–1,310	–1,223
Interest expenses attributable to lease liabilities	–30	–23
Costs attributable to current leases	–48	–42
Costs attributable to variable lease payments that are not included in lease liabilities	–104	–104
Total leasing costs reported in the income statement	**–1,492**	**–1,392**

Cash flow

(TSEK)	2024	2023
Total cash flow attributable to leasing agreements	**–1,495**	**–1,382**

Leasing fees

Maturity analysis, future leasing fees, contractual

(TSEK)	31/12/2024	31/12/2023
< 12 months	109	24
1-2 years	190	–
Total	**299**	**24**

Future contractual leasing fees as above are undiscounted and include variable fees.

NOTE 10 Other operating income

(TSEK)	2024	2023
Exchange rate effects on operating receivables/operating liabilities	2,780	77
Total	**2,780**	**77**

NOTE 11 Other operating expenses

(TSEK)	2024	2023
Exchange rate effects on operating receivables/operating liabilities	–3,487	–772
Total	**–3,487**	**–772**

NOTE 12 Financial income

(TSEK)	2024	2023
Interest income from short-term investments	11,212	3,027
Exchange rate effects on financial assets and liabilities	18,016	–
Fair value-change derivatives	1,243	579
Total	**30,471**	**3,605**

NOTE 13 Financial expenses

(TSEK)	2024	2023
Interest expenses for lease liabilities	–	–23
Interest expenses for shareholder loans	–	–6,663
Interest expense revaluation shareholder loans	–	–579
Other interest expenses	–8,726	–182
Exchange rate effects on financial assets and liabilities	–19,387	–9,796
Total	**–28,113**	**–17,242**

NOTE 14 Income tax

(TSEK)	2024	2023
Current tax on the income of the year	–453	–505
Adjustment regarding previous years	–297	–
Reported tax expense	**–750**	**–505**

	2024	2023
Reconciliation of effective tax rate		
Income before tax	–167,281	–214,613
Tax according to the applicable tax rate for the parent company 20.6% (20.6%)	34,460	44,210
Tax effect of:		
- Non-deductible expenses/non-taxable income	–57	–27
- Deductible expenses not reported in the consolidated income statement (issue expenses)	13,215	34
- Adjustment regarding previous years	–297	–
- Difference in foreign tax rates	107	143
- Increase in tax loss carryforwards without corresponding capitalization of deferred tax	–48,178	–44,866
- Utilization of previously not capitalized deficit deductions	–	–
Reported tax expense	–750	–505
Effective tax rate group	**–0.4%**	**–0.2%**

The group has tax deductions for issue expenses totaling SEK 64,150 (167) thousand which are reported directly in equity. No deferred tax has been reported for these.

There are tax loss carry forwards for which deferred tax assets have not been reported in the balance sheet amounting to SEK 625,254 (450,572) thousand in Sweden and loss carry forwards in Switzerland amounting to CHF 0 (0) thousand. The deficits in Sweden have no time limit.

Deferred tax claims have not been reported in the balance sheet for these items, as there is currently uncertainty about whether the group will utilize them for set-off against future taxable profits.
Deferred tax assets have not been recognized in the balance sheet for these items, as there is currently uncertainty as to whether the Group will utilize them for settlement against future taxable profits. As of January 1, 2022, an agreement was entered into between Cinclus Pharma Holding AB (publ) and the wholly owned subsidiary Cinclus Pharma AG that IP rights were transferred to the parent company. With this transfer, a capital gain arose in the subsidiary, in 2022, and thus a tax expense and a tax liability. The settlement reached with the Swiss tax authority means that the tax liability, which is denominated in CHF, shall be paid in three equal parts. The first part was paid in December 2023, the second part in December 2024, and finally the third, which as of the balance sheet date amounts to 7,449 thousand SEK, is to be paid on 31 December 2025. The debt carries interest that is determined annually by the Swiss tax authorities. The interest is due in full for payment on 31 December 2025. The debt can be paid off in part or in full at any time. This tax liability is a fixed liability and a deferred tax asset in the parent company has not been booked as such is not considered to be eligible for the balance sheet since it is unlikely to be utilized within the next few years.

Deferred tax

Deferred tax receivables

(TSEK)	2024	2023
Reported amounts relate to temporary differences attributable to:		
Lease liabilities	62	5
Fiscal deficits	41	46
Sub-total	**103**	**51**
Amounts that are set off against deferred tax liabilities according to the set-off rules	–103	–51
Net deferred tax receivables	**–**	**–**

Deferred tax liabilities

(TSEK)	2024	2023
Reported amounts relate to temporary differences attributable to:		
Right-of-use	103	51
Sub-total		**51**
Amounts that are set off against deferred tax receivables according to the set-off rules	–103	–51
Net deferred tax liabilities	**–**	**–**

NOTE 15 Earnings per share

Earnings per share before and after dilution	2024	2023
Net income for the year (TSEK) attributable to the parent company's shareholders	–168,031	–215,118
Average number of ordinary shares outstanding before dilution *	37,048,341	26,227,040
Average number of ordinary shares outstanding after dilution*	37,060,299	26,227,040
Earnings per share before dilution *	–4.54	–8.20
Earnings per share after dilution *	–4.54	–8.20

*The number of shares and the amounts for all periods have been recalculated in accordance with the split of the company's ordinary shares, 1:80, which was decided at the extraordinary general meeting on May 29, 2023.

Earnings per share is calculated by dividing the year's net income attributable to the parent company's shareholders by the weighted average number of outstanding ordinary shares during the year. There is no dilution effect for issued warrants and employee options, as the result for the years as described above has been negative.

There are also potential ordinary shares in the shareholder loan through its conversion conditions, see further note 25 Loans from shareholders.

For information on changes in the number of outstanding shares, see note 24 Equity.

NOTE 16 Inventories

(TSEK)	31/12/2024	31/12/2023
Accumulated acquisition values:		
- At the beginning of the year	196	196
- New acquisitions	–	–
- The year's translation differences	–	–
At the end of the year	**196**	**196**
Accumulated depreciation according to plan:		
- At the beginning of the year	–123	–95
- Depreciation for the year	–28	–28
- The year's translation differences		–
At the end of the year	**–151**	**–123**
Reported value at the end of the year	**44**	**72**

Depreciation on inventories is included in the income statement among research and development expenses of SEK -23 (-23) thousand and administrative expenses of SEK -5 (-5) thousand.

Depreciation per country in reported income

(TSEK)	31/12/2024	31/12/2023
Sweden	–28	–28
Total	**–28**	**–28**

NOTE 17 Financial non-current assets

(TSEK)	31/12/2024	31/12/2023
Accumulated acquisition values:		
- Initial acquisition value	1	1
- Change of the year	–	–
- Reclassification	–	–
At the end of the year	**1**	**1**
Reported value at the end of the year	**1**	**1**

Financial non-current assets consist of deposits left for the pharmaceutical insurance.

NOTE 18 Financial assets and liabilities

(TSEK)	31/12/2024	31/12/2023
Financial assets valued at amortized cost		
Financial non-current assets	1	1
Accrued income	141	111
Liquid funds	566,716	87,972
Closing carrying amount	**566,859**	**88,084**

(TSEK)	31/12/2024	31/12/2023
Financial liabilities valued at amortized cost		
Loans from shareholders	–	130,341
Accounts payable	18,928	16,448
Accrued costs	10,783	2,267
Sub-total	**29,711**	**149,057**
Financial liabilities valued at fair value via the income statement		
Derivative	–	665
Sub-total	**–**	**665**
Closing carrying amount	**29,711**	**149,721**

The reported value of the group's financial assets and liabilities is deemed to be a reasonable estimate of the fair value as they relate to current receivables and liabilities, whereby the discounting effect is immaterial. For leasing liabilities, see note 9.

NOTE 19 Financial risks

Through its operations, the Group is exposed to various types of financial risks; credit risk, market risks (currency risk, interest rate risk and other price risk) and liquidity risk. The group's overall risk management focuses on the unpredictability of the financial markets and strives to minimize potential adverse effects on the group's financial results.

The group's financial transactions and risks are managed centrally by the parent company through the group's CFO and CEO. The overall objective for financial risks is to provide cost-effective financing and liquidity management and to ensure that all payment obligations are handled in a timely manner.

The board has approved the group's financial policy. The financial policy is a governing document in which the overall risk management for the group is described for specific areas such as credit risks, currency risks, interest rate risks, refinancing risks, liquidity risks as well as the use of derivative instruments and the placement of surplus liquidity. The policy specifies for each risk details about how different risks are to be managed and mandates. Reporting to the board is done monthly and at board meetings.

Credit risk

Credit risk is the risk that the group's counterparty in a financial instrument cannot fulfill its obligation and thereby cause the group a financial loss. The group's exposure to credit risk is limited to the credit risk in cash balances in banks with credit rating A.

Market risks

Market risk is the risk that the fair value of or future cash flows from a financial instrument will vary due to changes in market prices. The market risk that affects the group consists of currency risk and interest rate risk as well as general price risk such as inflation.

Currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will vary due to changes in foreign exchange rates. The main exposure stems from the group's purchases in foreign currencies. This exposure is called transaction exposure. Currency risks are also found in the translation of foreign operations' assets and liabilities into the parent company's functional currency, so-called translation exposure. Currently, the group does not hedge the currency risk, but continuously monitors the development of the currencies in which the group has a payment flow.

Transaction exposure

The transaction exposure from contracted payment flows in foreign currency is significant in the group. The group only has significant transaction exposure regarding payment flows out of the group, therefore no exposure is reported for operating income. See also the table below for exposure in each currency.

Currency exposure for operating expenses (%)	2024	2023
EUR	45%	33%
CHF	0%	6%
GBP	12%	18%
USD	6%	11%

As can be seen from the table above, the group's main transaction exposure consists of EUR, GBP and USD. A 10% stronger EUR against SEK would have a negative impact on the result after tax by approximately SEK -7,165 (-5,909) thousand. A 10% stronger GBP against SEK would have a negative impact on the result after tax by approximately SEK -1,871 (-3,188) thousand. A 10% stronger USD against SEK would have a negative impact on the result after tax by approximately SEK -981 (-1,200) thousand.

Translation exposure

Recalculation of net assets in foreign subsidiaries

The group has a translation exposure that arises from the translation of foreign subsidiaries' net assets into SEK. Net assets include long-term intercompany transactions. The translation exposure is against CHF, where the exposure on the balance sheet date amounts to SEK 166,518 (161,975) thousand. A 10% stronger CHF against SEK would have a positive impact on equity by approximately SEK 16,662 (16,197) thousand.

Translation of financial instruments in foreign currency in the group (Supplier liabilities and bank balances)

The group also has a translation exposure that arises from the translation of foreign trade payables and bank balances in foreign currency to SEK.

Exposure per balance sheet date per currency in thousands of SEK	31/12/2024	31/12/2023
SEK *	1,228	1,807
CHF	302	150
GBP	25,564	1,565
USD	16,932	3,531
EUR	79,845	10,400
Total	**123,871**	**17,453**

* converted to CHF in the Swiss subsidiary

The table below shows that a 10% appreciation against SEK would have a negative impact on the result after tax by approximately SEK 12,264 (1,565) thousand. A 10% depreciation against SEK would have a positive impact on the result after tax by approximately SEK 12,264 (1,565) thousand.

Sensitivity analysis (+/-) 10% in SEK thousand	31/12/2024	31/12/2023
CHF	30	15
GBP	2,556	156
USD	1,693	353
EUR	7,984	1,040
Total	**12,264**	**1,565**

Refinancing risk

Refinancing risk refers to the risk that liquid funds are not available and that financing can only be obtained partially or not at all, alternatively at an increased cost. The group is currently financed with own capital and is thus not exposed to risks related to external loan financing. The main risks therefore relate to the risk of not receiving additional contributions and investments from owners.For further information on Cinclus Pharma's work on refinancing, see further description in the Board and Management Report, Expected future development, section Financing.

Liquidity risk

Liquidity risk is the risk that the Group will have difficulty meeting its obligations related to financial liabilities. The Board manages liquidity risks by continuously monitoring cash flow to reduce liquidity risk and ensure solvency. Given that the Company currently does not have its own earning capacity, the Board is engaged in long-term work with owners and independent investors to ensure that liquidity is available to the Company when needed.

The group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. Amounts in foreign currency have been converted to SEK using the exchange rate on the balance sheet date. Liabilities have been included in the period when repayment can be required at the earliest.

Maturity analysis (TSEK)

31/12/2024	<3 month	4-6 month	6-12 month	>12 month
Loans from shareholders	–	–	–	–
Derivative attributable to loans from shareholders	–	–	–	–
Accounts payable	18,928	–	–	–
Lease liabilities	109	–	190	–
Tax liabilities (see note 14)	–	–	7,449	–
Other short-term liabilities	–	–	–	–
Accrued interest shareholder loans	–	–	–	–
Other accrued costs	10,783	–	–	–
Total	**29,820**	**–**	**7,639**	**–**

Maturity analysis (TSEK)

31/12/2023	<3 month	4-6 month	6-12 month	>12 month
Loans from shareholders	–	123,678	–	–
Derivative attributable to loans from shareholders	–	665	–	–
Accounts payable	11,014	–	5434	–
Lease liabilities	24	–	–	–
Tax liabilities (see note 14)	–	–	6790	6,790
Other short-term liabilities	–	–	–	–
Accrued interest shareholder loans	–	6,663	–	–
Other accrued costs	2,085	–	–	183
Total	**13,122**	**131,006**	**12,224**	**6,973**

Management of capital

The Group's objective regarding the capital structure is to secure the Group's ability to continue as a going concern, so that it can generate returns for shareholders and benefits for other stakeholders, and keep the cost of capital down. The Company's ability to generate returns depends on the quality and value of the research results generated, which is evaluated on an ongoing basis by the management and board of directors.

NOTE 20 Other current receivables

(TSEK)	31/12/2024	31/12/2023
VAT receivables	905	1,795
Preliminary tax paid	830	1,877
Other receivables	207	198
Total	**1,942**	**3,870**

NOTE 21 Prepaid expenses and accrued income

(TSEK)	31/12/2024	31/12/2023
Prepaid insurance premiums	514	447
Prepaid costs for research and development	25,015	–
Prepaid costs for prospectus work	–	1,299
Accrued contract revenue	4,580	–
Other prepaid expenses	715	392
Accrued interest income	141	111
Accrued royalty income	844	–
Total	**31,808**	**2,249**

NOTE 22 Cash and cash equivalents and cash flow

(TSEK)	31/12/2024	31/12/2023
Cash in bank accounts	566,716	87,972
Total	566,716	87,972

Cash and cash equivalents refer to cash in bank accounts.

Non-cash items in the cash flow

(TSEK)	2024	2023
Depreciations based on accounting	28	28
Depreciation on leasing agreements	1,310	1,223
Qualified employee stock options	2,870	2,444
Exchange rate effects	–251	25
Other items not affecting cash flow	–	–
Total	3,958	3,720

Reconciliation of liabilities from financing activities

		Cash flow	Items not affecting cash flow	
(TSEK)	01/01/2024	Amortization of leasing agreements	Additional revalued, and terminated lease agreements and conversion of loans to equity	31/12/2024
Loans from shareholders	123,678	0	–123,678	0
Derivatives attributable to loans to shareholders	665	0	–665	0
Lease liabilities	24	–1,376	1651	299
	124,367	**–1,376**	**–122,692**	**124,367**

(TSEK)	01/01/2023	Borrowings including derivatives and amortization of lease agreements	Additional, revalued and terminated leases	31/12/2023
Loans from shareholders	–	123,678	–	123,678
Derivatives attributable to loans to shareholders	–	665	–	665
Lease liabilities	544	–1,284	764	24
	544	**123,059**	**764**	**124,367**

NOTE 23 Group companies

Cinclus Pharma Holding AB (publ) with Sweden as the country of operations, is the parent company in the group. Other group companies follow below:

		Share	
Company	Country [1]	2024	2023
Cinclus Pharma AG	Switzerland	100%	100%
Cinclus Pharma AB	Sweden	100%	100%

1) Country of registration and operation

NOTE 24 Equity

(TSEK)	Number of shares	Share capital	Other capital contributed
As of 1 January 2023	**327,838**	**509**	**503,691**
Split 1:80	25,899,202	–	–
Issue expenses	–	–	–167
As of 31 December 2023	**26,227,040**	**509**	**503,524**
New share issue	17,023,810	330	714,653
Issue expenses	–	–	–58,424
C-shares	854,430	17	–
Set-off issue	3,286,939	64	137,988
As of 31 December 2024	**47,392,219**	**920**	**1,297,740**

Share capital

All shares are fully paid and no shares are reserved for transfer. All ordinary shares give equal rights to capital and carry one vote, while the C shares carry one tenth of a vote. The quota value amounts to SEK 0.019. The C shares are held in the company's own custody.

Other contributed capital

Other contributed capital consists of capital contributed by the company's owners, premium on share subscription and other financing which is reported as equity.

Warrants

Option premiums received relate to warrants to senior executives and other personnel, see further note 8.

NOTE 25 Loans from shareholders

During June-August 2023, the Parent Company entered into loan agreements with certain existing owners, including the three largest institutional shareholders at the time. The loan agreements carry an interest rate of 12% per annum. According to the terms of the loan agreement, the loan was to be set off against newly issued shares in the company (set-off issue) in connection with a new share issue through which the company was provided with a certain minimum amount and/or a stock exchange listing. Conversion was to take place at the rate determined at the time of the current new share issue. When setting off the loan against new shares in connection with a stock exchange listing, the respective lender's loan was to be converted in its entirety. When setting off the loan against new shares in connection with another new share issue, the respective lender's loan was to be converted at least to such an extent that it corresponded to the lender's ownership interest in the company at the time of entering into the loan agreement, taking into account both the shares that would be added through the new share issue and through set-off. The loan was due to expire on June 30, 2024. If the company were acquired before the loan maturity date, the lenders who still had outstanding loans and accrued interest would receive full repayment plus a 20% premium on the outstanding loan amount. This potential early repayment constituted an embedded derivative instrument, which was reported separately at fair value in the consolidated financial statements, according to level 3 of the fair value hierarchy. The derivative was calculated assuming a risk-free interest rate of 2.6%.

(TSEK)	31/12/2024	31/12/2023
Loans from shareholders	–	123,678
Accrued interest	–	6,663
Derivative, loan from shareholders	–	665
Total	**–**	**131,006**

NOTE 26 Accrued expenses

(TSEK)	31/12/2024	31/12/2023
Accrued salaries and board remuneration	4,758	3,539
Accrued employer contributions	1,358	1,019
Accrued expenses for research and development	8,823	1,412
Accrued audit fee	386	417
Accrued legal fees	185	–
Accrued expenses relating to IPO preparations	176	–
Accrued interest expenses	588	183
Other accrued expenses	626	255
Total	**16,899**	**6,826**

NOTE 27 Transactions with related parties

The ultimate parent company in the Group is Cinclus Pharma Holding AB (publ). Related parties are all subsidiaries within the Group as well as senior executives in the Group and their related parties. Remuneration to senior executives is disclosed in Notes 7 and 8 of the Group. The table below reports consulting fees to related parties who have provided consulting services to the Group's companies.

Reported amounts in the income statement

Purchase via Cinclus Pharma Holding AB (publ), TSEK

Supplier/employee	Related to:	2024	2023
PetoMaj Invest AB	Peter Unge, board member	1,587	–
PCW Consultants AB	Peter Wallich, Chief Commercial Officer	737	603
Iaru AB	Torbjörn Koivisto, board member	76	64
Brera Life Sciences Consultancy Ltd	Andrew Thompson, business development manager	304	289
WBC Europe GmbH	Jesper Wiklund, business development manager	1,568	–
Arexela AB,	Margit Mahlapuu, Executive R&D director	625	–
Felicia Ahlberg	Christer Ahlberg, CEO	16	–
Total		**4,271**	**956**

Purchase via Cinclus Pharma AB, TSEK

Supplier	Related to:	2024	2023
PetoMaj Invest AB	Peter Unge, board member	355	2365
Total		**355**	**2,365**
Total group		**4,626**	**3,321**

Amounts reported in the balance sheet

Liabilities in Cinclus Pharma AG, TSEK

Supplier	Related to:	2024	2023
PCW Consultants AB	Peter Wallich, Chief Commercial Officer	77	68
Iaru AB	Torbjörn Koivisto, board member	–	64
PetoMaj Invest AB	Peter Unge, board member	72	–
Total		149	131

Liabilities in Cinclus Pharma AB, TSEK

Supplier	Related to:	2024	2023
PetoMaj Invest AB	Peter Unge, board member	–	191
Total		–	191

Receivables in Cinclus Pharma Holding AB (publ), TSEK

Senior executives	Related to:	2024	2023
Head of Pre-clinical operations Gösta Hiller	Loan to employee	206	198
Total		206	191

NOTE 28 Pledged assets and contingent liabilities

Pledged assets

There are no pledged securities in the group.

Contingent liabilities

Commitment in license agreement with Sinorda Biomedicine Co. Ltd.
Cinclus Pharma AB has a license agreement with its Chinese partner Sinorda Biomedicine Co. Ltd. (Sinorda). The agreement includes a commitment to royalties on future sales and licensing income. This further means that Cinclus Pharma AB, the group's Swedish subsidiary, may in the future receive royalties on sales revenue of linaprazan glurate in Sinorda's agreed territory, provided that linaprazan glurate is approved for sale in these territories. Cinclus Pharma AB, in turn, has an obligation to pay royalties to Sinorda on future license and sales revenue from Cinclus Pharma's defined territory, provided that linaprazan glurate is approved for sale in these territories.

NOTE 29 Significant events after the end of the year

As of the date of approval of this annual report, there are no significant events after the end of the financial year.

NOTE 30 Definitions and reconciliation of key figures and alternative key figures

Key figures according to IFRS	Definitions
Earnings per share for the year before and after dilution	Earnings for the year divided by the average number of ordinary shares during the year before and after dilution. Earnings per share after dilution is calculated by adjusting the weighted average number of ordinary shares outstanding with an estimated conversion of all potential ordinary shares giving rise to a dilutive effect, which is in accordance with IAS 33 Earnings per share.

Alternative key figures	Definitions	Reasons for using the key figures
Operating income (EBIT)	Profit before financial items and tax. The information is taken from the consolidated income statement.	The key figure helps the reader understand the profitability of the operating business.
Operating expenses	The sum of research and development expenses and administrative expenses for the year. The information is taken from the consolidated income statement.	The key figure helps the reader understand the costs of the operational business.
Research and development expenses / Operating expenses % *	Research and development expenses, divided by operating expenses, which consists of research and development expenses and administrative expenses.	The key figure helps the reader of the financial reports to analyze the proportion of the group's expenses that are attributable to the group's research and development activities.
Equity ratio, % *	The equity ratio at the end of each year is calculated by dividing total equity attributable to the parent company's shareholders by total assets.	The equity ratio measures the proportion of the total assets that is financed by the shareholders.
Quick ratio, %	Current assets in relation to current liabilities.	The key figure shows the group's short-term ability to pay.
Number of ordinary shares on the balance sheet date	Number of ordinary shares in the company at the end of the year.	The key figure gives the reader a picture of the number of ordinary shares at the end of the year.
Equity per ordinary share	Equity divided by number of ordinary shares at the end of the year.	The key figure gives the reader a possibility to compare book value with market value.
Cash flow per ordinary share	Cash flow for the year divided by average number of ordinary shares.	The key figure shows the net cash generated or used on a per-ordinary share basis.

* Reconciliation of these key figures can be found to the right.

In the report, the company presents key figures in accordance with the IFRS regulations. The company also presents so-called alternative key figures, i.e. measures that are not defined according to IFRS. The alternative key figures found in the report are, among other things, expenses related to research and development as a percentage of total operating expenses, equity ratio % and quick ratio %. The company considers the former to be an important complement because it enables a better evaluation of the company's financial trends. This financial performance measure should not be seen in isolation or considered to replace the performance indicators which has been prepared in accordance with IFRS.

Furthermore, the alternative performance measure as the company has defined it should not be compared with other performance measures with a similar name used by other companies. This is because the above-mentioned performance measure is not always defined in the same way, and other companies may calculate it differently than Cinclus Pharma, see below table for additional definitions and reconciliation of KPIs and alternative KPIs.

Reconciliation of alternative performance measures

(TSEK)	2024	2023
Administrative expenses	−36,854	−39,562
Research and development expenses	−136,657	−166,678
Operating expenses	−173,511	−206,240
Research and development expenses / Operating expenses %	**79%**	**81%**
Cash flow for the year	476,833	−86,294
Average number of ordinary shares	37,048,341	26,227,040
Cash flow for the year per ordinary share, SEK	**12.87**	**−3.29**

(TSEK)	31/12/2024	31/12/2023
Equity	555,330	−76,800
Total assets	601,013	94,413
Equity ratio %	**92%**	**−81%**
Other receivables	1,942	3,870
Prepaid expenses and accrued income	31,808	2,249
Cash and cash equivalents	566,716	87,972
Total current receivables	**600,467**	**94,091**
Loan from shareholders	0	130,341
Derivates	0	665
Trade payables	18,928	16,448
Leasing liabilities	109	24
Current tax liabilities	7,449	7,216
Other liabilities	2,107	2,903
Accrued expenses and deferred income	16,899	6,826
Total current liabilites	**45,493**	**164,422**
Quick ratio %	**1320%**	**57%**
Equity per ordinary share, SEK	555,330	−76,800
Number of ordinary shares at the end of the year	46,537,789	26,227,040
Equity per ordinary share, SEK	**11.93**	**−2.93**

Parent company income statement

(TSEK)	Note	2024	2023
Revenues			
Net sales	3, 4	1,376	628
Operating expenses	5		
Administrative expenses	6, 7, 8	−38,301	−42,078
Research and development expenses	7	−135,313	−163,357
Other operating income	9	2,751	77
Other operating expenses	10	−3,487	−24
Operating income		**−172,975**	**−204,754**
Income from financial items			
Financial income	11	28,673	2,750
Financial expenses	12	−29,991	−21,410
Net financial items		**−1,318**	**−18,660**
Income after financial items		**−174,292**	**−223,414**
Group contributions	13	4,292	5,657
Income before tax		**−170,000**	**−217,757**
Income tax	14	–	–
Net income for the year*		**−170,000**	**−217,757**

*In the parent company there are no items accounted for in other comprehensive income. Total comprehensive income corresponds to the net income for the year.

Parent company balance sheet

(TSEK)	Note	31/12/2024	31/12/2023
ASSETS			
Intangible assets			
Concessions, patents, licences, etc.	15	320,463	320,463
Tangible non-current assets			
Inventories	16	44	72
Financial assets			
Shares in group companies	17	88,543	88,543
Total non-current assets		**409,050**	**409,078**
Current assets			
Receivables from group companies	24	3,585	–
Other current receivables	18	1,932	3,867
Prepaid expenses and accrued income	19	26,496	2,473
Cash and cash equivalents	20	559,632	82,304
Total current assets		**591,645**	**88,644**
TOTAL ASSETS		**1,000,695**	**497,722**

(TSEK)	Note	31/12/2024	31/12/2023
EQUITY AND LIABILITIES			
Equity	21		
Restricted equity			
Share capital		920	509
Non restricted equity			
Share premium fund		1,297,509	503,292
Retained earnings		–332,710	–117,823
Profit or loss for the year		–170,000	–217,757
Equity attributable to the parent company's shareholders		**795,718**	**168,221**
Current liabilites			
Loan from shareholders	22	–	131,006
Trade payables		18,924	16,178
Liabilities to group companies	24	167,730	172,925
Other liabilities		2,107	2,814
Accrued expenses	23	16,216	6,578
Total current liabilities		**204,977**	**198,495**
Total liabilities		**204,977**	**194,906**
TOTAL EQUITY AND LIABILITIES		**1,000,695**	**497,722**

Statement of changes in equity, parent company

	Equity attributable to parent company shareholders				
	Restricted equity	Non-restricted equity			
(TSEK)	Share capital	Share premium fund	Retained earnings	Profit for the year	Total equity
Opening balance at January 1, 2024	**509**	**503,293**	**–117,823**	**–217,757**	**168,221**
Appropriation from AGM	–	–	–217,757	217,757	–
Adjusted opening balance 1 January 2024	509	503,293	–335,581	–	168,221
Net income for the year	–	–	–	–170,000	–170,000
Comprehensive income for the year	**–**	**–**	**–**	**–170,000**	**–170,000**
Changes in the carrying amounts recognised directly in equity					
New share issue	347	714,653	–	–	715,000
Issue expenses	–	–58,424	–	–	–58,424
Set-off issue	64	137,988	–	–	138,051
Share-related remuneration, staff vested value	–	–	2,870	–	2,870
	411	**794,216**	**2,870**	**–**	**797,497**
Closing balance at December 31, 2024	**920**	**1,297,509**	**–332,710**	**–170,000**	**795,718**

	Equity attributable to parent company shareholders				
	Restricted equity	Non-restricted equity			
(TSEK)	Share capital	Share premium fund	Retained earnings	Profit for the year	Total equity
Opening balance at January 1, 2023	**509**	**503,459**	**78,663**	**–198,930**	**383,701**
Appropriation from AGM	–	–	–198,930	198,930	–
Adjusted opening balance at January 1, 2023	509	503,459	–120,267	–	383,701
Net income for the year	–	–	–	–217,757	–217,757
Comprehensive income for the year	**–**	**–**	**–**	**–217,757**	**–217,757**
Changes in the carrying amounts recognised directly in equity					
Expenses for warrant programme	–	–167	–	–	–167
Share-related remuneration, staff vested value	–	–	2,444	–	2,444
	–	**–167**	**2,444**	**–**	**2,277**
Closing balance at December 31, 2023	**509**	**503,293**	**–117,823**	**–217,757**	**168,221**

Parent company statement of cash flow

(TSEK)	Note	2024	2023
Operating activities			
Operating income		–172,975	–204,754
Adjustment for non-cash items			
Depreciations and amortisations	16	28	28
Share-based remuneration		2,870	2,444
Interest received		11,116	2,640
Interest paid		–319	–429
Taxes paid		–	–
Cash flow from operating activities before change in working capital		**–159,279**	**–200,072**
Cash flow from change in working capital			
Increase/decrease in operating receivables		–22,248	–223
Increase/decrease in trade payables		2,745	497
Increase/decrease in other operating liabilities		–2,365	–4,890
Cash flow from operating activities		**–181,147**	**–204,688**
Financing activities			
New share issue		715,000	–
Issue expenses		–58,424	–167
Loan from sharholders	22	–	124,343
Cash flow from financing activities		**656,576**	**124,176**
Cash flow for the year		**475,429**	**–80,512**
Cash and cash equivalents at the beginning of the year		82,304	162,922
Exchange rate differences in cash and cash equivalents		1,899	–106
Cash and cash equivalents at the end of the year	20	**559,632**	**82,304**

Notes – Parent Company

NOTE 1 Parent Company Accounting Principles

The annual accounts for the parent company have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act. The application of RFR 2 means that the parent company applies all IFRS adopted by the EU and statements to the extent possible within the framework of the Annual Accounts Act (ÅRL), the Pension Obligations Vesting Act and with regard to the connection between accounting and taxation.

The annual accounts have been prepared in accordance with the cost method. The parent company applies accounting principles other than the Group's accounting principles in the cases specified below.

Presentation formats

The income statement and balance sheet follow the format of the Annual Accounts Act (ÅRL). The statement of changes in equity follows the group's format but must contain the columns specified in the ÅRL. Furthermore, there is a difference in terms, compared to the consolidated accounts, primarily regarding financial income and expenses and equity.

Financial instruments

IFRS 9 is not applied in the Parent Company. The Parent Company applies instead the points stated in RFR 2 (IFRS 9 Financial Instruments, p. 3–10).

Financial instruments are valued based on acquisition value. In subsequent periods, financial assets acquired with the intention of being held in the short term will be reported in accordance with the lower of cost principle at the lower of acquisition value and net realizable value.

When calculating the net realizable value of receivables that are reported as current assets, the principles for impairment testing and loss risk provision in IFRS 9 are applied.

Leasing

The Parent Company has chosen not to apply IFRS 16 Leases, but has instead chosen to apply RFR 2 IFRS 16 Leases paragraphs 2–12. This choice means that no right-of-use asset and lease liability are recognized in the balance sheet, but the lease payments are recognized as an expense on a straight-line basis over the lease term.

Intangible assets

An intangible asset that is acquired separately is recognized at cost. This cost is then amortized over its useful life. No assets have been amortized at the balance sheet date as market approval for the underlying asset, the product candidate linaprazan glurate, is a number of years away, i.e. it is not certain that the product can technically be used or sold. Amortization could begin late in Phase III or during the regulatory approval process at the earliest.

Group contributions and shareholder contribution

Received and paid group contributions are reported as appropriations in accordance with the alternative rule. Shareholder contributions are reported directly against equity of the recipient and shares and participations of the donor.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are reported at cost less any impairment losses. Cost includes acquisition-related costs. When there is an indication that shares and participations in subsidiaries have decreased in value, a calculation of the recoverable amount is made. If this is lower than the carrying amount, an impairment loss is made. Impairment losses are reported on the line Result from participations in group companies.

NOTE 2 Assessments and estimates

The intangible asset in the parent company has been tested for impairment to verify the carrying amount and exclude impairment. No impairment has been deemed necessary. Amortization begins at the earliest when market approval has been obtained and the product has been launched. Since this asset was acquired internally, it is eliminated at group level. See also note 3 in the group.

NOTE 3 Geographic information – net sales

Geographic information

In the table below, revenues are reported distributed by country, based on where the counterparty is located.

(TSEK)	2024	2023
Switzerland	1,376	628
Total	**1,376**	**628**

NOTE 4 Purchases and sales within the Group

Sales within the group

(TSEK)	2024	2023
Revenue for services relating to group companies	1,376	628
Total	**1,376**	**628**

Purchasing within the group

(TSEK)		
Costs for services from group companies	–1,592	–2,784
Total	**–1,592**	**–2,784**

NOTE 5 Operating expenses per cost type

(TSEK)	2024	2023
Other external expenses	–139,832	–172,276
Personnel expenses	–33,754	–33,131
Depreciation	–28	–28
Other operating expenses	–3,487	–24
Total	**–177,102**	**–205,459**

NOTE 6 Fees and reimbursement of expenses to auditors

(TSEK)	2024	2023
Öhrlings PricewaterhouseCoopers AB		
Audit assignment	562	452
Other auditing activities	10	1,191
Tax advice	169	170
Other services	2,456	663
Total	**3,197**	**2,476**

Audit engagements refer to statutory audits of the annual accounts and accounting records, as well as the management of the board and CEO, and audits carried out in accordance with an agreement or contract. This includes other tasks that it is the responsibility of the company's auditor to perform, as well as advice or other assistance arising from observations made during such audits or the performance of such other tasks.

Other audit activities refer to the services according to a separate agreement concerning financial reports.

Other services refer to advice on accounting issues, advice on processes and internal control, and various services in connection with the stock exchange listing, such as so-called comfort letters to advisory banks.

NOTE 7 Employees and staff expenses

For information on employees and personnel expenses in the parent company, see note 7 for the group.

NOT 8 Leasing agreement

(TSEK)	2024	2023
Agreed future minimum lease payments regarding non-cancelable contracts are due for payment:		
Within 1 year	2,443	1,039
Between 2 - 5 years	10,340	–
Total	**12,783**	**1,039**

NOTE 9 Other operating income

(TSEK)	2024	2023
Exchange rate effects on operating receivables/operating liabilities	2,751	77
Total	**2,751**	**77**

NOTE 10 Other operating expenses

(TSEK)	2024	2023
Exchange rate effects on operating receivables/operating liabilities	–3,487	–24
Total	**–3,487**	**–24**

NOTE 11 Interest income and similar items

(TSEK)	2024	2023
Interest income	11,057	2,750
Exchange rate effects on financial assets and liabilities	17,616	–
Total	**28,673**	**2,750**

NOTE 12 Interest expenses and similar items

(TSEK)	2024	2023
Interest expenses for shareholder loans	–4,051	–6,663
Other interest expenses	–7,046	–4,663
Exchange rate effects on financial assets and liabilities	–18,894	–10,084
Total	**–29,991**	**–21,410**

NOTE 13 Appropriations

(TSEK)	2024	2023
Group contributions received	4,292	5,657
Total	**4,292**	**5,657**

NOTE 14 Income tax

(TSEK)	2024	2023
Profit before tax	–170,000	–217,757
Tax according to the applicable tax rate for the parent company 20.60% (20.6%)	35,020	44,858
Tax effect of:		
- Non-deductible expenses/non-taxable income	–57	–27
- Deductible expenses not reported in the income statement (issue expenses)	13,215	34
- Increase in tax loss carryforwards without corresponding capitalization of deferred tax	–48,178	–44,866
Reported tax expense	–	–
Effective tax rate	**0.0%**	**0.0%**

There are unused tax loss deductions for which deferred tax assets have not been reported in the balance sheet amounting to 625,254 (450,572) thousand. The deficits have no time limit.

Deferred tax receivable is not reported as the assessment is that the criteria for reporting deferred tax according to IAS 12 are not met.

NOTE 15 Concessions, patents, licenses, etc.

(TSEK)	31/12/2024	31/12/2023
Accumulated acquisition values:		
- At the beginning of the year	320,463	320,463
- New acquisitions		–
At the end of the year	**320,463**	**320,463**
Accumulated depreciation according to plan:		
- At the beginning of the year	–	–
- Depreciation for the year	–	–
At the end of the year	**–**	**–**
Recorded value at the end of the year	**320,463**	**320,463**

No depreciation has taken place as of the balance sheet date as the underlying asset, the product candidate linaprazan glurate, is in a development stage. A market approval has not yet been obtained and the asset has therefore not yet been put into use.

NOTE 16 Inventories

(TSEK)	31/12/2024	31/12/2023
Accumulated acquisition values:		
- At the beginning of the year	131	131
- New acquisitions	–	–
At the end of the year	**131**	**131**
Accumulated depreciation according to plan:		
- At the beginning of the year	–59	–31
- Depreciation for the year	–28	–28
At the end of the year	**–87**	**–59**
Reported value at the end of the year	**44**	**72**

Depreciation on inventories is included in the income statement among research, development and administrative expenses.

NOTE 17 Shares in Group companies

(TSEK)	31/12/2024	31/12/2023
Accumulated acquisition values:		
- At the beginning of the year	88,543	88,543
- Acquisitions during the year	–	–
At the end of the year	88,543	88,543
Recorded value at the end of the year	**88,543**	**88,543**

Subsidiary: Cinclus Pharma AB
Corporate registration number: 559375-7684
Registred office: Stockholm, Sweden

	31/12/2024	31/12/2023
Capital share directly owned by the parent company	100%	100%
Voting share	100%	100%
Number of shares	25,000	25,000
Book value	**2,025**	**2,025**

Subsidiary: Cinclus Pharma AG
Corporate registration number: CHE.203.595.588
Registred office: Basel, Schweiz

	31/12/2024	31/12/2023
Capital share directly owned by the parent company	100%	100%
Voting share	100%	100%
Number of shares	123,385	123,385
Book value	**86,518**	**86,518**

NOTE 18 Other current receivables

(TSEK)	31/12/2024	31/12/2023
VAT receivables	830	1,795
Preliminary tax paid	896	1,874
Other receivables	206	198
Total	**1,932**	**3,867**

NOTE 19 Prepaid expenses and accrued income

(TSEK)	31/12/2024	31/12/2023
Prepaid rental expenses	162	264
Prepaid insurance premiums	514	442
Prepaid expenses for R&D	25,015	–
Prepaid expenses for prospectus work	–	1,299
Other prepaid expenses	664	358
Accrued interest income	141	111
Total	**26,496**	**2,473**

NOTE 20 Cash and cash equivalents

(TSEK)	31/12/2024	31/12/2023
Cash in bank accounts	559,632	82,304
Total	**559,632**	**82,304**

Regarding credit risk, see the group's note 19.

NOTE 21 Equity

See the group's note 24 for information on the parent company's share capital.

NOTE 22 Loans from shareholders

See the group's note 25 for information on loans from shareholders.

NOTE 23 Accrued expenses

(TSEK)	31/12/2024	31/12/2023
Accrued salaries and board remuneration	4,758	3,539
Accrued employer contributions	1,358	1,019
Accrued expenses for research and development	8,823	1,412
Accrued audit fee	356	417
Accrued legal fees	185	–
Accrued expenses relating to IPO preparation	176	–
Accrued group internal interest expenses	–	–
Other accrued expenses	561	190
Total	**16,216**	**6,578**

NOTE 24 Transactions with related parties

The ultimate parent company in the Group is Cinclus Pharma Holding AB (publ). Related parties are all subsidiaries within the Group as well as senior executives in the Group and their related parties. Remuneration to senior executives is disclosed in Notes 7 and 8 of the Group. The table below reports consulting fees to related parties who have provided consulting services to the Group's companies.

Transactions with Cinclus Pharma AG

(TSEK)	2024	2023
Sale of goods and services	1,376	628
Intercompany interest expenses	4,051	4,663
Current liabilities at the balance sheet date	167,730	170,933

Transactions with Cinclus Pharma AB

	2024	2023
Purchase of goods and services	1,592	2,784
Current receivables at the balance sheet date	3,585	–
Current liabilities at the balance sheet date	–	1,992

For information on remuneration to senior executives, see note 7 in the group, Employees and personnel costs and remuneration to senior executives. See the note 27 in the group for consulting fees to senior executives.

NOTE 25 Pledged assets and contingent liabilities

The parent company, Cinclus Pharma Holding AB (publ), has, with the IP transfer that took place on January 1, 2022, internally from the subsidiary Cinclus Pharma AG in Switzerland to the parent company, undertaken by agreement to cover costs in the subsidiary so that it does not operate at a loss.

NOTE 26 Appropriation of earnings

(SEK)	
The annual general meeting has the following balanced funds at its disposal:	
Premium fund	1,297,508,630
Balanced result	–332,710,302
This year's results	–170,000,460
Total	**794,797,868**
The board proposes that the profits be allocated as follows:	
Balanced in new account	794,797,868
Total	**794,797,868**

NOTE 27 Significant events after the end of the year

As of the date of approval of this annual report, there are no significant events after the end of the financial year.

Certification by the board of directors and the CEO

The board of directors certifies that this annual report gives a true and fair view of the group's operations, financial position and resultsg.

Stockholm April 17 2025

WENCHE ROLFSEN
Board member

PETER UNGE
Board member

TORBJÖRN KOIVISTO
Board member

ANDERS ÖHBERG
Board member

HELENA LEVANDER
Board member

NINA RAWAL
Board member

LENNART HANSSON
Chairman of the board

CHRISTER AHLBERG
CEO and President

Our audit report was submitted on April 17, 2025
Öhrlings PricewaterhouseCoooper AB

Lars Kylberg
Certified Public Accountant

Auditor's report

To the general meeting of the shareholders of Cinclus Pharma Holding AB (publ), corporate identity number 559136-8765

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Cinclus Pharma Holding AB (publ) (publ) for the year 2024 except for the corporate governance statement on pages 35-45. The annual accounts and consolidated accounts of the company are included on pages 24-79 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 35-45. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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

Basis for Opinions

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

Our audit approach

Focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors and the Managing Director made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of the Board of Directors and the Managing Director override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit considered the key audit matter
Research and devellopment expenses The Group's research and development expenses amounted to SEK 136.7 million in the financial year 2024, according to the Group's income statement. This corresponds to 78 percent of the Group's total operating expenses. The majority of the expenses relate to the development of the Group's product linaprazan glurate and consist primarily of expenses for hired consultants and own personnel. In our audit, we have focused on these expenses as they total a significant amount and there is a risk regarding the accuracy, completeness and accrual of these expenses.	Our review of research and development costs has included, but is not limited to: • evaluating the company's procedures, operational monitoring and internal control • testing the company's controls for approval and payment of supplier invoices and personnel costs • reconciling and performing detailed testing against invoice documents, agreements and other financial statement documentation • performing detailed testing of salaries • analyzing costs based on our knowledge of the business and monitoring against internal reports

Based on our review, we have not reported any significant observations to the Audit Committee.

Other information than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts and is found on pages 2-23. The remuneration report published on the same day as this document also constitutes other information. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

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

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company and group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, cease operations or has no realistic alternative to doing any of this. The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements
The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Cinclus Pharma Holding AB (publ) for year 2024 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Cinclus Pharma Holding AB (publ) (publ) for the year 2024.

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

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

Basis for Opinion

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

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Responsibilities of the Board of Directors and the Managing Director The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

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

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

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

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director. The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

It is the Board of Directors who is responsible for that the corporate governance statement on pages 35-45 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16, the auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 STOCKHOLM, was appointed as Cinclus Pharma Holding AB (publ)'s auditor by the general meeting of shareholders on 8 april 2024 and has been the company's auditor since 23 november 2021.

Stockholm 17 april 2025
Öhrlings PricewaterhouseCoopers AB
Lars Kylberg
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Annual General Meeting

The Annual General Meeting will be held on 22 May 2025 at 18:30-20:00. Registration will take place from 18:00. Furthermore, the meeting will be held at the premises of the law firm Vinge at Smålandsgatan 20, 111 46 Stockholm. The notice will be available on the Company's website at the time of publication of this annual report..

Financial calendar

May 20, 2025	Interim report Q1
May 22, 2025	Annual General Meeting
Aug 20, 2025	Interim report Q2
Nov 20, 2025	Interim report Q3
Feb 18, 2026	Year end report 2025

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Glossary

Carcinogenicity studies – Tests to assess whether a chemical or physical agent increases the risk of cancer.

Clinical phase I – The first time a new substance is given to a human being. Phase I studies are often conducted with a small number of healthy volunteers to assess the safety and dosage of a yet-to-be-approved treatment.

CMC – stands for Chemistry Manufacturing and Control, and refers to the process of producing and manufacturing medicines.

CRO – stands for Contract Research Organization, and is the company that, together with pharmaceutical and medtech companies, carries out the clinical studies needed to get their products approved by the authorities.

Eradicate – to remove, eradicate, for example, the bacterium *Helicobacter pylori* in peptic ulcer disease.

Esophagitis – is damage to the oesophagus or esophageal catarrh caused by the backward flow of stomach acid into the oesophagus.

FDA – is the US Food and Drug Administration

GERD and eGERD – GERD stands for Gastroesophageal reflux disease and is the collective name for all acid-related esophageal disease. GERD is characterized by symptoms, with or without tissue damage, that result from repeated or prolonged exposure of the lining of the esophagus to acidic or non-acidic contents from the stomach. If tissue damage is present, the individual is said to have esophagitis or erosive GERD (eGERD).

International Non-proprietary Name (INN) – is a generic name used to facilitate the identification of drug substances or active ingredients of medicines.

IPO – IPO stands for Initial Public Offering, i.e. stock exchange listing.

KOL – KOL stands for Key Opinion Leader. A KOL is an expert with proven experience and expertise in a particular field of work. In healthcare, these experts can be doctors, hospital managers, health system directors, researchers, members of patient groups and others.

LA scale – The Los Angeles scale (LA scale) is an accepted way to describe the endoscopic presence of reflux esophagitis and determine its severity. The scale is divided into grades A-D, with D being the most severe grade of reflux esophagitis.

Linaprazan glurate (formerly X842) – A prodrug of linaprazan of the potassium-competitive acid blocker (PCAB) class. Linaprazan has been evaluated in 23 Phase I and two Phase II studies in a total of approximately 2,500 patients. The favorable safety and pharmacokinetic properties of linaprazan glurate have been documented in a phase I study. Linaprazan glurate provides superior gastric acid control compared to current medication.

'Off label' prescribing – The term "off label" is defined as the use of a medicine that deviates from the approved summary of product characteristics, such as use for an unapproved indication, with a different dose or with a different route of administration.

PCAB
PCAB stands for Potassium-Competitive Acid Blocker and is a new class of drugs called acid secretion inhibitors.

Pharmaceutical dossier – Evidence and documentation that forms the basis for the application for drug approval.

Phase II clinical trial – Phase II refers to the first time a medicine under development is administered to patients to study the safety, dosage and efficacy of a yet-to-be-approved treatment regimen.

Phase III clinical trials – Phase III trials involve many patients and often last for a longer period; they are intended to investigate the effects and side effects of the medicine under routine yet carefully controlled conditions.

PPI – stands for Proton Pump Inhibitor and is a group of drugs whose main action is a marked and long-lasting reduction in the production of stomach acid. This type of drug has been the most potent acid secretion inhibitors available for a very long time and is still available today. The first product, omeprazole, was launched in 1988 under the brand name Losec. Proton pump inhibitors are among the best-selling medicines in the world.

Preclinical phase – In the preclinical phase, various types of tests and experiments are carried out in a lab environment. These tests take place before a drug project enters the clinical phase.

'Prodrug' – A 'prodrug' is an inactive drug in the form in which it is taken. Once the prodrug has entered the body, it is convertedinto the active form. The conversion takes place by changing some part of the chemical structure of the medicine.

Proof of Concept (concept validation) – This concept is also known as 'PoC'. It refers to a prototype or study that covers all key features. The aim is simply to prove that the concept works

QIDP – The granting of a product as a qualified device for the treatment of infectious diseases. The grant is decided by the US Food and Drug Administration (FDA), giving 5 years of data exclusivity. QIDP stands for Qualified Infectious Disease Product.

Cinclus Pharma

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