Interim Report

January – June 2024

Cinclus Pharma Holding AB (publ)

Q2 2024

Interim Report January – June 2024

Cinclus Pharma

Financial Summary, April – June 2024

- Net sales amounted to 0 (2,952) TSEK.
- Operating profit (EBIT) amounted to -37,329 (-50,077) TSEK.
- The result for the period was -40,330 (-59,842) TSEK and earnings (loss) per share before and after dilution were -1.41 (-2.28) SEK.
- Total cash flow for the period amounted to 632,323 (-19,125) TSEK.
- Cash and cash equivalents at the end of the period amounted to 684,720 (87,972) TSEK.

Financial Summary, January – June 2024

- Net sales amounted to 0 (5,959) TSEK.
- Operating profit (EBIT) amounted to -73,602 (-99,151) TSEK.
- The result for the period was -77,225 (-109,026) and TSEK and earnings (loss) per share before and after dilution were -2.81 (-4.16) SEK.
- Total cash flow for the period amounted to 596,501 (-66,258) TSEK.
- Cash and cash equivalents at the end of the period amounted to 684,720 (87,972) TSEK.

685 MSEK
CASH AND CASH EQUIVALENTS

26
CO-WORKERS

70 % R&D
OF OPERATING EXPENSES

General information about the report

All information in this report refers to the Group unless otherwise stated. Comparative figures in brackets refer to the corresponding period of the previous year. Comparative figures in brackets for balance sheet items refer to the end of the previous financial year.

This report has not been reviewed by the company's auditor. The report has been prepared in a Swedish and an English version. In the event of any discrepancies between the Swedish and the English versions, the Swedish version will take precedence.

Upcoming information events

November 14, 2024	Interim report Jan – Sep 2024
February 20, 2025	Year-end report 2024
April 17, 2025	Annual Report 2024

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The webcast will be held on August 29, 2024, at 13:00 via financial hearings. Link to registration
https://ir.financialhearings.com/cinclus-pharma-q2-report-2024/register

The report is available on the company's website:
cinclupharma.com/investors/financial-reports/interim-reports/

Significant events during the period April – June 2024

- 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 have been submitted for a presentation at UEGW, a scientific congress within the gastroenterology area, later this year.
- Two of the company's pre-clinical studies (photo- and co-toxicological studies) were also completed during the quarter 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. In total, an employee stock option program for the CEO and one of Cinclus Pharma's scientific advisors of 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.

Significant events after the end of the period

- On July 1, 11 and 19, it was announced that stabilization measures have been taken in the ordinary shares of Cinclus Pharma's 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.
- On July 29, it was announced that the Swiss 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.

CEO statement

Secured funding for continued development of linaprazan glurate – the next generation PCAB

Our goal is to provide healing for the worst affected eGERD patients, around 19 million people worldwide.

The highlight of the second quarter of the year was the listing of the company's shares on Nasdaq Stockholm.

I would like to start by thanking both old and new shareholders for the confidence they have shown in us through the listing. The listing means that we have secured funding for continued development of linaprazan glurate, the next generation PCAB, to meet a major unmet medical need. Our goal is to help the most vulnerable patients with erosive GERD (eGERD), i.e. those patients with the most severe esophageal lesions (grade C and D). This patient population corresponds to approximately 19 million people worldwide, including 10 million in the US and Europe.

GERD is caused by stomach acid leaking into the esophagus and causing corrosive damage. The leakage is caused by a gastric cardia that does not hold tight. The bigger the leak, the more severe the disease. The best medicine to solve this problem is the one that can reduce acid production and keep stomach contents above pH4 throughout the day. In this case, research clearly shows that the corrosive damage heals, despite continued leakage between the stomach and esophagus. With linaprazan glurate delivering close to 24 hours of acid control within 1-2 hours of the first dose, close to 90% healing already within 4 weeks for the most severe patients and effective and rapid symptom relief, linaprazan glurate has the potential to be a superior medicine and the only product that can deliver such high efficacy.

Our Phase II study completed in 2023 showed significantly better healing in the more severe eGERD patients compared to lansoprazole, a proton pump inhibitor (PPI), but also indirectly compared to first generation PCABs.

Basically it is sufficient that we repeat the healing results from Phase II in the upcoming phase III study for us to reach a strong position. The strong phase II results together with a unique strong acid inhibition means that, compared to many other companies in phase III, we have a substance with a relatively low development risk.

As with the development of all new substances, the authorities require two Phase III studies. Each study will involve around 500 patients.

Patients will take four to eight weeks to heal, so we will be able to read out full efficacy data on healing in a relatively short time. We intend to show superiority to PPIs in terms of healing and symptom relief for our target group, the most difficult patients, already after four weeks instead of the current standard after eight weeks.

We are now working to enroll the first patient in the first phase III study in 2025 and obtain results in 2026. According to our plan, the application to the FDA and EMA can be submitted in 2028 with the ambition of regulatory approval in 2029. If the efficacy data is in line with what we expect, there are indications from potential partners to enter into partnerships regarding future commercialization of the product. Positive data would of course also be a strong validation of the substance.

Our intention is to out-license or enter into other types of partnerships in all relevant markets worldwide. We already have positive indications that several players are interested in entering into partnerships following positive phase III results. In Asia, we have already entered into a license agreement with our partner Sinorda, which in turn is working with Shanghai Pharma, one of China's largest pharmaceutical companies. Sinorda has filed for registration in China, with a potential approval in late 2024 and launch after price approval.

We estimate that our sales potential, with positioning for the most severely ill eGERD patients in the US and Europe, is over USD 1 billion per year. It is our assessment that there is a great need for a more effective treatment of acid-related stomach diseases especially for patients with severe eGERD. Linaprazan glurate is uniquely developed to address the unmet medical need in this area and positioned to bring about a paradigm shift in the treatment of these diseases.

In the long term, our vision extends beyond the treatment of severe eGERD. With an experienced management team and a potentially diverse indication portfolio, we are looking at future opportunities to expand into other related areas, including the treatment of *H. pylori* infections.

We look forward to sharing further progress with you all.

Christer Ahlberg, CEO and President

About the share

Largest shareholders at the end of the period

Shareholding in the company at the end of the period	Number of shares	Share (%)
Trill Impact Ventures	3,721,221	8.0%
Fjärde AP-fonden	3,522,368	7.6%
Linc AB	2,114,322	4.5%
Peter Unge via company	2,050,015	4.4%
Kjell Andersson via company	1,908,000	4.1%
Mikael Dahlström estate	1,881,520	4.0%
Futur Pension	1,803,476	3.9%
Movestic Livförsäkring AB	1,725,824	3.7%
Nylof Holding AB	1,164,575	2.5%
Lennart Hansson via company	1,084,771	2.3%
Irrus Investments	982,941	2.1%
Nordnet Pension fund	902,231	1.9%
Eir Ventures I AB	898,750	1.9%
Postamentet Holding AB	688,409	1.5%
MWP Management Consulting AB	680,000	1.5%
Fifteen largest shareholders	*25,128,423*	*54.0%*
Others	*21,409,366*	*46.0%*
Total	46,537,789	100.0%

Share information

	Quarter 2		Quarter 1-2		Year
	2024	2023	2024	2023	2023
Net income, (TSEK)	-40,330	-59,842	-77,225	-109,026	-215,118
Cash flow for the period, (TSEK)	632,323	-19,125	596,501	-66,258	-86,294
Number of shares at the beginning of the period	26,227,040	26,227,040	26,227,040	26,227,040	26,227,040
Number of shares at the end of the period	46,537,789	26,227,040	46,537,789	26,227,040	26,227,040
Average number of shares	28,682,185	26,227,040	27,454,613	26,227,040	26,227,040
Number of warrants at the beginning of the period*	1,634,960	1,634,960	1,634,960	1,650,960	1,650,960
Number of warrants at the end of the period*	941,897	1,634,960	941,897	1,634,960	1,634,960
Average number of warrants*	1,646,272	1,634,960	1,640,616	1,637,700	1,636,319
Share capital at the end of the period, (TSEK)	903	509	903	509	509
Equity at the end of the period, (TSEK)	637,844	29,264	637,844	29,264	-76,800
Earnings per share before dilution, (SEK)	-1.41	-2.28	-2.81	-4.16	-8.20
Earnings per share after dilution, (SEK)	-1.41	-2.28	-2.81	-4.16	-8.20
Equity per share, (SEK)	13.71	1.12	13.71	1.12	-2.93
Cash flow for the period per share, (SEK)	22.05	-0.73	21.73	-2.53	-3.29

* Number of warrants is recalculated so that all programs must meet the 1:1 conversion condition.

Cinclus Pharma's share (CINPHA) was listed on Nasdaq Stockholm on June 20, 2024.

The opening price in the listing was SEK 42.00 per share. The closing price on the last trading day in June was SEK 31.00 per share. The average price during June was SEK 33.87 per share. The market capitalization on the last trading day in June was 1.4 BSEK.

The issue in connection with the listing raised SEK 715 million before costs of SEK 60 million. The share capital increased by SEK 0.394 million and the number of new shares was 17,023,810.

In connection with the listing, a shareholder loan, which was raised in the second quarter of 2023, was offset. This offset issue increased the number of shares in the company by 3,286,939.

In total, after the listing issue where the owners Trill Impact Ventures, Fjärde AP-fonden, Linc AB and Eir Ventures I AB acted as anchor investors, and after the set-off issue of the shareholder loan, the company has 46,537,789 outstanding ordinary shares.

At the end of the second quarter, Cinclus Pharma had just over 3,700 shareholders.

Trading	Nasdaq Stockholm
Ticker	CINPHA
ISIN	SE0020388577
LEI-code	549300TJBPSNZ3DO6B42
Share price 2024-06-28	31.00
Market capitalization 2024-06-28	1,443 MSEK

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 healing 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 in 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 and is now ready to initiate 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 in brief

High unmet medical need for new medicines for severe eGERD.

Linaprazan glurate provides improved acid control.

> 3,000

individuals have been exposed to linaprazan glurate or linaprazan in clinical trials.

Positive results from the Phase II study have been presented in an EoPh2 meeting with the FDA.

19 milion

people in the world with severe eGERD are the primary target population.

Organization with experience in development, commercialization and sales of drugs for acid-related stomach diseases.

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.

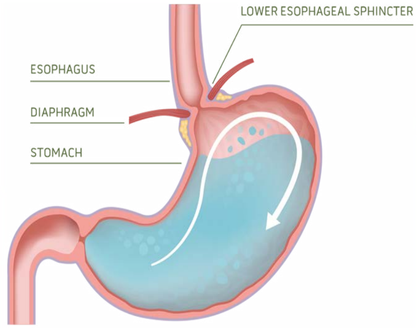
GERD

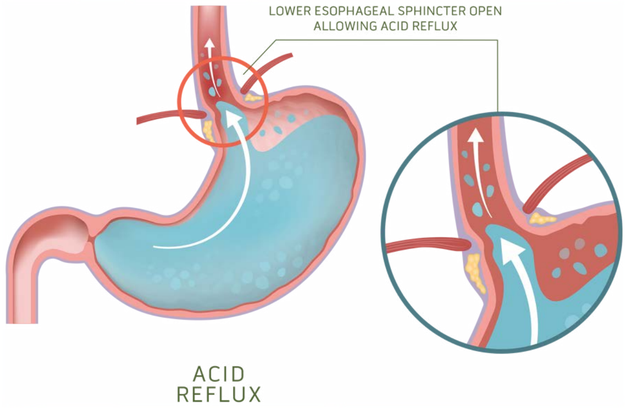
Cinclus Pharma's indication is gastroesophageal reflux disease (GERD). GERD is divided into two main groups, symptomatic GERD (sGERD) and erosive GERD (eGERD). GERD is a disease of the gastrointestinal tract involving the lower esophageal sphincter (LES), also called the upper stomach, an area that includes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

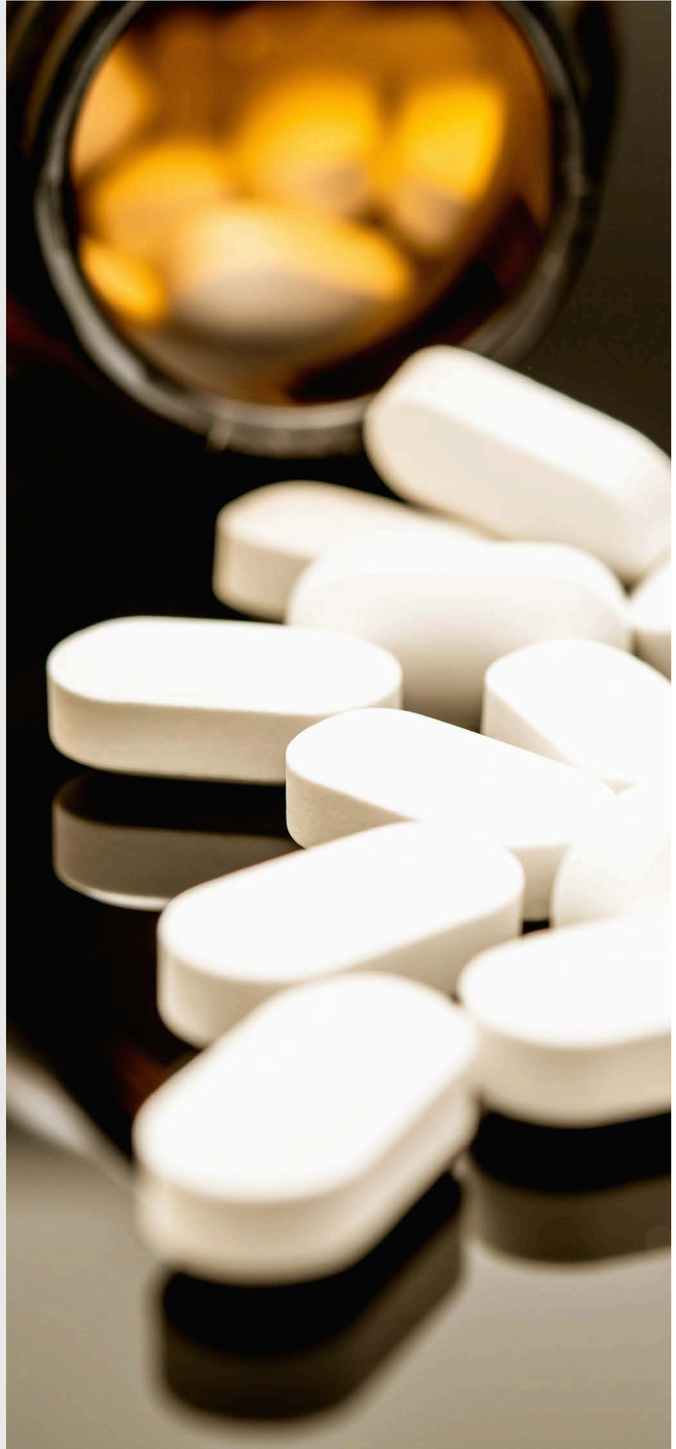
If the esophageal sphincter is not working properly, it can cause a backward flow of stomach contents into the esophagus. This can lead to erosions, acid reflux and heartburn, and is known as erosive gastroesophageal reflux disease (eGERD).

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.







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. Data from Japanese pharmaceutical company Takeda's successful launch of the first PCAB drug vonoprazan 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. Compared to vonoprazan, linaprazan glurate has the potential to provide faster and better acid control over the day.

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. Cinclus Pharma will also work towards a market authorization for the treatment of *H. pylori* infection.

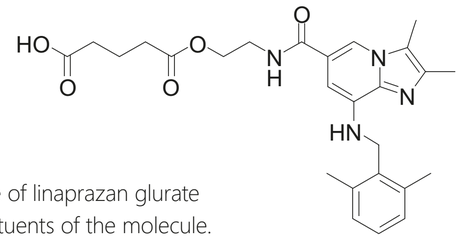


Image of linaprazan glurate constituents of the molecule.

Product development

Linaprazan glurate's beneficial pharmacokinetic 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 means that the company's clinical development program has a lower risk compared to other new substances in a similar development Phase. Overall, there is an indication of high healing rates of erosive esophagitis in upcoming clinical studies.

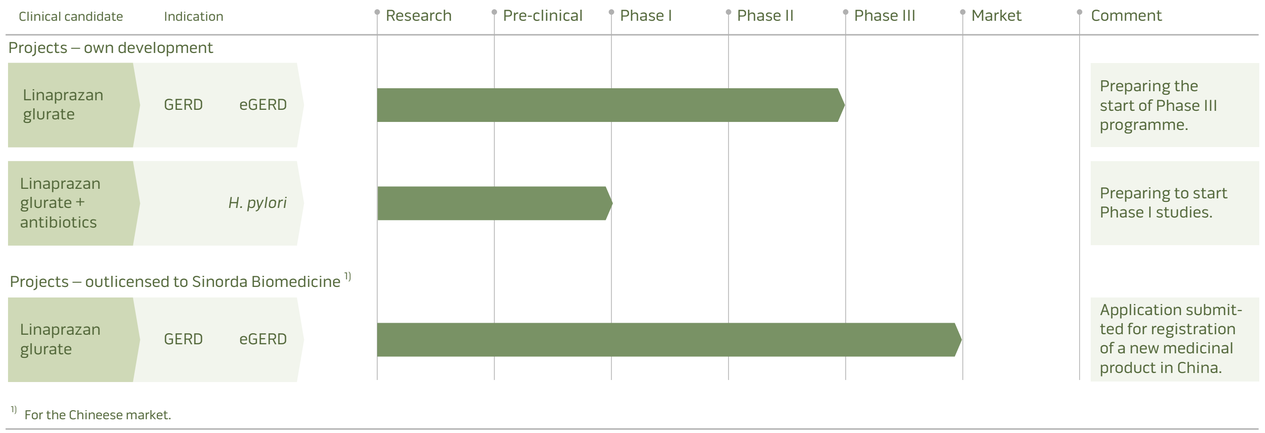
The strong biomarker shows a clear connection between time during the day with a pH value above 4 in the stomach and healing frequency of ulcers in the esophagus. This means that the longer you can maintain pH value above 4 in the stomach over the day (24 hours), the greater the probability of healing of ulcers in the esophagus (provided that the ulcers in the esophagus are caused by acid from the stomach). In a Phase I study, linaprazan glurate was confirmed to be able to maintain pH value above 4 for more than 90% of the day (24 hours), which is a unique acid control that significantly increases the probabilities of healing esophageal ulcers.

Clinical development

In November 2022, positive topline results from the Phase II study conducted in Europe and the USA in 248 patients, were presented. 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. The study provided 'proof of concept'.

The company has conducted several Phase I studies with linaprazan glurate. 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 presentation at the UEGW scientific congress later in the year.

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.



1) For the Chineese market.

To obtain marketing approval for the eGERD indication, which is Cinclus Pharma's primary goal, the company is planning a Phase III program. 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. The company has completed an "End of Phase 2" meeting during the fourth quarter of 2023 with the FDA and received acceptance to initiate a Phase III program with linaprazan glurate.

Pre-clinical development and CMC

The company has completed and is currently conducting several pre-clinical studies. During the second quarter of 2024, photo- and combi-toxicological 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. Through a stable CMC process, the company has paved the way for the tablet to be available for the phase III study and for commercial use after launch.

Patent

The substance patent for linaprazan glurate runs until 2029/30 plus a potential extension of approximately four to five years in the EU and the US. In the past, the company has received approval for a polymorph patent in the United States that is valid until 2042 and a formulation patent in Europe that is valid until 2040. During the year, the company received additional national approvals for the formulation patent in Hong Kong and Mexico.

The company is actively working on adding additional patents. In Europe, there will be data exclusivity of up to 10-11 years from the approval date of linaprazan glurate. In the US, five years of data exclusivity is obtained from the date of approval. However, the company has received an extension of another five years granted by the FDA in the event that approval is obtained for a *H. pylori* indication there as the first indication.

Financial summary, January–June 2024

	Quarter 2		Quarter 1-2		Year
Financial summary for the group	2024	2023	2024	2023	2023
Net sales, (TSEK)	–	2,952	–	5,959	5,959
Operating profit (EBIT), (TSEK)	-37,329	-50,077	-73,602	-99,151	-200,976
Net income, (TSEK)	-40,330	-59,842	-77,225	-109,026	-215,118
Operating expenses, (TSEK)	-37,502	-51,672	-73,591	-103,803	-206,240
R&D expenses vs. operating expenses %	56%	76%	70%	76%	81%
Cash flow from operating activities, (TSEK)	-21,911	-53,219	-57,406	-100,042	-209,186
Cash and cash equivalents at the end of the period, (TSEK)	684,720	108,643	684,720	108,643	87,972
Quick ratio, (%)	1493%	152%	1,493%	152%	57%
Equity, (TSEK)	637,844	29,264	637,844	29,264	-76,800
Equity ratio, (%)	92%	24%	92%	24%	-81%
Average number of employees during the period	12	13	12	13	13
Average number of shares, before dilution	28,682,185	26,227,040	27,454,613	26,227,040	26,227,040
Average number of shares, diluted	28,682,185	26,227,040	27,454,613	26,227,040	26,227,040
Number of shares at the end of the period, before dilution	46,537,789	26,227,040	46,537,789	26,227,040	26,227,040
Number of shares at the end of the period, diluted	46,537,789	26,227,040	46,537,789	26,227,040	26,227,040
Earnings per share, before dilution [1], (SEK)	-1.41	-2.28	-2.81	-4.16	-8.20
Earnings per share, diluted [1], (SEK)	-1.41	-2.28	-2.81	-4.16	-8.20

1) 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.

Net sales

Net sales amounted to TSEK 0 (2,952) during the quarter and to TSEK 0 (5,959) during the interim period January-June. Revenues in the previous year referred to milestone payments of royalties on license revenues related to the out-licensing of linaprazan glurate in China to Sinorda Biomedicine.

Operating expenses

Research and development expenses

Research and development expenses (R&D) during the quarter amounted to TSEK -20,814 (-39,288), which corresponds to a cost decrease of TSEK 18,474 or 47%. For the interim period, R&D expenses amounted to TSEK -51,316 (-78,964), corresponding to a cost decrease of TSEK 27,648 or 35%. All ongoing clinical studies were in the final phase and terminated during the second quarter, which meant lower costs compared to the previous year at the same time.

Administrative expenses

Administrative expenses during the quarter amounted to TSEK -16,687 (-12,384), which corresponds to an increase of TSEK 4,304 or 35%. For the interim period, administrative expenses amounted to TSEK -22,275 (-24,840), a decrease of TSEK 2,565 or 10%. The increase in the quarter is due to costs related to the now completed IPO. The decrease for the January-June period is due to the high IPO preparation costs incurred in 2023, but then mainly in the first quarter.

Other operating income and expenses

Other operating income and expenses amounted net to TSEK 173 (-1,357) during the quarter, corresponding to a change of TSEK 1,530. For the interim period, these items amounted ned to TSEK -11 (-1,307), a change of TSEK 1,296. Other operating

income and expenses consist of realized and unrealized exhange rate effects on operating receivables and liabilities.

Operating income (EBIT)

The Group's operating profit for the quarter amounted to TSEK -37,329 (-50,077), an improvement of TSEK 12,748. For the interim period, operating profit amounted to TSEK -73,602 (-99,151) TSEK, an improvement of TSEK 25,550.

Financial items

Net financial items amounted to TSEK -2,762 (-9,872) during the quarter, which was TSEK 7,110 TSEK better than previous year. For the interim period, net financial items amounted to TSEK -3,167 (-9,830), which was TSEK 6,662 better than previous year. The negative net financial income is mainly due to interest expenses on the bridge loan from shareholders that was raised in the previous year but was terminated with a set-off issue in connection with the IPO in June.

Income tax

The Group recognized a tax expense of TSEK -239 (107) TSEK during the quarter and TSEK -456 (-45) for the interim period. The tax constist of Swiss federal and cantonal tax.

Net income

The Group reported net income after tax of TSEK -40,330 (-59,842) for the quarter. This corresponded to a better result of TSEK 19,512 or 33%. For the interim period, net income after tax amounted to TSEK -77,225 (-109,026) TSEK, an improvement of TSEK 31,801 or 29%.

Equity and indebtedness

Equity in the Group as of June 30, 2024 amounted to TSEK 637,844 TSEK compared to TSEK -76,800 TSEK at the end of year 2023, an increase of TSEK 714,644 TSEK as a result of the share issue in connection with the IPO on June 20.

Non-current liabilities at the end of the period amounted to TSEK 6,769 (6,790) and consists entirely of a tax liability in the Swiss subsidiary. The subsidiary has a total tax liability of TSEK 14,235 (14,006) including the short-term part which also relates to corporate tax for the year 2023. The tax liability has arisen from an intra-group transfer of IP rights, see note 5. The non-current portion of this tax liability is payable by December 31, 2025.

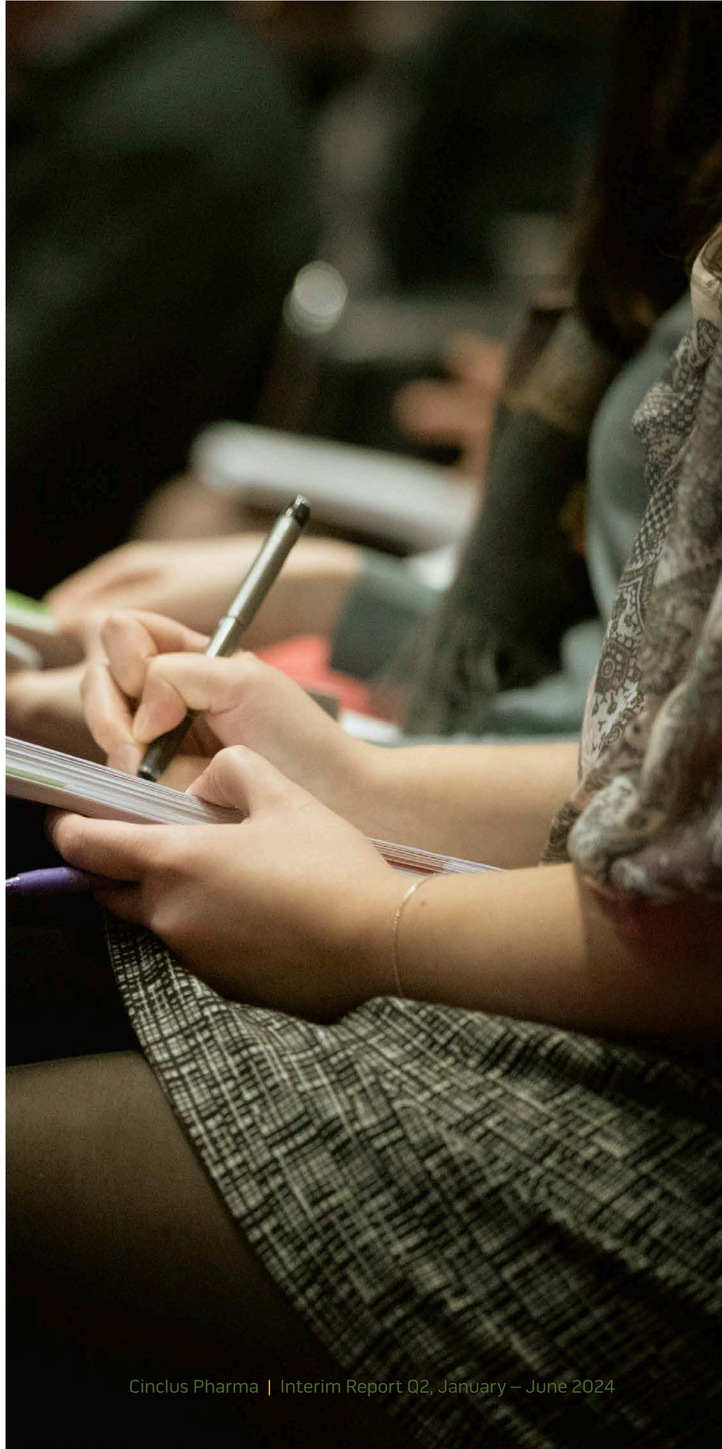
Current liabilities in the Group at the end of the period amounted to TSEK 46,223 (164,422), a decrease of TSEK 118,199. The decrease is mainly due to the termination of the bridge loan from shareholders through an offset issue in connection with the IPO in June, see note 8. Furthermore, current liabilities consisted of trade payables of TSEK 6,797 (16,448), lease liabilities of TSEK 540 (24), tax liabilities of TSEK 7,466 (7,216), other liabilities of TSEK 2,319 (2,903) and accrued expenses of TSEK 29,100 (6,826). The increase in accrued expenses is mainly due to legal costs related to the IPO, which had not yet been invoiced at the end of the quarter.

Liquid funds and cash flow

Cash and cash equivalents at the end of the period amounted to TSEK 684,720 (87,972), an increase of TSEK 596,748 TSEK compared to December 31, 2023. The increase is due to funds provided to the company in connection with the issue at the IPO on June 20.

Cash flow from operating activities before change in working capital was TSEK -36,222 (-48,914) for the quarter and TSEK -71,585 (-96,836) for the interim period.

Cash flow from operating activities including change in working capital amounted to TSEK -21,911 (-53,219) for the quarter.



Corresponding cash flow for the interim period was TSEK -57,406 (-100,042).

Cash flow from financing activities amounted to TSEK 654,233 (34,094) for the quarter, where the increase was due to the share issue in connection with the IPO. For the interim period, the corresponding cash flow was TSEK 653,907 (33,783).

Total cash flow for the quarter amounted to TSEK 632,323 (-19,123), and for the interim period TSEK 596,501 (-66,258).

Financing

Following the IPO on June 20 and the new share issue that was made in connection with this, the Company estimates as of June 30, 2024 that the current working capital is sufficient to start the Phase III program's first study, which is expected to have results from during 2026. The Company will continue to work on the financing strategy, which includes evaluating partners, lenders or other financing opportunities to, for example, be able to accelerate the development of linaprazan glurate by starting a second Phase III study earlier than planned or starting the *H. p.* program in parallel with the eGERD program.

Parent company

Cinclus Pharma Holding AB (publ), reg.no. 559136–8765, is the parent company of the Group. The business consists of work with pre-clinical and clinical development, marketing, administrative and corporate management functions. The parent company has two wholly owned subsidiaries, one in Switzerland and one in Sweden, which together form the Group.

The total revenue of the parent company amounted to 291 (232) for the quarter and TSEK 390 (421) for the interim period. Operating income for the quarter amounted to TSEK -37,121 (-52,604) For the interim period, operating income amounted to TSEK -73,418 (-104,280).

Net financial items for the quarter amounted to TSEK -3,703 (-10,093), and for the interim period to TSEK -5,332 (-10,184). Net financial items mainly related to interest expenses on the shareholder loan and unrealized exchange rate effects on intra-group liabilities.

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

Cash and cash equivalents at the end of the period amounted to TSEK 679,202 compared to TSEK 82,304 at the end of the year 2023, an increase of TSEK 595,977 mainly as a result of the rights issue in connection with the IPO.

Equity in the parent company as of June 30, 2024 amounted to TSEK 883,922 compare to TSEK 168,221 at the end of the year 2023, corresponding to an increase of TSEK 715,701. Share capital amounted to TSEK 903 (509). As of the balance sheet date June 30, the company had 46 537 789 shares.

Current liabilities in the parent company amounted to TESK 209,763 (329,501) at the end of the period. The decrease of TSEK 119,738 is mainly due to the fact that the bridge loan from shareholders was terminated with a set-off issue in connection with the IPO, see also note 8.

Other information

Personnel

At the end of the quarter, the number of employees was 12, compared with 13 in the same period of the previous year. The average number of employees during both the quarter and the interim period was 12, compared with 13 employees in the same periods last year. All employees are employed by the parent company. At the end of the period, the company had 14 consultants attached to the company.

Risks

As the company is dependent on additional financing to continue the development of linaprazan glurate in the long term, the refinancing risk is described below. For other risks, reference is made to the description of the Group's significant financial and business risks in the Directors' Report and Note 19 in the Annual report for 2023.

Refinancing risk

Refinancing risk refers to the risk that cash and cash equivalents are not available and that financing can only be obtained partially or not at all, or at an increased cost. The Group is currently financed with equity, and the refinancing risk has been significantly reduced in view of the new share issue that took place in connection with the listing of the company's share on Nasdaq Stockholm on June 20. In the longer term, the Group is in need of more extensive financing to be able to conduct and implement a second phase III study and registration of the eGERD indication. Additional funding is also required should the Group choose to conduct study programs and registration of other indications such as Helicobacter Pylori. The Group cannot therefore exclude being exposed to risks related to external loan financing in the future.

Consolidated income statement in summary

		Quarter 2		Quarter 1-2		Year
(TSEK)	Note	2024	2023	2024	2023	2023
Revenues						
Net sales	4	–	2,952	–	5,959	5,959
Operating expenses						
Administrative expenses		-16,687	-12,384	-22,275	-24,840	-39,562
Research and development expenses		-20,814	-39,288	-51,316	-78,964	-166,678
Other operating income and expenses		173	-1,357	-11	-1,307	-695
Operating income		**-37,329**	**-50,077**	**-73,602**	**-99,151**	**-200,976**
Net financial income/expense		-2,762	-9,872	-3,167	-9,830	-13,637
Income before tax		**-40,091**	**-59,949**	**-76,769**	**-108,981**	**-214,613**
Income tax	5	-239	107	-456	-45	-505
Net income for the period attibutable to parent company shareholders		**-40,330**	**-59,842**	**-77,225**	**-109,026**	**-215,118**
Earnings per share, calculated on earnings attributable to the parent company ordinary shareholders (SEK):						
Before dilution		-1.41	-2.28	-2.81	-4.16	-8.20
Diluted		-1.41	-2.28	-2.81	-4.16	-8.20

Consolidated statement of comprehensive income in summary

		Quarter 2		Quarter 1-2		Year
(TSEK)	Note	2024	2023	2024	2023	2023
Net income for the period		**-40,330**	**-59,842**	**-77,225**	**-109,026**	**-215,118**
Other comprehensive income						
Items that can later be reclassified to the income statement:						
Translation differences from operations abroad		-135	9,934	-2,582	10,357	9,167
Other comprehensive income, net after tax		**-135**	**9,934**	**-2,582**	**10,357**	**9,167**
Comprehensive income for the period		**-40,465**	**-49,908**	**-79,807**	**-98,670**	**-205,951**
Comprehensive income for the period as a whole attributable to the parent company shareholders		**-40,465**	**-49,908**	**-79,807**	**-98,670**	**-205,951**

Consolidated statement of financial position in summary

(TSEK)	Note	2024-06-30	2023-06-30	2023-12-31
ASSETS				
Property, plant and equipment				
Inventories		58	86	72
Right-of-use assets		878	214	249
Financial assets				
Other non-current assets		1	1	1
Total fixed assets		**937**	**301**	**322**
Other receivables		3,332	4,737	3,870
Prepaid expenses and accrued income		1,848	10,686	2,249
Cash and cash equivalents		684,720	108,643	87,972
Total current assets		**689,899**	**124,065**	**94,091**
TOTAL ASSETS		**690,836**	**124,367**	**94,413**

(TSEK)	Note	2024-06-30	2023-06-30	2023-12-31
EQUITY ALD LIABILITIES				
Equity				
Share capital		903	509	509
Other contributed capital		1,296,372	503,524	503,524
Translation difference		23,421	27,194	26,004
Retained earnings including profit for the period		-682,853	-501,963	-606,837
Equity attributable to the parent company shareholders		**637,844**	**29,264**	**-76,800**
Non-current liabilities				
Non-current tax liabilities	5	6,769	13,681	6,790
Total non-current liabilities		**6,769**	**13,681**	**6,790**
Current liabilities				
Loan from shareholders	8	0	34,245.22	130,341
Derivates	8	0	330.97	665
Trade payables		6,797	29,845	16,448
Lease liabilities		540	16	24
Current tax liabilities	5	7,466	6,891	7,216
Other liabilities		2,319	2,612	2,903
Accrued expenses		29,100	7,482	6,826
Total current liabilities		**46,223**	**81,421**	**164,422**
Total liabilities		**52,992**	**95,102**	**171,213**
TOTAL EQUITY AND LIABILITIES		**690,836**	**124,367**	**94,413**

Consolidated statement of changes in equity in summary

	Equity attributable to parent company's shareholders				
(TSEK)	Share capital	Other equity	Translation difference	Retained earnings including profit for the year	Total
Opening balance January 1, 2023	509	503,691	16,837	-394,163	126,874
Profit for the period	–	–	–	-109,026	-109,026
Other comprehensive income for the period	–	–	10,357	–	10,357
Comprehensive income for the period	–	–	10,357	-109,026	-98,670
Transactions with the Group's owners					
Issue expenses	–	-167	–	–	-167
Share-related remuneration, staff vested value	–	–	–	1,226	1,226
Total transactions with the Group's owners	–	-167	–	1,226	1,060
Closing balance June 30, 2023	509	503,524	27,194	-501,963	29,264

	Equity attributable to parent company's shareholders				
(TSEK)	Share capital	Other equity	Translation difference	Retained earnings including profit for the year	Total
Opening balance January 1, 2024	509	503,524	26,004	-606,837	-76,800
Profit for the period	–	–	–	-77,225	-77,225
Other comprehensive income for the period	–	–	-2,582	–	-2,582
Comprehensive income for the period	–	–	-2,582	-77,225	-79,807
Transactions with the Group's owners					
New issue of shares	330	714,670	–	–	715,000
Issue expenses	–	-59,809	–	–	-59,809
Set-off issue	64	137,988	–	–	138,051
Share-related remuneration, staff vested value	–	–	–	1,209	1,209
Total transactions with the Group's owners	394	792,848	–	1,209	794,451
Closing balance June 30, 2024	903	1,296,373	23,422	-682,853	637,844

Consolidated statment of cash flow in summary

		Quarter 2		Quarter 1-2		Year
(TSEK)	Note	2024	2023	2024	2023	2023
Operating activities						
Operating income		-37,329	-50,077	-73,602	-99,151	-200,976
Adjustments for items not included in the cash flow						
Depreciations		346	293	692	586	1,251
Exchange rate differences		0	-282	0	-292	25
Qualified employee stock options		600	609	1,209	1,226	2,444
Interest received		170	632	231	1,020	2,912
Interest paid		-9	-90	-113	-225	-453
Taxes paid		–	–	–	–	-6,784
Cash flow from operating activities before change in working capital		**-36,222**	**-48,914**	**-71,585**	**-96,836**	**-201,581**
Cash flow from change in working capital						
Increase(-)/Decrease (+) of operating receivables		786	-8,065	2,424	-3,834	5,642
Increase(+)/Decrease (-) of account payables		-4,861	14,527	-9,650	12,879	-546
Increase(+)/Decrease (-) of other operating liabilities		18,387	-10,767	21,405	-12,251	-12,701
Cash flow from operating activities		**-21,911**	**-53,219**	**-57,406**	**-100,042**	**-209,186**
Financing activities						
New share issue		715,000	–	715,000	–	–
Issue expenses		-59,809	-167	-59,809	-167	-167
Loan from shareholders	8	–	34,576	–	34,576	124,343
Amortisation of lease liabilities		-958	-315	-1,284	-626	-1,284
Cash flow from financing activities		**654,233**	**34,094**	**653,907**	**33,783**	**122,892**
Cash flow for the period		**632,323**	**-19,125**	**596,501**	**-66,258**	**-86,294**
Cash and cash equivalents at the beginning of the period		**52,468**	**126,586**	**87,972**	**173,546**	**173,546**
Exchange rate differences in cash and cash equivalents		-71	1,182	247	1,355	720
Cash and cash equivalents at the end of the period		**684,720**	**108,643**	**684,720**	**108,643**	**87,972**

Parent company income statement in summary

		Quarter 2		Quarter 1-2		Year
(TSEK)	Note	2024	2023	2024	2023	2023
Revenues						
Net sales		291	232	390	421	628
Operating expenses						
Administrative expenses		-17,421	-13,740	-23,780	-26,980	-42,078
Research and development expenses		-20,164	-38,265	-50,017	-76,865	-163,357
Other operating income and expenses		173	-829	-11	-855	53
Operating income		**-37,121**	**-52,604**	**-73,418**	**-104,280**	**-204,754**
Net financial income/expense		-3,703	-10,093	-5,332	-10,184	-18,660
Income after financial items		**-40,823**	**-62,696**	**-78,750**	**-114,464**	**-223,414**
Group contribution		–	–	–	–	5,657
Income before tax		**-40,823**	**-62,696**	**-78,750**	**-114,464**	**-217,757**
Corporate tax		–	–	–	–	–
Net income for the period		**-40,823**	**-62,696**	**-78,750**	**-114,464**	**-217,757**

I moderbolaget återfinns inga poster som redovisas som övrigt totalresultat varför summa totalresultat för perioden överensstämmer med periodens resultat

Parent company balance sheet in summary

(TSEK)	Note	2024-06-30	2023-06-30	2023-12-31
ASSETS				
Intangible assets				
Concessions, patents, licenses, etc.		320,463	320,463	320,463
Property, plant and equipment				
Inventories		58	86	72
Financial assets				
Shares in group companies		88,543	88,543	88,543
Total fixed assets		**409,064**	**409,092**	**409,078**
Prepaid expenses and accrued income		3,328	4,728	3,867
Other current receivables		2,090	10,799	2,473
Cash and cash equivalents		679,202	90,363	82,304
Total current assets		**684,621**	**105,890**	**88,644**
TOTAL ASSETS		**1,093,684**	**514,982**	**497,722**

(TSEK)	Note	2024-06-30	2023-06-30	2023-12-31
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		903	509	509
Non restricted equity				
Share premium fund		1,296,141	503,292	503,292
Retained earnings		-334,372	-119,041	-117,823
Profit or loss for the period		-78,750	-114,464	-217,757
Equity attributable to the parent company's shareholders		**883,922**	**270,296**	**168,221**
Current liabilites				
Loan from shareholders	8	–	34,576	131,006
Liabilities to group companies		6,525	29,556	16,178
Skulder till koncernföretag		170,260	170,594	172,925
Other liabilities		2,231	2,563	2,814
Accrued expenses		30,746	7,396	6,578
Total current liabilities		**209,763**	**244,686**	**329,501**
Total liabilities		**209,763**	**244,686**	**329,501**
TOTAL EQUITY AND LIABILITIES		**1,093,684**	**514,982**	**497,722**

Notes to the financial information

Note 1 General information

Cinclus Pharma Holding AB (publ), (hereafter Cinclus Pharma) corporate numer 559136–8765 is a limited company registrered in Sweden with its registered office in Stockholm. The address of the head office is Kungsbron 1, 111 22 Stockholm, Sweden. The company is listed on Nasdaq Stockholm since June 20, 2024 and has as its object the development and commercialization of pharmaceuticals. Cinclus Pharma Holding AB (publ) is the parent company in the group Cinclus Pharma, which consists of the parent company and its two subsidiaries (hereafter the Group). Unless otherwise specifically stated, all amounts are reported in thousands of kronor (TSEK). All amounts are, unless otherwise stated, rounded to the nearest thousand. Figures in parentheses refer to the comparison period.

For the Group's financial assets and liabilities, their reported value is deemed to be a reasonable estimate of the fair value as they essentially refer to short-term receivables and liabilities, whereby the discounting effect is immaterial.

Note 2 Accounting principles

The most important accounting principles applied when these consolidated accounts have been prepared are stated below. These principles have been applied consistently for all periods presented, unless otherwise stated. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act (1995:1554), RFR 1 Supplementary accounting rules for groups, and the International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC as established by the European Union. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The parent company interim report has been prepared in accordance with the Annual Accounts Act and Swedish Corporate Reporting Board recommendation RFR 2.

Applied accounting principles and explanations for these can be found and are consistent with those described in the 2023 annual report for the Group. The consolidated accounts have been prepared on a historical cost basis.

Judgements and estimates

To prepare reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain judgments when applying the Group's accounting principles. The areas that include a high degree of assessment that are complex or such areas where assumptions and estimates are of significant importance for the consolidated accounts, have been reported in the Group's annual report for 2023.

Going concern principle

This interim report has been prepared with the assumption that the company has the ability to continue as a going concern for the next 12 months in line with the going concern principle. See further sections on financing, risks and risk management and note 3.

Note 3 Risks and risk management

Cinclus Pharma's operations, results and position are affected by a number of risk factors that are described in detail in the company's prospectus prepared in connection with the listing of the company's share on Nasdaq Stockholm on June 20, 2024 but also in the annual report for 2023.

The risks and associated risk management considered in the preparation of this interim report apply to all periods and are consistent with what is presented in the Risk factors section in the annual report for 2023. With the new share issue in connection with the listing of the company's shares on Nasdaq Stockholm, the refinancing risk has been reduced.

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 equity. In the longer term, the Group is in need of more extensive financing. In the longer term, the Group is in need of more extensive financing. Partly to be able to conduct a second eGERD phase III study with subsequent registration of the indication eGERD, but also when initiating new study programs for other indications such as *Helicobacter Pylori*. It cannot therefore be ruled out that the Group will be exposed to risks related to external loan financing.

Note 4 Net sales

The net sales of TSEK 0 (5,959) are based on the agreement between Cinclus Pharma and its Chinese partner Sinorda Biomedicine. The income refers to royalties on license income that Sinorda Biomedicine received from out-licensing to its partner in China, SPH Sine, a subsidiary of Shanghai Pharmaceuticals.

Note 5 Income tax

As of 1 January 2022, an agreement was entered into between Cinclus Pharma Holding AB (publ) and the wholly owned subsidiary Cinclus Pharma AG, entailing that IP rights were transferred to the parent company. As a result of this transfer, a capital gain has arisen in the subsidiary, during the first quarter 2022, and thus a tax expense and a tax liability. The settlement that has been reached with the Swiss tax authority means that the tax liability may be paid in three equal parts, in 2023, 2024 and 2025. As of the balance date June 30, this liability amounted to a total of TSEK 14,235 (14,006), after a first payment was made in December 2023. The liability runs with an interest that is determined annually by the Swiss tax authority. The liability can be paid off in part or in full at any time. This tax liability is a fixed liability. A deferred tax asset has not been accounted for in the parent company as it is not considered to be a balance sheet item since there is still uncertainty about future taxable profits.

Note 6 Related party transactions

Transaction with related parties take place on market terms. The table below shows purchases in the Group's parent company and subsidiaries.

Transactions with related parties

(TSEK)	Quarter 2		Quarter 1-2		Year
Supplier / Related to	2024	2023	2024	2023	2023
PetoMaj Invest AB Peter Unge, Board member	590	578	1,230	1,189	2,365
PCW Consultants AB Peter Wallich, Chief Commercial Officer	231	150	461	321	603
Iaru AB[1] Torbjörn Koivisto, Board member	76	–	76	–	64
Brera Life Sciences Consultancy Ltd[2] Andrew Thompson, Business Development manager	–	–	304	–	289

1) Cost for Iaru AB refers to quarter 1
2) Brera Life Science was related to the company until the end of quarter 1

For further information about transactions with related parties, see the latest annual report.

Note 7 Incentive programs

On June 30, 2024, warrant program TO 2021/2024 series 1 expired when the share price fell significantly below the exercise price of the option. This meant that 8,960 options corresponding to 716,800 shares expired.

During the quarter, a new qualified stock option program, QESO 2024, was added, which was approved at the Annual General Meeting in April. A total of 51,737 qualified employee stock options have been granted to the CEO, other management and specialists on April 9, 2024, see table below:

Program QESO 2024

	Allocated options	Terms	Exercise price	Period
CEO	7,391	1:1	47.325	2404-2904
Other Senior Executives	36,955	1:1	47.325	2404-2904
Other employees	7,391	1:1	47.325	2404-2904
Totalt	**51,737**			

For details on other programs, see the Annual Report for 2023, Note 8. The summary table below shows the current programs as of the balance sheet date, the total number of options/shares per program and the total for all programs.

Current incentive programs

Program	Opening balance Jan 2024	Allocated options	Expired options	Closing balance Jun 2024	Terms	Exercise price/ option (SEK)*
2021/2024 series 1	8,960	–	-8,960	–	1:80	75.00
2021/2024 series 2	2,050	–	–	2,050	1:80	75.00
2022/2025 series 1	3,500	–	–	3,500	1:80	85.00
2022/2025 series 2	27	–	–	27	1:80	85.00
2022/2025 series 3	900	–	–	900	1:80	94.65
QESO 2022	5,000	–	-350	4,650	1:80	47.33
QESO 2024	–	51,737	–	51,737	1:1	47.33
Number of outstanding options				**62,864**		

* The exercise prise is recalculated in accordance with the split of the company's shares, which was resolved upon the extraordinary general meeting on 29 May 2023.

On June 3, 2024, the extraordinary general meeting adopted new articles of associations, pursuant to which the company may issue class C shares, as part of the implementation of the company's long-term incentive program. No class C shares have been issued yet.

Furthermore, on June 3, 2024, the extraordinary general meeting approved a new employee stock option program, conditional upon Cinclus Pharma's ordinary shares being admitted to trading on Nasdaq Stockholm. In total, warrant programs for the CEO and one of Cinclus Pharma's scientific advisors was resolved on, amounting to a total of 290,000 employee stock options, see table below:

Warrant program 2024/2027 series 1

	Allocated options	Terms	Exercise price	Period
CEO	200,000	1:1	54.6	2407-2709
Scientific advisor	90,000	1:1	54.6	2407-2709
Total	**290,000**			

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 table below:

Performance share program

	Maximum number of share rights per person within the category	Maximum number of share rights in total	Period
CEO (1 person)	104,400	104,400	2407-2711
Executve management (maximum 3 persons)	26,875	80,625	2407-2711
R&D-management (maximum 7 persons)	16,625	116,375	2407-2711
Employees level 2 (maximum 2 persons)	8,875	17,750	2407-2711
Employees level 1 (maximum 8 persons)	5,128	41,000	2407-2711
Total		**360,150**	

Note 8 Loan from shareholders

During June-August 2023, the parent company entered into a loan agreement with certain existing shareholders, including the three largest institutional shareholders at the time. The loan agreement carried an interest rate of 12% per annum. According to the terms of the loan agreement, the loan should be set off against newly issued shares in the Company (set-off issue) in connection with a new issue whereby the Company receives a certain minimum amount and/or a stock market listing. Conversion should take place at the exchange rate determined at the current new issue. When offsetting the loan against new shares in connection with an IPO, the respective lender's loan must be converted in its entirety. When offsetting the loan against new shares in connection with another new issue, the respective lender's loan must at least be converted to such an extent that it corresponds to the lender's ownership stake in the Company at the time of entering into the loan agreement, taking into account both the shares added through the new issue and through offsetting.

The loan run until June 30, 2024. If there would have been a takeover of the company before the loan's due date, the lenders who still have outstanding loans and accrued interest must be fully repaid as well as an addition of 20% to the amount of outstanding loans. This possible early repayment constituted an embedded derivative instrument, which has been reported separately at fair value in the consolidated accounts, according to level 3 in the fair value hierarchy. The derivative had been calculated with the assumption of a risk-free interest rate of 2,6%.

Total liquid received for the loan amounted to TSEK 124,343. With the listing on June 20, the loan has been offset against shares in an offset issue. The value of the loan and accrued interest converted into 3,286,939 shares amounted to TSEK 138,052 as of June 19, of which TSEK 13,709 related to accrued interest.

Note 9 Number of shares and share capital

Date	Transaction	Change no. of shares	Total no. of shares	Change share capital (SEK)	Total share capital (SEK)	Nominal value (SEK)
2024-01-01	Opening balance 2024	-	26,227,040	-	509,153	0.019
2024-06-19	New share issue	17,023,810	43,250,850	330,488	839,641	0.019
2024-06-19	Conversion of bridge loan	3,286,939	46,537,789	63,810	903,451	0.019
2024-06-30	Closing balance 2024, quarter 2	-	46,537,789	-	903,451	0.019

Definitions of key figures and definitions and reconciliation of alternative performance measures

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, costs related to research and development as a percentage of total operating costs, equity ratio % and cash liquidity %. 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 viewed in isolation or considered to replace the performance indicators that have 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 further definitions and reconciliation of KPIs and alternative KPIs.

Reconciliation of alternative performance measures

	Quarter 2		Quarter 1-2		Year
	2024	2023	2024	2023	2023
Administrative expenses, (TSEK)	-16,687	-12,384	-22,275	-24,840	-39,562
Research and development expenses, (TSEK)	-20,814	-39,288	-51,316	-78,964	-166,678
Operating expenses, (TSEK)	**-37,502**	**-51,672**	**-73,591**	**-103,803**	**-206,240**
Research and development expenses /Operating expenses %	**56%**	**76%**	**70%**	**76%**	**81%**
Cash flow for the period, (TSEK)	632,323	-19,125	596,501	-66,258	-86,294
Average number of shares	28,682,185	26,227,040	27,454,613	26,227,040	26,227,040
Cash flow for the period per share, (SEK)	**22.05**	**-0.73**	**21.73**	**-2.53**	**-3.29**
	2024-06-30	2023-06-30	2024-06-30	2023-06-30	2023-12-31
Equity, (TSEK)	637,844	29,264	637,844	29,264	-76,800
Total assets, (TSEK)	690,836	124,367	690,836	124,367	94,413
Equity ratio %	**92%**	**24%**	**92%**	**24%**	**-81%**
Other receivables, (TSEK)	3,332	4,737	3,332	4,737	3,870
Prepaid expenses and accrued income, (TSEK)	1,848	10,686	1,848	10,686	2,249
Cash and cash equivalents, (TSEK)	684,720	108,643	684,720	108,643	87,972
Total current receivables, (TSEK)	**689,899**	**124,065**	**689,899**	**124,065**	**94,091**
Loan from shareholders, (TSEK)	–	34,245	–	34,245	130,341
Derivates, (TSEK)	–	331	–	331	665
Trade payables, (TSEK)	6,797	29,845	6,797	29,845	16,448
Leasing liabilities, (TSEK)	540	16	540	16	24
Current tax liabilities, (TSEK)	7,466	6,891	7,466	6,891	7,216
Other liabilities, (TSEK)	2,319	2,612	2,319	2,612	2,903
Accrued expenses and deferred income, (TSEK)	29,100	7,482	29,100	7,482	6,826
Total current liabilites, (TSEK)	**46,223**	**81,421**	**46,223**	**46,845**	**164,422**
Quick ratio %	**1493%**	**152%**	**1493%**	**265%**	**57%**
Equity, (TSEK)	637,844	29,264	637,844	29,264	-76,800
Number of shares at the end of the period	46,537,789	26,227,040	46,537,789	26,227,040	26,227,040
Equity per share, (SEK)	**13.71**	**1.12**	**13.71**	**1.12**	**-2.93**

Definitions of key figures and alternative key figures

Key figures according to IFRS	Definitions
Earnings per share for the period before and after dilution.	Profit for the period divided by the average number of shares during the period before and after dilution. Earnings per share after dilution is calculated by adjusting the weighted average number of ordinary shares outstanding for 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 profit (EBIT).	Profit before financial items and tax. The information is taken from the Statement of income.	The key figure helps the reader understand the profitability of the operating business.
Operating expenses	The sum of research and development expenses and administration expenses for the period. The information is taken from the Statement of income.	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 understand the proportion of costs attributable to the group's core operations, research and development.
Equity ratio, %.*	The equity ratio at the end of each period 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 ration, %.*	Current assets in relation to current liabilities.	The key figure shows the group's short-term ability to pay.
Number of shares on the balance sheet date.	Number of shares in the company at the end of the period.	The key figure gives the reader an understanding of the number of shares at the end of the period.
Equity per share.	Equity divided by number of shares at the end of the period.	The key figure gives the reader a possibility to compare book value with market value
Cash flow for the period per share.	Cash flow for the period divided by average number of shares.	The key figure shows the net cash generated or used on a per-share basis.

* Reconciliation of these key figures can be found on the previous page.

Certification by the board of directors and the CEO

The board of directors certifies that this interim report gives a true and fair view of the group's operations, financial position and results. For a description of the risks faced by the Cinclus Pharma Group, which are deemed to be unchanged, please refer to the Group's latest annual report.

Stockholm August 29, 2024.

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

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 (P-CAB) 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 converted into 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.

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