Cinclus Pharma

Invitation to subscribe for ordinary shares in Cinclus Pharma Holding AB (publ)

JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

Carnegie

BRYAN, GARNIER & CO

JOINT BOOKRUNNER

ABG SUNDAL COLLIER

IMPORTANT INFORMATION TO INVESTORS

This offering circular (the "**Offering Circular**") has been prepared in connection with the offering to the public in Sweden and listing on Nasdaq Stockholm (the "**Offering**") of ordinary shares in Cinclus Pharma Holding AB (publ) (a Swedish public limited liability company). In the Offering Circular, "**Cinclus Pharma**", the "**Company**" or the "**Group**" refers to Cinclus Pharma Holding AB (publ), the group in which Cinclus Pharma is the parent company or a subsidiary of the group, as the context may require. The "**Joint Global Coordinators**" refers to Carnegie Investment Bank AB (publ) ("**Carnegie**") and Bryan Garnier & Co Limited and/or Bryan Garnier Securities SAS ("**Bryan Garnier**"). "**Joint Bookrunners**" or "**Managers**" refers to Carnegie, Bryan Garnier and ABG Sundal Collier AB ("**ABG**"). Refer to section "*Definitions*" for the definitions of these and other terms in the Offering Circular.

The Offering Circular is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering Circular.

A separate prospectus in Swedish (the "**Swedish Prospectus**") has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as competent authority pursuant to the European Union Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The SFSA only approves that the Swedish Prospectus meets the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Further, this approval should not be considered as any endorsement, neither of the issuer referred to in the Swedish Prospectus nor of the quality of the securities that are the subject of the Swedish Prospectus, and investors should make their own assessment as to the suitability of investing in the securities. The Swedish Prospectus was approved by the SFSA on 10 June 2024. The Swedish Prospectus is valid for up to twelve months following the date of the approval of the Swedish Prospectus, provided that the Swedish Prospectus is completed with supplements when required pursuant to Article 23 of the Prospectus Regulation. Any additions will be published on the Company's website. The obligation to supplement the Swedish Prospectus in the event of significant new circumstances, factual errors or material inaccuracies does not apply after the closing of the application period or the time when trading on Nasdaq Stockholm begins, whichever occurs later. In the event of discrepancies between the Offering Circular and the Swedish Prospectus, the Swedish Prospectus shall prevail.

NOTICE TO INVESTORS

Please note that an investment in the Company is subject to regulation in accordance with the Swedish Foreign Direct Investment Screening Act (2023:560), which requires investors, under certain conditions, to notify and obtain approval from the Inspectorate of Strategic Products (Sw. *Inspektionen för strategiska produkter*). Investors should make their own assessment of whether a notification requirement applies prior to making any investment decision regarding the securities referred to in the Offering Circular.

United States

The Offering is not directed to the general public in any country other than Sweden. Nor is the Offering directed to such persons whose participation requires additional offering circulars, registrations or measures other than those prescribed by Swedish law. No measures have been or will be taken in any other jurisdiction than Sweden, that would allow any offer of the ordinary shares to the public, or allow holding and distribution of the Offering Circular or any other documents pertaining to the Company or its ordinary shares in such jurisdiction. Applications to acquire ordinary shares that violate such rules may be deemed invalid. Persons into whose possession the Offering Circular comes are required by the Company and the Managers to inform themselves about and to observe such restrictions. Neither the Company nor either of the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions. The ordinary shares in the Offering have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Offering Circular. Any representation to the contrary is a criminal offence in the U.S. The ordinary shares in the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "**Securities Act**") or with any securities regulatory authority of any state of the U.S., and may not be offered or sold within the U.S. unless the ordinary shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. In the U.S., the ordinary shares will be sold only to persons reasonably believed to be qualified institutional buyers as defined in and in reliance on Rule 144A under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the requirements of the Securities Act. All offers and sales of ordinary shares outside the U.S. will be made in compliance with Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the sellers of the ordinary shares in the Offering may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. In the U.S., the Offering Circular is being furnished on a confidential basis solely for the purpose of enabling a prospective investor that is a qualified institutional buyer to consider purchasing the particular securities described herein. The information contained in the Offering Circular has been provided by the Company and other sources identified herein. Distribution of the Offering Circular to any person other than the offeree specified by the Managers or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without the Company's prior written consent, is prohibited. Any reproduction or distribution of the Offering Circular in the U.S., in whole or in part, and any disclosure of its contents to any other person is prohibited. The Offering Circular is personal to each offeree and does not constitute any offer to any other person or to the general public to acquire ordinary shares in the Offering.

United Kingdom

This Offering Circular has been prepared on the basis that any offer of the securities referred to herein in the United Kingdom (the "**UK**") will be made pursuant to an exemption under the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") from the requirement to publish a prospectus for offers of the securities referred to herein. This Offering Circular is for distribution only to and is directed only at: (i) persons who are outside the UK or (ii) persons in the UK who are "qualified investors" as defined in Article 2(e) of the Prospectus Regulation as it forms part of UK domestic law by virtue of the EUWA that are also: (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (b) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, or (c) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Circular is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to and will be engaged in only with relevant persons. In connection with the Offering, the Managers are not acting for anyone other than the Company and will not be responsible to anyone other than the Company for providing the protection to their clients or advice in relation to the Offering.

European Economic Area

This Offering Circular has been prepared on the basis that any offer of ordinary shares in any member state of the EEA (with the exception of Sweden) (each a "**Relevant State**") will be made pursuant to an exemption under Prospectus Regulation from the requirement to publish a prospectus. In a Relevant State, this Offering Circular is for distribution only to persons who are "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation. The ordinary shares are not intended to be offered or sold to and should not be offered or sold to any retail investor in a Relevant State. For these purposes, a "retail investor" means a person who is a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**").

STABILIZATION

In connection with the Offering, Carnegie may carry out transactions aimed at supporting the market price of the ordinary shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the ordinary shares on Nasdaq Stockholm and ending no later than 30 calendar days thereafter. Carnegie is, however, not required to undertake any stabilization and there is no assurance that stabilization will be undertaken.

Stabilization, if undertaken, may be discontinued at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. No later than by the end of the seventh trading day after stabilization transactions have been undertaken, Carnegie shall disclose that stabilization transactions have been undertaken in accordance with article 5(4) in the Market Abuse Regulation 596/2014. Within one week of the end of the stabilization period, Carnegie will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

IMPORTANT INFORMATION ABOUT THE SELLING OF ORDINARY SHARES

Note that notifications about allotment to the public in Sweden will be made through distribution of contract notes, expected to be distributed on 20 June 2024. Institutional investors are expected to receive notification of allotment on or about 20 June 2024 in particular order, whereupon contract notes are dispatched. After payments for the allocated ordinary shares have been processed by the Managers, the duly paid ordinary shares will be transferred to the securities depository account, or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid ordinary shares to the acquirers of ordinary shares in Cinclus Pharma means that these acquirers will not have acquired ordinary shares available in the specified securities depository account or the securities account until 25 June 2024, at the earliest. Trading in Cinclus Pharma's ordinary shares on Nasdaq Stockholm is expected to commence on or around 20 June 2024. Accordingly, if ordinary shares are not available in an acquirer's securities account or securities depository account until 25 June 2024 at the earliest, the acquirer may not be able to sell these ordinary shares on the stock exchange as from the time trading in the ordinary shares commences, but first when the ordinary shares are available in the securities account or the securities depository account.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the ordinary shares in the Company have been subject to a product approval process, which has determined that the ordinary shares in the Company are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**"). Solely for the purposes of the product governance requirements contained within Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA, as amended ("**UK MiFIR**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of UK MiFIR) may otherwise have with respect thereto, the ordinary shares in the Offering have been subject to a product approval process, which has determined that such ordinary shares are: (i) compatible with an end target market of retail clients, as defined in item (8) of Article 2 of the British Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook and professional clients, as defined in UK MiFIR; and (ii) eligible for distribution through all distribution channels as are permitted by UK MiFIR (the "**UK Target Market Assessment**"). Any person subsequently offering, selling or recommending ordinary shares in the Offering (a "distributor") should take into consideration the UK Target Market Assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the ordinary shares in the Offering (by either adopting or refining the UK Target Market Assessment) and determining appropriate distribution channels. Notwithstanding the EU and the UK Target Market Assessments, distributors should note that: the price of the ordinary shares in the Company may decline and investors could lose all or part of their investment; the ordinary shares in the Company offer no guaranteed income and no capital protection; and an investment in the ordinary shares in the Company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The EU and the UK Target Market Assessments are without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the EU and the UK Target Market Assessments, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties (except for a public offering to investors in Sweden conducted pursuant to the Swedish Prospectus that has been approved by and registered with the SFSA).

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise expressly stated herein, no financial information in the Offering Circular has been audited or reviewed by the Company's auditor. Financial information relating to the Company in the Offering Circular that is not a part of the information that has been audited or reviewed by the Company's auditor in accordance with what is stated herein, has been collected from the Company's internal accounting and reporting system.

The figures included in the Offering Circular have, in certain cases, been rounded off and, consequently, the tables contained in the Offering Circular do not necessarily add up. All financial amounts are in Swedish kronor ("**SEK**"), unless indicated otherwise.

FORWARD-LOOKING STATEMENTS

The Offering Circular contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as "believes", "estimates", "anticipates", "expects", "assumes", "forecasts", "intends", "could", "will", "should", "would", "according to estimates", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "to the knowledge of" or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Offering Circular concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company's knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company's cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favorable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read the entire Offering Circular, including the following sections: "*Summary*", "*Risk factors*", "*Market overview*", "*Business overview*" and "*Operating and financial review*", which include more detailed descriptions of factors that might have an impact on the Company's business and the market in which it operates. None of the Company or any of the Managers can give any assurance regarding the future accuracy of the opinions set forth in the Offering Circular or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Offering Circular may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Offering Circular may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: the development of linaprazan glurate, the conduct and outcome of pre-clinical and clinical studies, obtaining and maintaining regulatory approval, changes in laws and regulations, changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes in competition levels, changes affecting interest rate levels, changes affecting currency exchange rates, and occurrence of accidents, systematic delivery failures or environmental damages.

All information in the Offering Circular, including forward-looking information, is made on the basis of information available to the Company as at the date of the Offering Circular, unless explicitly stated otherwise.

After the date of the Offering Circular, none of the Company or any of the Managers assume any obligation, except as required by law or Nasdaq Nordic Main Market Rulebook for Issuers of Shares, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

BUSINESS AND MARKET DATA

The Offering Circular includes industry and market data pertaining to Cinclus Pharma's business and markets. Such information is based on the Company's analysis of multiple sources, including a market report from Apex Healthcare Consulting, commissioned and paid for by Cinclus Pharma, and several different publicly available sources, including financial reports, press releases, information published by regulatory authorities and other publicly available information.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Offering Circular that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive, subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

Information provided by third parties has been accurately reproduced and, as far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Table of contents

Summary of the Offering

Offering Price
SEK 42 per ordinary share

Application period for the general public in Sweden
11–18 June 2024

Application period for institutional investors
11–19 June 2024

First day of trading in Cinclus Pharma's ordinary shares
20 June 2024

Settlement Date
25 June 2024

Other information
Ticker for the ordinary shares: CINPHA
ISIN code for the ordinary shares: SE0020388577

Financial calendar

Interim report for the period 1 April – 30 June 2024, Q2	29 August 2024
Interim report for the period 1 July – 30 September 2024, Q3	14 November 2024
Year-end report for the financial year 2024	20 February 2025
Annual report 2024	17 April 2025
Interim report for the period 1 January – 31 March 2025, Q1	20 May 2025
Annual general meeting 2025	22 May 2025

Certain definitions

ABG	ABG Sundal Collier AB.
Bryan Garnier	Bryan, Garnier & Co Limited and/or Bryan Garnier Securities SAS.
Carnegie	Carnegie Investment Bank AB (publ).
Cinclus Pharma, the Company or the Group	Cinclus Pharma Holding AB (publ), the group in which Cinclus Pharma is the parent company or a subsidiary of the group, as the context may require.
Cornerstone Investors	Trill Impact Ventures Pharma 1 AB, the Fourth Swedish National Pension Fund, Linc AB, the Regulus Shareholders, Eir Ventures I AB and Irrus Investments Nominee Ltd.
Euroclear Sweden	Euroclear Sweden AB.
Joint Bookrunners or Managers	Carnegie, Bryan Garnier and ABG.
Joint Global Coordinators	Carnegie and Bryan Garnier.
Nasdaq Stockholm	The regulated market operated by Nasdaq Stockholm AB.
SEK	Swedish krona.

Summary

Introduction and warnings

Introduction and warnings	This summary should be read as an introduction to this Offering Circular. Any decision to invest in the securities should be based on an assessment of the Offering Circular in its entirety by the investor. Investors may lose all or part of the invested capital. Where statements in respect of information contained in the Offering Circular are challenged in a court of law, the plaintiff investor may, in accordance with member states' national legislation, be forced to pay the costs of translating the Offering Circular before legal proceedings are initiated. Under civil law, only those individuals who have produced the summary, including translations thereof, may be enjoined, but only if the summary is misleading, incorrect or inconsistent with the other parts of the Offering Circular or if it does not, together with other parts of the Offering Circular, provide key information to help investors when considering whether to invest in the securities.
The Issuer	Cinclus Pharma Holding AB (publ), reg. no. 559136-8765, Kungsbron 1, SE-111 22 Stockholm, Sweden. Telephone number: +46 (0)8 13 33 10 LEI code: 549300TJBPSNZ3DO6B42 Ticker for the ordinary shares: CINPHA ISIN code for the ordinary shares: SE0020388577
Competent Authority	Finansinspektionen is the Swedish Financial Supervisory Authority (the "**SFSA**") and the competent authority responsible for approving the Swedish language version of the Offering Circular (the "**Swedish Prospectus**"). Street address: Brunnsgatan 3, SE-111 38 Stockholm, Sweden. Postal address: Box 7821, SE-103 97 Stockholm, Sweden. E-mail address: finansinspektionen@fi.se Telephone number: +46 (0)8 408 980 00. Website: www.fi.se The Swedish Prospectus was approved by the SFSA on 10 June 2024.

Key information on the issuer

Who is the issuer of the securities?

Issuer information	Issuer of the securities is Cinclus Pharma Holding AB (publ), Reg. No. 559136-8765. The Company's registered office is in Stockholm. The Company is a Swedish public limited liability company founded in Sweden under Swedish law, incorporated in Sweden and operating under Swedish law. The Company's form of association is governed by the Swedish Companies Act (2005:551). The Company's LEI code is 549300TJBPSNZ3DO6B42.
The issuer's principal activities	Cinclus Pharma is a clinical stage pharmaceutical company developing a drug for the treatment of erosive gastroesophageal reflux disease ("**eGERD**") and a dual therapy treatment with an antibiotic targeting *Helicobacter pylori* ("***H. pylori***"), a bacteria that occurs in the gastric and duodenal mucosa. The Company's main target population is patients suffering from severe eGERD, where there is a lack of satisfactory treatment options. The Company expects that its drug candidate linaprazan glurate will be able to fill this need. The target population also includes patients in need of treatment for *H. pylori* infection, where linaprazan glurate is intended to be used to achieve acid control and, in combination with one antibiotic, constitute the treatment.

Major shareholders

As of 31 March 2024, taking into account changes known to the Company thereafter, the Company's largest shareholders were as follows:

Shareholders	Number of shares	Percentage of shares and votes
Shareholders holding more than 5 percent of the shares and the votes		
Peter Unge[1)]	2,008,000	7.66%
Kjell Andersson[2)]	1,908,000	7.27%
Estate of Mikael Dahlström	1,881,520	7.17%
Trill Impact Ventures Pharma 1 AB	1,479,120	5.64%
The Fourth Swedish National Pension Fund	1,454,560	5.55%
Other shareholders	**17,495,840**	**66.71%**

1) Indirectly through PetoMaj Invest AB.
2) Indirectly through OBX Invest AB.

As far as the Company is aware, the Company is not directly or indirectly controlled by any individual shareholder or group of shareholders.

Key managing directors

The Company's board of directors consists of Lennart Hansson (chairman), Wenche Rolfsen, Torbjörn Koivisto, Peter Unge, Anders Öhberg, Helena Levander and Nina Rawal. The Company's executive management consists of Christer Ahlberg (CEO), Maria Engström (CFO), Bengt Erlandsson (Head of CMC), Gösta Hiller (COO), Kajsa Larsson (CMO), Kjell Andersson (CSO), Malin Filler (Head of Regulatory Affairs), and Peter Wallich (Commercial Director).

Auditor

Öhrlings PricewaterhouseCoopers AB, with Leonard Daun as auditor in charge.

What is the key financial information regarding the issuer?

Key financial information regarding the issuer

Selected income statement items

	1 January – 31 December			1 January – 31 March	
SEK in thousands	2023 Audited	2022 Audited	2021 Audited	2024 Unaudited	2023 Unaudited
Revenue	5,959	10,571	–	–	3,007
Research and development expenses	–166,678	–157,184	–69,821	–30,502	–39,675
Operating income	–200,976	–212,556	–84,285	–36,273	–49,075
Income before tax	–214,613	–231,010	–76,266	–36,678	–49,032
Net income for the period attributable to the parent company's shareholders	–215,118	–249,074	–76,266	–36,895	–49,184
Earnings per share before and after dilution (SEK)	–8.20	–10.81[1)]	–3.62[1)]	–1.41	–1.88[1)]

1) Number of shares recalculated due to completed share split (1:80).

Selected balance sheet items

	31 December			31 March	
SEK in thousands	2023 Audited	2022 Audited	2021 Audited	2024 Unaudited	2023 Unaudited
Cash and cash equivalents	87,972	173,546	138,202	52,468	126,586
Total assets	94,413	185,771	147,178	57,966	134,389
Total equity	–76,800	126,874	127,101	–115,533	78,730

Selected cash flow statement items

	1 January – 31 December			1 January – 31 March	
SEK in thousands	2023 Audited	2022 Audited	2021 Audited	2024 Unaudited	2023 Unaudited
Cash flow from operating activities	–209,186	–192,076	–75,353	–35,495	–46,823
Cash flow from investing activities	–	–	–131	–	–
Cash flow from financing activities	122,892	226,146	4,953	–327	–311

Remarks in the auditor's report	In Cinclus Pharma's audited consolidated financial statements for the financial year ended 31 December 2023, Cinclus Pharma's auditor has, in connection with the auditor's recommendation that the annual general meeting should adopt the income statement and balance sheet for the parent company and the consolidated statement of comprehensive income and consolidated balance sheet, treat the loss in accordance with the proposal in the administration report and to discharge the members of the board of directors and the CEO from liability for the financial year, made the following emphasis of matter: **"Material uncertainty related to the going concern assumption** *Without impacting our opinion above, we would like to draw attention to the administration report, the section regarding Financing and note 3 in the annual report where it is stated that the Company needs additional funding in the second quarter of 2024 to continue its operations. It also states that the company is pursuing several financing options, but that financing had not yet been secured at the time of the submission of the annual report. These circumstances indicate material uncertainties relating to the going concern assumption that may cast significant doubt on the company's ability to continue as a going concern."* Furthermore, the following emphasis of matter was provided in Cinclus Pharma's reviewed interim report for the three months ended 31 March 2024. **"Material uncertainty related to the going concern assumption** *Without impacting our opinion above, we would like to draw attention to the section regarding financing on page 9 and note 5 in the interim report where it is stated that the company estimates that existing financing is sufficient until June 2024. It is also stated that the company is pursuing several financing options, but that financing had not yet been secured at the time of the issuance of the interim report. These circumstances indicate that there are material uncertainties that may cast significant doubt on the company's ability to continue as a going concern."*

What are the key risks that are specific to the issuer?

Material risk factors specific to the issuer	Material risk factors specific to the Company, a drug development company, consist of the following: **Risks associated with pre-clinical and clinical studies** Prior to launching any drug on the market, the safety and efficacy of the drug for treating patients with a certain disease must be ascertained through a number of pre-clinical and clinical trials. If the desired results of the studies are not achieved or in case of non-compliance with applicable regulations, the risk of not obtaining regulatory approval increases, which would prevent Cinclus Pharma from commercializing linaprazan glurate and force the Company to discontinue its operations in the current form. Pre-clinical and clinical studies may also be delayed or interrupted, which could entail increased research and development expenses and postponed generation or absence of revenue. **Risks associated with having only one drug under development** As of the date of the Offering Circular, Cinclus Pharma has only one drug candidate, linaprazan glurate, under development. It is not certain until all development is completed, and the drug is approved by the relevant authority that linaprazan glurate will have the quality on substance and formulation or demonstrate the safety and/or efficacy required for regulatory approval. If any of these risks were to materialize and linaprazan glurate proves to be unsuccessful, Cinclus Pharma may not be able to adjust its operations or develop other products for commercialization, meaning that the Company would entirely lack a drug candidate which, in the future, can generate revenue and may be forced to discontinue its operations. **Risks associated with market acceptance and pricing of linaprazan glurate** Even if linaprazan glurate is approved by relevant regulatory authorities, the risk remains that the drug may not reach the desired level of acceptance from the targeted physicians, hospitals, patients and third-party payers, subsequently preventing the Company from generating revenue and becoming profitable. Another important factor for a successful commercialization of linaprazan glurate is the reimbursement and subsidy schemes available for the drug from private insurance companies, public authorities and other payers for healthcare products and services. If patients, physicians, or medical facilities such as hospitals are unable to obtain favorable reimbursement rates from third-party payers for treatments with Cinclus Pharma's drug, or if reimbursement from third-party payers for such drug significantly declines, it may lead to reluctance to use the Company's drug. Furthermore, competitors' pricing strategies may affect the Company's price levels and result in price pressure and thus reduced revenues. If any of the above-mentioned risks were to materialize, it could, following regulatory approval, entail reduced revenue or reduced or non-existent sales of linaprazan glurate, and potentially force Cinclus Pharma to discontinue all or parts of its operations.

Material risk factors specific to the issuer, cont.	**Risks associated with competition** Other companies within the biotechnology and pharmaceutical industry may have greater financial resources and/or capacity within, for example, research and development, contacts with regulatory authorities and recruitment of patients and marketing than Cinclus Pharma or develop products that may potentially be clinically superior or otherwise achieve a wider market acceptance than linaprazan glurate. Furthermore, competitors who launch their product on the market before Cinclus Pharma receives approval for linaprazan glurate may secure revenues and establish a strong market position. If any of the above-mentioned risks associated with competition were to materialize, the Company's product may become less competitive and limit the Company's ability to generate revenue and potentially force Cinclus Pharma to discontinue parts or all of its operations. **Risks associated with legal and administrative proceedings and compliance with laws and regulations** Cinclus Pharma may be subject to litigation and complaints from its customers, employees or other third parties, alleging, *inter alia*, violation of competition law, labor laws, consumer protection laws or various medical regulatory obligations. For example, Cinclus Pharma was involved in a now settled dispute with its license partner during the years 2020–2022. Regardless of the merits and ultimate outcome of a dispute, Cinclus Pharma risks incurring significant expenses. In addition, legal and administrative proceedings may cause negative publicity, which may also harm Cinclus Pharma's brand and reputation, regardless of the outcome of the proceedings. **Risks associated with obtaining and maintaining relevant registrations and approvals from regulatory authorities** Prior to marketing, a pharmaceutical product must be evaluated through extensive regulatory procedures and be approved by the U.S. Food and Drug Administration ("**FDA**"), the European Commission based on a positive statement from the European Medicines Agency ("**EMA**") and any other regulatory authorities in relevant markets. If necessary approvals, licenses or registrations are not obtained, it would have a material adverse effect on the Company's current commercialization strategy and timeframe and limit its ability to initiate sales of linaprazan glurate and potentially force the Company to discontinue all or parts of its operations. Furthermore, certain requirement must continue to be met after the approval in order to maintain the regulatory approval. The competent regulatory authorities have broad enforcement power, and a failure by Cinclus Pharma or its partners to comply with applicable regulatory requirements can, *inter alia*, result in the events described above or penalties and may delay commercialization of linaprazan glurate, increase research and development expenses and materially and adversely affect Cinclus Pharma's operations, operating income, financial position and future prospects. **Risks associated with failure to protect current and future intellectual property rights** The Company's commercial success is dependent on its ability to protect current and future intellectual property rights against third-party challenges and successfully enforcing these rights against third-party competitors. The Company's intellectual property rights are mainly protected through granted patents, patent applications and the issuance of supplementary protection certificates. Linaprazan glurate may be copied by third parties after the expiration of the term of the patent, which may affect the sales of the Company's own drug. Further, the patents obtained by the Company may not be sufficiently broad to prevent others from using the Company's technology, or from developing competing products or technology. If any of these risks were to materialize, it may have a material adverse effect on the Company's future revenues, operating income and financial position. **Risks associated with negative operating results and continued financing needs** Cinclus Pharma has, since the start of its operations, reported negative operating income and cash flows from operations. These are expected to remain negative until linaprazan glurate becomes an approved and marketed product. The Company expects to continue to incur losses for the foreseeable future and anticipates that these losses will increase substantially as the Company continues the development of, seeks regulatory approval for, and potentially commercializes linaprazan glurate and seeks to identify, assess and develop additional product or drug candidates. Furthermore, Cinclus Pharma will require additional financing to initiate and conduct planned clinical studies. Furthermore, it is not certain that Cinclus Pharma will reach sufficient levels of revenue or positive cash flow in the future in order to finance the Company's operations. If Cinclus Pharma is unable to pursue attractive business opportunities, it could curtail the Company's ability to maintain its market position or the competitiveness of its product offering, which could have a material adverse effect on the Company's operations, operating income and financial positions.

Key information regarding the securities

What are the main features of the securities?

Securities offered and subject to admission to trading	Ordinary shares in Cinclus Pharma Holding AB (publ). ISIN code for the ordinary shares is SE0020388577. The shares are denominated in SEK and each share has a quota value of approximately SEK 0.019414.
Total number of shares in the Company	As of the date of this Offering Circular, there are 26,227,040 issued ordinary shares in Cinclus Pharma Holding AB (publ). The Offering comprises 17,023,810 ordinary shares. At an extraordinary general meeting on 3 June 2024, new articles of association were adopted, according to which the Company may also issue class C shares, as part of the implementation of the Company's long-term incentive program. No class C shares have been issued at the date of this Offering Circular. In addition, the execution of a set-off issue in connection with the Offering in order to convert outstanding bridge loans will entail that 3,286,939 additional ordinary shares are issued (the "**Set-off Issue**"). Provided that a decision by the Company's board of directors on the Set-off Issue is made on 19 June 2024, the total loan amount, including accrued interest, that will be converted into ordinary shares in connection with the Offering will amount to approximately SEK 138.05 million.
Rights associated with the securities	Each ordinary share in the Company entitles the holder to one vote and each C share entitles the holder to one tenth of a vote at general meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue. The ordinary shares carry the right to payment of dividend for the first time on the record date for distribution which falls immediately after the listing. All ordinary shares in the Company give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation. Class C shares do not carry any right to dividends. In the event of liquidation, class C shares entitle the holder to an equal share in the Company's assets as other shares, but not to an amount exceeding the quota value of the share. The excess amount shall thereafter be distributed to shareholders of ordinary shares. The rights associated with shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act (2005:551).
Restrictions on the free transferability	The shares are not subject to any restrictions on transferability.
Dividend and dividend policy	Cinclus Pharma is in a phase that requires funding of pre-clinical and clinical development of its drug candidate to be prioritized. Cinclus Pharma has not paid any dividend in the past and does not intend to pay any dividend in the coming years. Any future dividend and the amount thereof will be determined based on Cinclus Pharma's growth, earnings development, and the Company's general capital requirements. The board of directors is of the opinion that the financial resources should be used for the development of its drug candidate. In light of the Company's financial position and negative results, the board of directors does not intend to propose any dividend to be distributed until Cinclus Pharma generates long-term sustainable earnings and has a positive cash flow. To the extent that dividends are proposed, they shall be appropriate to the objectives, scale and risk of the business of the Company.

Where will the securities be traded?

Admission to trading	The ordinary shares offered will be admitted to trading on Nasdaq Stockholm. On 29 April 2024, Nasdaq Stockholm's listing committee made the assessment that the Company fulfils the listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company's ordinary shares on Nasdaq Stockholm subject to certain conditions, including that the Company submits such an application and fulfils the distribution requirement for its ordinary shares. Trading in the Company's ordinary shares is expected to commence on or about 20 June 2024.

What are the key risks that are specific to the securities?

Material risk factors specific to the securities	Material risk factors specific to the securities consist of the following: **Risks associated with future trading and volatility in Cinclus Pharma's ordinary shares** Prior to the Offering, there is no public market for Cinclus Pharma's ordinary shares, and it is not certain that an active and liquid market will develop or, if developed, that it will sustain after completion of the Offering. Investors may, thus, not be able to resell the ordinary shares at or above the Offering Price. **Risks associated with differences in currency exchange rates affecting the value of shareholdings or dividends paid** Cinclus Pharma's ordinary shares will be denominated in SEK only, and any dividends will be paid in SEK. As a result, shareholders outside Sweden may experience adverse effects on the value of their shareholding and their dividends, when converted into other currencies if the SEK depreciates against the relevant currency.

Material risk factors specific to the securities, cont.	**Risks associated with dilution for shareholders** If the Company decides to raise additional capital, for example through an issue of new shares or other securities, there is a risk that shareholders who cannot participate in such an issue, or choose not to participate, could have their holdings diluted. The same applies if an issue of new shares or other securities is directed at persons other than the Company's shareholders. **Risks associated with potential future cash issues for shareholders in the U.S. and certain other countries outside Sweden** If the Company issues new shares in a cash issue, shareholders shall, as a general rule under the Swedish Companies Act, have preferential rights to subscribe for new shares proportionally to the number of shares held prior to such issue. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in such rights offerings, or that otherwise makes participation difficult or limited. To the extent that shareholders in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their ownership in the Company may be diluted or reduced. **Risks associated with undertakings from Cornerstone Investors** The Cornerstone Investors have undertaken to subscribe for ordinary shares in the Offering. These undertakings are not secured, and it is uncertain if the Cornerstone Investors will be able to meet their undertakings. Moreover, the Cornerstone Investors' undertakings are conditional, and in the event that any of these conditions are not fulfilled, it is not certain that the Cornerstone Investors will fulfil their respective undertakings, which could have a negative impact on the completion of the Offering.

Key information on the offer of securities to the public and the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

Offering forms and conditions	**The Offering** The Offering comprises 17,023,810 newly issued ordinary shares. The Offering is divided into two parts: ■ The offer to the general public in Sweden. ■ The offer to institutional investors in Sweden and abroad. **Over-allotment Option** In order to cover any over-allotment in connection with the Offering the Company has, at the request of the Managers, undertaken to issue a maximum of 1,702,381 additional ordinary shares, corresponding to a maximum of 10 percent of the number of ordinary shares in the Offering (the "**Over-allotment Option**"). The Over-allotment Option can be fully or partly exercised within 30 calendar days from the first day of trading of the Company's ordinary shares on Nasdaq Stockholm. If the Offering is fully subscribed and the Over-allotment Option is exercised in full, the Offering will comprise 18,726,191 ordinary shares, corresponding to approximately 38.82 percent of the total number of ordinary shares and votes in the Company after the Offering and the Set-off Issue. **Offering Price** SEK 42 per ordinary share. **Allotment** The resolution on the allocation of ordinary shares is made by the Company's board of directors in consultation with the Managers, whereby the aim will be to achieve a good institutional ownership base and a wide distribution of the ordinary shares among the public to enable regular and liquid trading of the Company's ordinary shares on Nasdaq Stockholm.
Timetable for the Offering	Application period for the general public: 11–18 June 2024 Application period for institutional investors: 11–19 June 2024 First day of trading in the Company's ordinary shares: 20 June 2024 Settlement Date: 25 June 2024
Information about admission to trading on a regulated market	On 29 April 2024, Nasdaq Stockholm's listing committee made the assessment that the Company fulfils the listing requirements. Nasdaq Stockholm will approve an application for admission to trading of the Company's ordinary shares on Nasdaq Stockholm subject to certain conditions, including that the Company submits such an application and fulfils the distribution requirement for its ordinary shares. Trading in the Company's ordinary shares is expected to commence on or about 20 June 2024.
Dilution effect	The new share issue in connection with the Offering can result in an increase in the number of shares in the Company of up to 43,250,850 shares. If the Over-allotment Option is fully exercised, the number of shares in the Company will increase by an additional 1,702,381 ordinary shares, to a maximum of 44,953,231 shares. In addition, the Set-off Issue will result in an increase in the number of shares in the Company by an additional 3,286,939 ordinary shares, to a maximum of 48,240,170 shares. The maximum dilution of the Offering, the Over-allotment Option and the Set-off Issue amounts to not more than 45.63 percent of the total number of shares in the Company after completion of the Offering and the Set-off Issue.
Issue costs	Issue costs are estimated to amount to SEK 65 million for the Offering.
Costs imposed on investors by the issuer or offeror.	No commission will be charged.

Why is this prospectus being produced?

Background and reasons	In 2023, Cinclus Pharma completed a Phase II study on patients with eGERD with positive results and intends to complete preparations for the Phase III studies in 2024. The Phase III study program for eGERD consists of two study pairs ("**Study 1a and 1b eGERD**" and "**Study 2a and 2b eGERD**", respectively), where each pair consists of a healing study and a maintenance treatment study. Patient enrollment in the initial healing study 1a is expected to start in 2025 and the patients healed are expected to be included in the linked maintenance treatment study 1b. Cinclus Pharma believes that linaprazan glurate has the potential to achieve higher healing rates and improved symptom relief of severe eGERD and in shorter time compared to available drugs and that the Phase III study program and subsequent commercialization of linaprazan glurate are the natural next steps in the development of treatment options for this indication. In light of this, Cinclus Pharma's board of directors and senior executives believe that it is an appropriate time to carry out a new share issuance and simultaneously apply for listing of the Company's ordinary shares on Nasdaq Stockholm. A listing of the ordinary shares in Cinclus Pharma is a logical development for the Company, as it will not only expand the shareholder base and enable Cinclus Pharma to access the Swedish and international capital markets but also increase the awareness of Cinclus Pharma and its operations among current and potential suppliers as well as partners, which will support the Company's growth and development. For these reasons, the board of directors has applied for listing of the Company's ordinary shares on Nasdaq Stockholm. The Company's upcoming pre-clinical and clinical studies, the completion of the commercial formulation of linaprazan glurate and the future commercialization of linaprazan glurate will entail significant costs for Cinclus Pharma. Provided that Study 1a and 1b eGERD is initiated, the Company estimates that the working capital deficit for the next twelve months will amount to SEK 250 million.[1)] Further, the Company estimates that the Group's cash and cash equivalents, which as of 31 March 2024 amounted to SEK 52.5 million, is sufficient to finance Cinclus Pharma's operations until June 2024. However, for ethical reasons, the Company will need to conduct its planned clinical studies up until clinical results have been achieved, which will be for a longer period than twelve months. Accordingly, the relevant funding period for the Company's clinical studies is longer than twelve months, such that the Company's working capital deficit in relation to its funding needs for its planned clinical studies is significantly greater than SEK 250 million and Cinclus Pharma intends to finance the estimated working capital deficit with the proceeds received through the Offering. 1) Excluding bridge loan repayments, as the bridge loans will be mandatorily converted into ordinary shares in connection with the Offering, and excluding the proceeds from the Offering.
Issue proceeds and reason	Through the Offering, the Group is expected to receive proceeds of approximately SEK 715 million, excluding the Over-allotment Option, before deduction of issue costs and provided that the Offering is fully subscribed. The net proceeds from the Offering (with deduction of issue costs for the Offering) are expected to amount to approximately SEK 650 million, excluding the Over-allotment Option. Cinclus Pharma intends to use the proceeds from the Offering in the following order of priority, with the approximate portion of the issue proceeds stated in parenthesis: i. Continue the preparations of, initiate and complete Study 1a and 1b eGERD and finance regulatory activities (interaction with authorities and external consultants) and the ongoing operations of the Company up to and including the conduct of Study 1a and 1b eGERD (approximately 97 percent). ii. Conduct ongoing pre-clinical studies necessary for registration of the eGERD indication (approximately 3 percent). Assuming that the Offering is fully subscribed and the Over-allotment Option is exercised in full, the Group is expected to receive proceeds of approximately SEK 787 million before deduction of issue costs. The net proceeds from the Offering (with deduction of issue costs for the Offering and the Over-allotment Option) are expected to amount to approximately SEK 717 million if the Over-allotment Option is exercised in full. Depending on the outcome of the Over-allotment Option, Cinclus Pharma intends to use any additional net proceeds from the exercise of the Over-allotment Option to initiate and complete additional Phase I studies needed for registration of the eGERD indication. With regard to the Company's working capital deficit in relation to its funding needs for its planned clinical studies, the Offering will be withdrawn and the subsequent listing on Nasdaq Stockholm will not take place in case the Offering does not reach a subscription level corresponding to SEK 715 million, excluding the Over-allotment Option and before deduction of issue costs. The Company will then seek alternative sources of financing in order to secure the Company's financial position.
Conflicts of interest	The Managers provide financial advisory and other services to the Company in connection with the Offering, for which they will receive customary remuneration, with respect to the sale of the newly issued ordinary shares. The Managers have in the ordinary course of business, from time to time, provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company. Advokatfirman Vinge KB and Cleary Gottlieb Steen & Hamilton LLP have been legal counsels to the Company in connection with the Offering and may provide additional legal services to the Company.

Risk factors

*This section contains the risk factors and significant circumstances considered to be material to the Group's business and future development. The risk factors relate to the Group's business, industry and markets, and further include operational risks, legal risks, regulatory risks, tax risks, financial risks as well as risk factors related to the securities. The assessment of the materiality of each risk factor is based on the probability of its occurrence and the expected magnitude of its negative impact. In accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Regulation**"), the risk factors mentioned below are limited to risks which are specific to the Company and/or to the securities and which are material for taking an informed investment decision.*

The description below is based on information available as at the date of this Offering Circular. The risk factors that are currently considered to be the most material are presented first in each category and the subsequent risk factors are presented in no particular order.

Risks associated with pre-clinical and clinical studies and drug development

Risks associated with pre-clinical and clinical studies

Cinclus Pharma is a clinical stage pharmaceutical company developing a molecule, linaprazan glurate, for the treatment of gastroesophageal reflux disease ("**GERD**") and dual therapy with one antibiotic targeting *Helicobacter pylori* ("***H. pylori***"), a bacteria that occurs in the gastric and duodenal mucosa. GERD is a disease which is characterized by a backward leakage of acidic and corrosive stomach contents into the esophagus, which causes troublesome symptoms, including heartburn and acid reflux. The acidic stomach content may cause so-called esophagitis, which is characterized by superficial ulcers, so called erosion(s) in the esophagus. There are two main categories of GERD: symptomatic non-erosive GERD ("**sGERD**") and erosive GERD ("**eGERD**"), with eGERD being further classified according to the Los Angeles ("**LA**") classification system into grades A, B, C and D, with C and D being the most severe forms of eGERD, and the main target group for linaprazan glurate.[1)] The bacteria *H. pylori* causes a chronic infection mainly in the stomach. It is unusual for the infection to disappear without treatment. The infectious condition is known as "chronic active gastritis". The infection may also cause ulcers in the stomach and/or duodenum. The bacterial infection is carcinogenic in terms of the risk of developing gastric cancer and mucosal lymphoma (MALT lymphoma).[2)]

Cinclus Pharma's aim is to launch the next generation potassium-competitive acid blocker ("**PCAB**"), with linaprazan glurate. The target population for treatment with the Company's lead drug candidate, linaprazan glurate, is patients with severe eGERD. The target population also includes patients in need of treatment for *H. pylori* infection, where linaprazan glurate as an acid controlling component in combination with one antibiotic is intended to be the treatment.

Prior to launching any drug on the market, the safety and efficacy of the drug for treating patients with a certain disease must be ascertained through a number of pre-clinical studies (i.e., studies that are not performed in humans) and clinical studies (i.e., studies in humans). The risks associated with pre-clinical and clinical studies are both safety related, e.g., adverse effects, and effect related, i.e., low or non-existing effect, which may entail that the positive benefit/risk ratio required to obtain regulatory approval is not achieved. Neither the outcome nor the timing of the outcome in pre-clinical and clinical studies can be predicted with certainty. Furthermore,

1) Source: Katz P., et al. *ACG Clinical Guideline for the Diagnosis and Management of Gastroesophageal Reflux Disease*. Am J Gastroenterol. 2022 Jan 1;117(1):27-56.
2) Source: Malfertheiner P., et al. *Management of Helicobacter pylori infection: the Maastricht VI/Florence consensus report*. Gut, 2022;0:1-39.

pre-clinical and clinical studies may be costly and time consuming. Based on factors such as review of available clinical data, estimated expenses for continued development and market considerations, the Company may at any stage of development discontinue the development of its drug candidate or reassess the current plan for conducting pre-clinical and clinical studies. Data from previous pre-clinical and clinical studies do not guarantee that corresponding results will be achieved in future studies. If the results available are not considered and managed in pre-clinical and clinical studies, it could prevent the Company from obtaining the regulatory approvals required to market its drug candidate. In any clinical trial, there is a risk that the hypothesis is not fully confirmed or rejected, which could entail that the clinical trial does not give the support for continued development. In addition, deviations from the study protocol may be encountered and lead to increased risk to the patient and/or lack of data quality. If Cinclus Pharma does not achieve the desired results of the studies, the risk of not obtaining regulatory approval increases, which would prevent the Company from commercializing linaprazan glurate and force the Company to change or discontinue its operations in the current form. If the operations were to be discontinued, the Company would lack its most important future source of revenue, since Cinclus Pharma has only one drug under development. For more information regarding the Company's ability to adjust its operations or develop other products, refer to section "*– Risks associated with having only one drug under development*".

Pre-clinical and clinical studies may be delayed or interrupted. Delays or interruptions can occur for a variety of reasons, including difficulties in finding and/or adding new suitable clinical sites that meet the Company's requirements, or reaching agreements with prospective clinical sites on acceptable terms or inadequate execution by the clinical sites taking part in the study. Delays and interruptions can also occur due to difficulties in enrolling patients to participate in the studies and patients failing to complete their participation in the study according to the study protocol or patients dropping out of a study. As an example, the COVID-19 pandemic led to a delay of the Company's Phase II study.

Prior to conducting a clinical trial, approval must be obtained from the relevant regulatory authority as well as a positive opinion of an ethics committee, ethical review board, authority or the Institutional Review Board ("**IRB**"). Cinclus Pharma cannot predict with certainty if and when approvals and/or positive opinions will be obtained, and the Company may not receive the necessary approvals and/or opinions within the expected timeframe. The regulatory authority, the ethics committee, the ethical review board and/or the IRB may have comments on the Company's study protocol and request amendments from the Company, which could delay the development of the drug candidate and potentially require the Company to reassess its business plan. Even after an approval and positive opinion is obtained, the relevant regulatory authority, the ethics committee, the ethical review board and/or the IRB or Cinclus Pharma itself, may interrupt or discontinue a clinical trial, for instance if quality or safety issues were to arise.

If delays or interruptions occur due to circumstances outside the Company's control, or if the measures required to continue the studies are deemed too costly or complicated in relation to the scope and goals of the studies, regulatory approval and launch of the drug candidate may be postponed or may not occur. If this risk was to materialize, it could entail increased research and development expenses and postponed generation or absence of revenue from licensing and royalty arrangements and other commercial sales of linaprazan glurate, which could have a material adverse effect on Cinclus Pharma's cash flow, operating income and financial position and in turn lead to an increase in the Company's need for additional capital. Delays in pre-clinical and clinical studies could also limit the Company's ability to obtain regulatory approval and lead to Cinclus Pharma not being able to maintain its operations in their current form or that the Company is forced to discontinue its operations, which would have a material adverse effect on the Company's operations and ability to generate revenue and, in turn, its operating income, financial position and future prospects.

Risk associated with outsourcing clinical studies to CROs

The Company has outsourced, and intends to continue to outsource, the conduct of clinical studies and research activities to third-party clinical research organizations ("**CROs**"). Accordingly, the Company relies on CROs to ensure that clinical studies are conducted timely and in compliance with applicable rules as well as scientific and ethical standards. The Company will incur significant costs to initiate and conduct the first of two pairs of clinical Phase III studies regarding healing and maintenance treatment of eGERD for linaprazan glurate ("**Study 1a and 1b eGERD**"), which are intended to be financed with part of the proceeds from the Offering. Furthermore, the Company will incur additional costs to initiate and conduct the second of the two pairs of clinical Phase III studies regarding healing and maintenance treatment of eGERD for linaprazan glurate ("**Study 2a and 2b eGERD**") and the *H. pylori* study program, which is subject to additional financing. For more information, refer to section "Operating and financial review – Liquidity and capital resources – Capital requirements for completion of studies for the medical indications eGERD and *H. pylori*". Also refer to section "*Business overview – Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – News flow ambition and planned studies*" for more information regarding these studies.

Cinclus Pharma has conducted extensive negotiations with a CRO for the Phase III studies but has, as at the date

of this Offering Circular, not entered into a final agreement. If the negotiations with the CRO for any reason should fail or if an existing agreement with a CRO, for any reason, is terminated, it is not certain that Cinclus Pharma will be able to negotiate and contract new CROs with sufficient capacity and competence in relation to Cinclus Pharma's operations and needs within a reasonable time. Although there are several CROs in the market with the capacity to carry out the services which are needed for the continued development of linaprazan glurate, a transfer to a new CRO is a complex operation that could involve risks of technical and regulatory failures. A transfer may be costly and time-consuming. Procuring and engaging a new CRO or third-party service provider could result in potential delays and additional research and development expenses for re-performing all or relevant parts of the clinical studies. Accordingly, there is a risk that the Company may not be able to contract a new CRO in a timely manner or on satisfactory terms, if required in order for the Company to meet its commercial objectives. If this risk was to materialize, it could also entail a delay in the launch of the drug and longer lead time for revenue generation or failure in launching the drug at all. This would have a material adverse effect on the Company's cash flow, operating income and financial position and could lead to the Company being forced to discontinue its operations.

Although Cinclus Pharma enters into contracts with CROs, study sites and other third-party service providers to conduct its clinical studies, the Company maintains a sponsor oversight responsibility for ensuring that each clinical trial is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards as well as EU, U.S. or other countries/regions' laws and regulations, including but not limited to good clinical and laboratory practices. Accordingly, the Company's outsourcing to CROs and other third-party service providers does not relieve it from regulatory responsibilities. Given Cinclus Pharma's limited size and the Company's limited resources, the Company may face challenges in ensuring that its providers meet such requirements and expectations.

The relevant regulatory bodies will ensure compliance with applicable laws and regulations through periodic inspections of study sponsors, CROs, principal investigators and clinical sites. In case of material non-compliance by a CRO or other third-party providers, the Company may be required to perform additional clinical studies or repeat previous studies before obtaining regulatory approval, which could delay the regulatory approval process and result in increased research and development expenses as well as adversely impact the Company's cash flows. For instance, serious deficiencies were discovered in a routine vendor audit by one of the Company's contracted CROs in Slovenia. These deficiencies mean that the Company needs to supplement a planned study to evaluate the effect of food on linaprazan glurate, which will lead to increased costs for the Company. Should a CRO or third-party service provider not deliver its services in a timely manner or perform the services in accordance with the agreements and applicable laws and regulations, it could have a material adverse effect on the Company's clinical studies, lead to delays in processes for obtaining various regulatory clearances and approvals as well as cause reputational damage to the Company and result in increased research and development expenses as well as adversely impact the Company's cash flows. Cinclus Pharma's third-party agreements usually contain a clause limiting such third party's liability, such that Cinclus Pharma may not obtain full compensation for any losses that Cinclus Pharma may incur in connection with the third party's performance failures.

Risks associated with development of linaprazan glurate with respect to additional medical indications and uses

The medical indication for which linaprazan glurate is primarily intended to be developed is eGERD and Cinclus Pharma's target group is primarily patients with severe eGERD (LA grade C/D). A part of the Company's strategy is to explore the possibility of developing linaprazan glurate in relation to additional medical indications and uses, i.e., other medical conditions for which linaprazan glurate may have the potential to be used as treatment, especially dual therapy for *H. pylori* infection with only one antibiotic. Other examples of such medical indications and uses are prophylactic treatment against gastric damage for aspirin users, diagnostic tool for confirming/ruling out acid-related diseases, bleeding ulcers, protection against mucosal damage induced non-steroidal by anti-inflammatory drugs ("**NSAID**") and Zollinger-Ellison's disease. For several of these medical indications, the Company has not yet carried out any clinical studies supporting such additional potential medical indications and uses and hence, it is currently not certain whether the Company's ambition to develop linaprazan glurate for any additional medical indications will be materialized. Cinclus Pharma's available resources may prove insufficient to pursue the required development of linaprazan glurate for other medical indications and uses than eGERD. Cinclus Pharma may thereby be prevented from expanding the uses for linaprazan glurate, which would reduce the number of potential future sources of revenue and could have a material adverse effect on the Company's operating income and financial position.

Risks associated with the Company and its operations

Risks associated with having only one drug under development

Cinclus Pharma's long-term strategy is to continue to seek development projects in gastrointestinal diseases and build a pharmaceutical company specializing in

gastroenterology as a therapeutic area. However, as at the date of the Offering Circular, Cinclus Pharma has only one drug candidate, linaprazan glurate, under development, together with a second molecule in the portfolio as a back-up molecule.

Linaprazan glurate is a potential treatment option for eGERD and *H. pylori* infection. The Company has completed several Phase I studies and a Phase II study on eGERD patients and is planning to initiate two clinical Phase III study pairs on eGERD during 2024–2025 and 2026–2027, respectively, and on *H. pylori* infection during 2026. The Company has not yet completed clinical development of any pharmaceutical product and thus has not commenced, or received any income from, commercial sales of any pharmaceutical product. Cinclus Pharma is dependent on the successful development of linaprazan glurate by positive results in ongoing and planned pre-clinical and clinical studies, which are subject to risks generally applicable in development of pharmaceutical products. For more information regarding the risks associated with pre-clinical and clinical studies, refer to section *"– Risks associated with pre-clinical and clinical studies"*. After completion of the studies, the relevant authorities will assess whether the quality, efficacy, and safety profile meet the necessary requirements for a market approval. The success of linaprazan glurate will further depend on factors such as the Company's ability to establish sales, marketing and distribution capabilities in collaboration with external parties, its ability to successfully establish the drug's position in the market, protect the Company's intellectual property rights, obtain favorable reimbursement rates and maintain an acceptable efficacy and safety profile of linaprazan glurate following regulatory approval. Refer also to section *"– Risks associated with marketing, sales and distribution capabilities and/or partnerships"* for further information regarding the risks associated with the Company's ability to establish sales, marketing and distribution capabilities. If any of these risks were to materialize and linaprazan glurate proves to be unsuccessful, Cinclus Pharma may not be able to adjust its operations or develop other products for commercialization, meaning that the Company would entirely lack a drug candidate which, in the future, can generate revenue from licensing and royalty arrangements and other commercial sales and hence be forced to discontinue its operations.

Risks associated with market acceptance and pricing of linaprazan glurate

Even if linaprazan glurate is approved by relevant regulatory authorities, the risk remains that the drug, regionally or globally, do not reach the desired level of acceptance from the targeted physicians, hospitals, patients and third-party payers, subsequently preventing the Company from generating revenue from licensing and royalty arrangements and other commercial sales of linaprazan glurate and become profitable. This may be caused by a number of events or factors, of which several are beyond the Company's control. Such factors include, *inter alia*, that the drug is seen as a safe and effective treatment and the ease of use, lower costs of treatment in relation to any alternative actions or treatments, as well as the absence of warnings contained in a drug's approved labelling. Any failure in market acceptance from targeted physicians, hospitals, patients and third-party payers could have a material adverse effect on demand for the Company's future drug and adversely impact its potential commercial success. Such failure may harm the Company's brand and reputation, causing difficulties for the Company to develop other products for commercial sales.

Another important factor for a successful commercialization of linaprazan glurate is the reimbursement and subsidy schemes available for the drug from private insurance companies, public authorities and other payers for healthcare products and services. Reimbursement rates applied, from time to time, for pharmaceutical products depend on several factors, including the legal framework regarding the value that the drug is deemed to add for the patient and the healthcare system, the paying party's perception of whether the drug is safe and effective, medically relevant and suitable for patients and whether it is cost-efficient based on the laws and regulations applicable in the specific market. The downward pressure on healthcare costs in general, and prescription drugs in particular, is intense. If linaprazan glurate is approved and commercialized, Cinclus Pharma may experience pricing pressures in connection with the sales due to the efforts of third-party payers and potential legislative changes affecting drug prices. Moreover, if patients, physicians, or medical facilities such as hospitals are unable to obtain favorable reimbursement rates from third-party payers for treatments with Cinclus Pharma's drug, or if reimbursement from third-party payers for such drug significantly declines, it may lead to reluctance to use the Company's drug. The drug may not qualify for product subsidies from privately or publicly financed healthcare programs and the reimbursement levels may become lower than expected. Reimbursement systems and subsidy schemes may also change from time to time, making it more difficult to predict the reimbursement rate or subsidy that a product may obtain. Further, governments have increased their focus on drug prices and drug pricing practices. In the U.S., legislation has recently been passed (the Inflation Reduction Act) that aims, *inter alia*, to limit price increases of certain prescription drug prices, enabling the imposing of civil monetary penalties and potential excise taxes on drug manufacturers for failing to comply with the pricing requirements or increasing prices in excess of inflation. As another example, on 20 October 2022, the German Parliament accepted a draft bill for financial stability of the public health insurance, with a number of new rules specifically targeting the pricing and reimbursement of

pharmaceutical products, including reducing the period for which a pharmaceutical company is free to set the price for a new pharmaceutical product from twelve to six months. After six months, the reimbursement price will be set to what has been agreed between the German public health agency and the pharmaceutical company.

To some extent, the Company may also be affected by competitors' pricing strategies, in particular in relation to potassium-competitive acid blockers ("**PCABs**"), launched before or at the same time as linaprazan glurate in markets where Cinclus Pharma intends to operate. For example, in the fourth quarter of 2023, the FDA approved Phathom Pharmaceuticals Inc's ("**Phathom**") PCAB vonoprazan in the U.S., launched under the name VOQUEZNA for the treatment of eGERD and marketed exclusively by Phathom. There is a risk that pricing strategies from competitors result in price pressure and thereby reduce the Company's revenues and adversely affect the Company's profitability and financial position.

Pricing of pharmaceutical products is also affected by general economic trends and macroeconomic factors. An economic downturn in the U.S., the EU or other major pharmaceutical markets could put additional pressure on healthcare payers, resulting in a lower willingness to pay for pharmaceutical products. Accordingly, the pricing of linaprazan glurate may be lower than what Cinclus Pharma anticipates, which could lead to lower revenue than planned and in turn, have a material adverse effect on the Company's operating income and financial position.

In addition, the Company has 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. As of the date of this Offering Circular, Sinorda has submitted an application for approval of linaprazan glurate in China and Sinorda is expected to receive approval and launch in the latter part of 2024. Even if Sinorda obtains approval for linaprazan glurate in China, there is a risk that the launch of linaprazan glurate in China fails in whole or in part, which could have a negative impact on the Company's reputation and lead to strategic uncertainties for the Company, as there is a risk that stakeholders may link Sinorda's results to the Company's ability to launch its drug candidate in other markets.

If any of the above-mentioned risks were to materialize, it could, following regulatory approval, entail reduced or non-existent sales of linaprazan glurate, which would have a material adverse effect on the Company's ability to generate revenue in the future and potentially force Cinclus Pharma to discontinue all or parts of its operations.

Risks associated with marketing, sales and distribution capabilities and/or partnerships

Cinclus Pharma is planning to outsource manufacturing, packaging, labelling, storage, marketing, sales and distribution as part of commercialization of linaprazan glurate and will evaluate multiple options for commercialization. The Company's intention is to license or enter into other partnerships for the co-promotion of linaprazan glurate in all relevant markets worldwide. The Company has already entered into a license agreement with Sinorda for the development and commercialization of linaprazan glurate in China and other selected regions of Asia. Refer to section "*Legal considerations and supplementary information – Material Agreements – License agreement with Sinorda*" for further information.

Should the Company choose to develop in-house capabilities in order to pursue sales, marketing and distribution of linaprazan glurate, recruitment of additional personnel and introduction of new processes and strategies within the Company will be required, which is likely to be costly and time-consuming. If it proves difficult to attract personnel with relevant knowledge and experience and that the Company's efforts will be unsuccessful, it may have a material adverse effect on the Company's ability to effectively sell, market and distribute its intended drug and, in turn, generate revenue from licensing and royalty arrangements and other commercial sales of linaprazan glurate.

Dependence on licensees or other partners to carry out marketing, sales and distribution in one or several geographical markets entails other risks for the Company. The Company's licensees and other partners may allocate insufficient resources or otherwise be unable or unwilling to fulfil their obligations. If this risk was to materialize, it could, following regulatory approval, have a material adverse effect on the Company's ability to effectively sell, market and distribute its future drug and limit the Company's ability to generate revenue from licensing and royalty arrangements and other commercial sales of linaprazan glurate. The Company may not be able to enter into licensing or partnership agreements on favorable terms. Such third-party agreements may entail that future revenue may be lower than if the Company would have carried out such operations itself. Reduced revenue and/or increased expenses may also lead to the Company being forced to discontinue all or part of its operations.

Sales, marketing and business arrangements in the healthcare industry are subject to comprehensive laws and regulations intended to prevent fraud, misconduct, bribery and other abusive practices. To prevent such abusive practices, laws and regulations impose restrictions on a wide range of areas such as pricing, discounting, marketing and promotion, sales commission, customer

incentive programs and other business arrangements and impose transparency requirements on transfers of value to healthcare professionals. Cinclus Pharma has the overall responsibility to ensure that subcontractors contracted by the Company comply with applicable laws, regulations and standards. Cinclus Pharma could therefore be forced to allocate significant financial resources to remedy violations by subcontractors or defend itself against allegations involving subcontractors. It is not always possible to identify and deter third-party misconduct and the precautions Cinclus Pharma will take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting Cinclus Pharma from governmental investigations or other actions or lawsuits stemming from partners' or licensees' failures to comply with such laws and regulations. Should the Company not prevail in these actions or lawsuits it could result in significant expenses, including in the form of monetary damages and other sanctions and have an adverse impact on its earnings and cash flows, as well as damage the Company's reputation.

Any subcontractor's non-compliance may further have a material adverse effect on the Company's brand and reputation. If the Company's subcontractors do not meet the requirements of relevant authorities, including licensing requirements and good manufacturing practices, it may lead to inspection findings, which in turn can lead to new requirements on production, complaints and recalls, suspension of manufacturing, regulatory actions on the regulatory approval and interference and in turn affect product supply and distribution.

Risks associated with CMC and outsourcing to CMOs/CDMOs

Manufacturing of a pharmaceutical product includes the production, quality control and stability studies of the active pharmaceutical ingredient and its formulation, e.g., capsules or tablets, and relates both to the production for clinical studies as well as commercial sales. Such manufacturing activities may be outsourced to third-party contract manufacturing organizations ("**CMOs**") or contract development and manufacturing organizations ("**CDMOs**"). Cinclus Pharma has contracts with global CDMOs to provide investigational medicinal product, i.e., the formulation used while conducting clinical studies, to be used in the Phase III study program. Discussions and preparations for commercial production are currently ongoing both related to the drug substance and the intended drug.

Outsourcing the production of linaprazan glurate entails a dependency on the contracted CMO/CDMO for the Company. If a contracted CMO/CDMO does not achieve the agreed volume production, it could require the Company to contract with additional CMOs/CDMOs or to replace an already contracted CMO/CDMO. Supply chain disruptions may also occur due to external factors such as war, pandemics and natural disasters or other circumstances such as insolvency or labor strikes, which could cause delays or even a halt in the production of linaprazan glurate. If any of these risks were to materialize, it could result in increased expenses related to contracting additional CMOs/CDMOs for the manufacturing of linaprazan glurate and, following regulatory approval and commercialization, reduced revenues for the Company.

Further, any manufacturing of pharmaceutical products, including investigational medicinal products, are subject to extensive regulatory requirements, including testing, quality control and documentation. Since Cinclus Pharma's drug candidate contains chemical ingredients and due to the nature of the manufacturing process, Cinclus Pharma as well as its employees, consultants and CMOs/CDMOs are subject to certain safety reporting requirements, environmental regulations and additional requirements relating to the manufacturing of linaprazan glurate. Should any of Cinclus Pharma or its employees, consultants or CMOs/CDMOs fail to comply with applicable laws and regulations or perform acts that are considered unethical or otherwise contrary to internal guidelines, the Company could be subject to substantial liability, leading to unexpected additional expenses and damage to its reputation.

Manufacturing facilities are subject to regular inspections and must be approved and/or registered by the relevant regulatory authorities. Accordingly, Cinclus Pharma is dependent on its CMOs/CDMOs appropriately handling chemistry, manufacturing and control ("**CMC**"). If Cinclus Pharma's existing or future CMOs/CDMOs do not manufacture linaprazan glurate properly, an inspection may lead to the suspension of manufacturing and interfere with product supply and distribution which would prevent them from delivering agreed quantities of the drug to Cinclus Pharma in a timely or cost-efficient manner, which could have a material adverse effect on Cinclus Pharma's operations, operating income, financial position and prospects.

The Company and its CMOs/CDMOs use hazardous materials, such as organic solvents, within the Company's research, development and manufacturing activities. The Company cannot completely eliminate the risk of accidental contamination or injury from the use, storage, handling or disposal of such materials and may therefore be held liable for any such accident or injury, which may exceed any insurance coverage. Refer to the section "*– Risks associated with entering into and maintaining appropriate insurance agreements*" for further information.

Risks associated with the Company's dependence on key employees and certain founders

Cinclus Pharma is dependent on certain key employees, *inter alia*, the Company's CEO, CFO, CMO, Commercial Director and COO, and certain of the Company's founders, including Kjell Andersson (who has an operational role in the Company) and Peter Unge (who is a board member and senior advisor to the Company[1]) as well as Lennart Hansson (who is chairman of the board of directors). Two of the founders have been involved in studies related to GERD conducted by Astra and AstraZeneca, including the development of other drugs, such as Losec® and Nexium®, as well as the initial studies on linaprazan. These persons possess valuable knowledge for the development of linaprazan glurate. Refer to the section "*Business overview – History*" for further information. Furthermore, the Company has an experienced and dedicated management team with profound knowledge of regulatory approval process and track record of bringing medicines to market.

One or several of Cinclus Pharma's key employees or founders could terminate their employment or engagement with the Company. Since Cinclus Pharma has a limited number of employees (13 full-time employees as of 31 March 2024), the loss of one or more key employees or founders may cause disruptions to the operations, which could delay or obstruct the development and commercialization of linaprazan glurate. Hence, any loss of Cinclus Pharma's key employees or founders could in the short-term lead to a lack of skills or resources, and in turn cause delays in the execution of Cinclus Pharma's clinical studies and commercialization strategy.

Furthermore, Cinclus Pharma may compete with other companies and organizations with respect to recruiting members of the executive management, scientists and clinical development personnel with relevant knowledge and expertise. Such competition could have a material adverse effect on Cinclus Pharma's level of expertise and ability to execute its business plan as well as its operating income. In order to retain and attract the required expertise, the Company may be forced to raise salary levels for its employees to be an attractive employer, which would increase the Group's personnel expenses and in turn, have a material adverse effect on its operating income and cash flow. A ten percent increase in the Group's personnel expenses for the financial year 2023 would have impacted the Group's operating income by approximately SEK 3.3 million.

Risks associated with IT systems, cyber security and inadequate storage of data

The Company's ability to effectively and securely manage its operations depends on the security, reliability, functionality and maintenance of its IT systems. In order for Cinclus Pharma to efficiently and securely process data and perform other tasks necessary for the business, Cinclus Pharma must have well-functioning IT systems. Cinclus Pharma uses cloud-based systems to a large extent, such as Microsoft 365. The Company is particularly dependent on secure storage of and access to the data collected in its pre-clinical and clinical studies, including results, reports and other important information, as well as information relating to the Company's intellectual property rights. Such data is stored in several databases, including but not limited to data rooms, the Company's IT providers' redundant servers as well as databases managed by the Company's CROs. In the event that such data were to be lost, the Company may have to carry out previous studies again, in whole or part, which could lead to delays to the current business plan and entail additional research and development expenses or administrative expenses, which would have a material adverse effect on the Company's operations, operating income, cash flow and financial position. Cinclus Pharma could be affected by disruptions or disturbances in its IT systems due to issues such as intrusion, sabotage, computer viruses, bugs or other factors, potentially causing the Company to not be able to carry out its operations as planned during a certain period of time. Any interruptions and disruptions to Cinclus Pharma's IT systems may also have a material adverse effect on Cinclus Pharma's brand and reputation.

Furthermore, Cinclus Pharma relies on third-party services and technologies provided for certain aspects of the Company's business, such as its clinical studies. Cinclus Pharma is dependent on the fact that subcontractors, contracted to conduct clinical trials on the Company's behalf, are able to securely manage and store results, reports and other data from the studies through efficient and well-functioning IT systems and related processes. Software and hardware complications, data viruses, hacker attacks and physical damage and other disruptions may occur in such systems, which are outside of the Company's control. Problems and disruptions of such IT systems could, depending on their extent, scope and severity, have a material adverse effect on Cinclus Pharma's operations, operating income, financial position as well as its brand and reputation.

Shortcomings in the security, reliability and similar aspects of the Company's IT systems may result in the Company not being able to collect, maintain and protect such data properly. The nature of the Company's business (and in particular its processing of health data in the context of clinical trials) entails that the Company may be subject to more stringent supervision and sanctions under the GDPR, as health data is classified under the GDPR as a special category of data, the processing of which is subject to certain stricter requirements (refer to section "*– Risks associated with processing personal and health data*").

1) As of the date of the Offering Circular, Peter Unge has an assignment as senior advisor to the Company, amounting to approximately 20 hours per week. The consultancy agreement between Peter Unge and the Company will expire on 30 June 2024.

Risks associated with entering into and maintaining appropriate insurance agreements

Cinclus Pharma has insurance policies regarding, *inter alia*, general liability insurance, directors and officers liability insurance, pharmaceutical product insurance, crime and data protection insurance, criminal insurance, business travel insurance and general risk insurance. However, Cinclus Pharma may experience claims in excess of or not covered by the Company's current insurance policies. For example, the Company may be held liable for accidents or injuries from the use, storage, handling or disposal of hazardous materials within its pre-clinical and clinical studies, which may exceed the Company's insurance coverage. The Company may further be subject to product liability arising in relation to clinical studies as well as the manufacturing, marketing and sales of pharmaceutical products. For instance, study subjects and patients participating in clinical trials, or others who come into contact with the drug candidate in other ways, may suffer adverse effects or be harmed in other ways. The Company's product liability insurance policy may not provide sufficient coverage in the event of a product liability claim against the Company. Any such claims exceeding the Company's insurance coverage would entail expenses for the Company. Any and all uninsured losses could have a material adverse effect on the Company's operating income, cash flow and financial position. Such claims could also harm Cinclus Pharma's brand and reputation.

The Company may fail to obtain or maintain adequate insurance coverage on acceptable terms in the future, which could in turn create a need or desire for Cinclus Pharma to build up an internal contingency reserve to cover such risks, thus affecting the Company's financial position. Furthermore, damage caused to Cinclus Pharma could, even if covered by the Company's insurance coverage, result in increased insurance premiums. Cinclus Pharma's assessment is that its insurances are adequate regarding the risks normally associated with the Company's operations, but if this assessment is incorrect or if the Company's insurance premiums materially increase, this could result in financial losses or increased expenses for Cinclus Pharma.

Risks associated with Cinclus Pharma's industry and markets

Risks associated with competition

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary and innovative products as well as product or drug candidates. Cinclus Pharma's competitors have developed, are developing or may develop products competing with linaprazan glurate. Any product or drug candidates that the Company successfully develops and commercializes will be subject to competition from existing treatment products and future products for treatment of severe eGERD (LA grade C/D) and *H. pylori* infection in the stomach, or other upper GI diseases for which Cinclus Pharma may attempt to develop products. The Company's competitors are mainly other pharmaceutical, biotechnological and biopharmaceutical companies. Cinclus Pharma may be subject to competition from pharmaceutical companies both within the field of proton pump inhibitors ("**PPIs**"), such as omeprazole, esomeprazole and lansoprazole, and within the field of first generation potassium-competitive acid blockers PCABs, such as vonoprazan. With linaprazan glurate, Cinclus Pharma aims to launch the next generation PCAB.

Other pharmaceutical companies may have greater financial resources and/or capacity within, for example, research and development, contacts with regulatory authorities and recruitment of patients and marketing than Cinclus Pharma. Accordingly, such competitors may develop products in a more rapid and/or efficient manner, either with methods similar to those of Cinclus Pharma or with other methods. These products may potentially be clinically improved or otherwise achieve a wider market acceptance. This risk is particularly significant in relation to competitors that have already launched or may launch their products on the market before the potential launch of linaprazan glurate. While the market for PCABs is considered to be large, there is a risk that competitors, that launch their drug candidates before Cinclus Pharma potentially obtains approval for linaprazan glurate, have the opportunity to start securing stable revenue streams and financial resources to further strengthen their positions in the market and may also get a head start in building market share and a customer base. The Company will also face competition in establishing clinical sites, enrolling patients for clinical trials and in identifying and in-licensing new product or drug candidates. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. If any of the above-mentioned risks associated with competition were to materialize, the Company's product may become less competitive and limit the Company's ability to generate revenue from licensing and royalty arrangements and other commercial sales of linaprazan glurate, meaning that the Company's future revenue could become lower than expected or non-existent and potentially force the Company to discontinue parts or all of its operations.

Risks associated with macroeconomic factors

The Company's operations are affected by macroeconomic factors outside the Company's control, such as supply and demand, inflation, deflation and interest rate fluctuations as well as volatility in investment demand. An economic downturn could, for example, lead to lack of liquidity in the capital markets, affecting the Company's ability to raise additional capital when needed or on financial terms acceptable to it, which could affect Cinclus Pharma's ability to fund its continuing operations, including its commercialization plans for linaprazan glurate. An economic downturn could also put pressure on healthcare payers, including authorities, insurance companies

and hospitals, resulting in a lower willingness to pay for pharmaceutical products, which could adversely affect the Company's operations, financial position and future profits, if its drug candidate receives regulatory approval and is commercialized. A weak or declining economy could also strain the Company's suppliers, possibly resulting in supply chain disruptions. In recent years, a number of events have occurred, the long-term impact of which remains uncertain, including pandemic outbreaks, political instability and conflicts between major countries causing escalating trade restrictions and countermeasures. Materialization of any of the foregoing risks could harm the Company's operations and the Company cannot with certainty fully anticipate how the future economic climate, macroeconomic events and financial market conditions could adversely affect the Company's operations.

Cinclus Pharma is also exposed to risks related to political instability, such as Russia's invasion of Ukraine. Historically, the Company has operated in the region through a clinical study in Ukraine and neighboring countries. Due to Russia's invasion of Ukraine, the Company had to allocate resources to clinics in other countries to maintain patient recruitment, causing a delay to the Phase II study. Going forward, the Company may not be able to conduct operations or recruit candidates for its studies in this region. Political uncertainty and instability may, as was the case in Ukraine, cause a study to be cancelled or delayed, and may require the Company to engage additional sites to achieve sufficient volumes of patients recruited for the studies. Failed or delayed studies or the need to add additional study sites may result in increased research and development expenses for the Company, which may have a material adverse effect on Cinclus Pharma's operations, operating income, cash flow and financial position. Furthermore, if such relocation requires Cinclus Pharma to conduct future clinical studies in countries or regions where the Company has not previously been active, the Company may be required to adapt to new regulations and regulatory landscapes, which could require substantial additional time and resources.

Risks associated with changes to laws, regulations and governmental interpretations and practices

The pharmaceutical industry is heavily influenced by laws and regulations pertaining to all aspects of the life cycle of a pharmaceutical product, such as approval processes, quality assurance and documentation requirements. The development and launch of new pharmaceutical products are subject to increasingly strict requirements, with respect to, *inter alia*, health technology assessments and reimbursement decisions, evidence requirements, potential risk sharing agreements and the influence of key opinion leaders ("**KOLs**") and clinicians. Over time, new legislation may be introduced, which could alter the regulatory framework that governs pre-clinical and clinical studies, regulatory approvals, post market surveillance as well as production and marketing of regulated products. Governments must balance the conflicting interests of reducing healthcare costs whilst also incentivizing the pharmaceutical industry to develop new pharmaceutical products and treatments for diseases where medical needs exist. In addition, regulations from supervisory authorities, and their guidance, may be revised or re-interpreted, in light of new scientific findings, in ways that may have a material adverse effect on the operations of pharmaceutical companies. Such changes, revisions and/or re-interpretations may result in additional requirements for pre-clinical and clinical studies, changes to production methods and pharmacovigilance systems and increased documentation obligations. Changes in laws and regulations regarding pharmaceutical products, both in the U.S. and in the EU, as well as in other relevant markets, together with changes in the practices and interpretations made by relevant authorities, may result in increased research and development expenses and have a material adverse effect on Cinclus Pharma's operations, operating income, cash flow and financial position.

In April 2023, the European Commission published a proposal for a new pharmaceutical legislation. The proposed new legislation aims to ensure access to affordable medicines for patients, address unmet medical needs and support competitiveness and innovation.The proposal includes a revision of the data protection regime and orphan and pediatric incentives and may adversely impact the protection and rewards currently associated with the development of innovative drugs.[1)] Furthermore, in the EU, the implementation of the Regulation (EU) 2021/2282 on Health Technology Assessment will establish a system for joint clinical assessment at EU level for medicines approved through the centralized procedure. This system will be implemented in phases starting 2025.[2)] Although the aim of this regulation is to avoid duplication and ensure early access for patients, there is a risk that drug developers face difficulties navigating the EU and national processes which may result in duplicate work. If such risk materializes it may result in delays to market access, and additional research and development expenses.

Furthermore, pricing of pharmaceutical products is almost exclusively a matter of national law and policy, with regard to pricing mechanisms, pricing levels of new products and information obligations. Refer to the section "*– Risks associated with market acceptance and pricing of linaprazan glurate*" for further information.

1) Based on current legislation under revision in the EU. According to a proposal from the European Commission, the data exclusivity period in the EU may be reduced by up to two years, unless the drug is launched in all EU countries where marketing authorization is available within a certain period of time. For further information, refer to the proposal for a Directive of the European Parliament and of the Council on the Union code relating to medicinal products for human use, and repealing Directive 2001/83/EC and Directive 2009/35/EC, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX-:52023PC0193.
2) Regulation (EU) 2021/2282 of the European Parliament and of the Council of 15 December 2021 on health technology assessment and amending Directive 2011/24/EU.

Legal risks

Risks associated with obtaining and maintaining relevant registrations and approvals from regulatory authorities

Prior to marketing, a pharmaceutical product must be evaluated through extensive regulatory procedures and be approved by e.g., the U.S. Food and Drug Administration ("**FDA**"), the European Commission based on a positive opinion of the European Medicines Agency ("**EMA**") or other regulatory authority in the relevant market. The approval procedure is time consuming and includes requirements relating to the quality of the drug, its manufacturing, pre-clinical and clinical evidence, product information including labelling, risk management and pharmacovigilance (the detection, assessment, understanding and prevention of adverse effects or any other drug-related problem). Regulatory procedures typically have set timelines, but there is always a risk of delays. Authorities are not bound by the advice they provide during the development process and may revise their assessments in light of new scientific evidence, which may lead to delays and additional research and development expenses due to required changes to the Company's studies. Regulatory authorities may disagree with Cinclus Pharma's interpretation of the data submitted for their review. The data collected from clinical studies may be insufficient to support regulatory approval. Cinclus Pharma and/or its potential licensees intends to seek approval from the FDA and the European Commission. For the rest of the world ("**RoW**"), existing and potential licensees may also seek approval from other regulatory authorities in the relevant markets. Such authorities might make different assessments regarding, *inter alia*, the need for additional studies. If necessary approvals, licenses or registrations are not obtained, it would have a material adverse effect on the Company's current commercialization strategy and timeframe and limit its ability to initiate sales of linaprazan glurate and potentially force the Company to discontinue its operations.

After a product has been approved, certain regulatory requirements have to be met in order to maintain regulatory approval. Pharmaceutical products, distributed or manufactured in accordance with an approval from the FDA or the European Commission, are subject to extensive and continuously updated regulations in several areas, e.g., requirements regarding pharmacovigilance including adverse event and periodic safety reporting, regulatory life cycle management including variations to the regulatory approval and renewal thereof, serialization, product sampling and distribution, advertising and promotion. Side effects that have not been identified during the clinical studies may be revealed during commercial use after approval. If any non-compliance with regulatory requirements occurs or if there are other patient safety related problems with the drug, the relevant competent authority may take regulatory measures, including, but not limited to, cancellation or withdrawal of the regulatory approval or other limitations (e.g., introducing a contraindication, limitations on the medical indication, risk management measures or require supplementary studies). The competent authority may also decide on a recall of the drug, or of specific batches, from the market and impose civil or criminal penalties or administrative fines.

Any inspection or government investigation of alleged violations of laws and regulations could require Cinclus Pharma to allocate significant time and resources in response. Such inspections or investigations could also generate negative publicity. The competent regulatory authorities have broad enforcement power, and a failure by Cinclus Pharma or its partners to comply with applicable regulatory requirements can, *inter alia*, result in the events described above or penalties and may delay commercialization of linaprazan glurate, increase research and development expenses which may adversely affect Cinclus Pharma's operations, operating income, cash flow, financial position and future prospects.

The pharmaceutical market is strictly regulated and relevant laws and regulations, as well as the relevant regulatory authorities and other authorities' practices and interpretations of such laws and regulations, may change over time, which could result in the Company not being able to keep or obtain necessary registrations and approvals. Further, national and international regulatory authorities could stop or delay the development of a certain pharmaceutical product based on new data or scientific information and could also, temporarily or indefinitely, withdraw a pharmaceutical product from the market following an approval, if they consider that public health safety is endangered.

Risks associated with failure to protect current and future intellectual property rights

As Cinclus Pharma's primary business and competence is in the field of research and development of pharmaceutical products, the Company's commercial success is dependent on its ability to protect current and future intellectual property rights against third-party challenges and successfully enforcing these rights against third-party competitors. The Company's intellectual property rights are mainly protected through granted patents, patent applications and the issuance of supplementary protection certificates.

The patent positions of companies operating in the pharmaceutical and biomedical sectors can be highly uncertain and involve complex legal, scientific and factual questions for which important legal principles remain

unresolved. Accordingly, the Company cannot predict the breadth of claims that may be allowable, whether any claims will be allowed in its pending applications, the outcome of the Company's existing patent applications and future applications or the enforceability of the Company's existing and future patents. Further, even once a patent is granted, for a given period after allowance or grant patents may remain open to opposition, interference, re-examination, post-grant review, inter partes review, nullification, or derivation action in court or before patent offices or similar proceedings, during which time third parties can raise objections against such initial grant. Such proceedings may continue for a protracted period of time and an adverse determination in any such proceedings could reduce the scope of the allowed or granted claims thus disputed, or could result in the Company's patents being invalidated in whole or in part, or being held unenforceable, which could allow third parties to commercialize the Company's drug or technology or compete directly with the Company without payment to the Company.

Patents are only granted for a limited time period and linaprazan glurate may be copied by third parties after the expiration of the term of the patent, which may affect the sales of the Company's own drug. Further, the patents obtained by the Company may not provide sufficient protection to prevent others from using the Company's technology, or from developing competing products or technology. If any of these risks were to materialize, it may have a material adverse effect on the Company's future revenues, operating income and financial position. In certain markets and jurisdictions, the Company may also be forced to license its patents under terms that are not considered favourable. New or amended legislation or changes in authorities' interpretation of such legislation and related practices may also adversely impact patent protection (including protection through supplementary protection certificates), which may diminish the value of the Company's intellectual property.

In the EU, a new unitary patent system took effect on 1 June 2023, which significantly impacts European patents, including those granted before the introduction of the new system. Under the new system, European patent applicants can, upon grant of a European patent, opt for the patent to become a Unitary Patent in respect of the EU member states participating in the new system, which will be subject to the jurisdiction of a new Unitary Patent Court ("**UPC**"). As the UPC is a new court system, there is limited precedents from the court, increasing the uncertainty of any litigation. For patents granted before the implementation of the UPC, as well as for patents granted during a transitional period of at least seven years from the implementation of the UPC, there will be an option of opting out of the jurisdiction of the UPC and remaining as national patents in the EU member states participating in the UPC. Patents that remain under the jurisdiction of the UPC will be potentially vulnerable to a single UPC-based revocation challenge that, if successful, could invalidate the patent in all EU member states that are signatories to the UPC. It is not possible to predict what impact the new patent regime may have on the Company's ability to exclude competitors in the European market.

The Company is also dependent on the protection of know-how and trade secrets. Unlike patents and other intellectual property rights, know-how and trade secrets are not protected by exclusive rights by registration or similar. Unauthorized disclosure or use of the Company's know-how and trade secrets could render it impossible to obtain a patent, or could deprive the Company of competitive advantages, which may have a material adverse effect on the Company's future operations, operating income and financial position. Enforcing a claim that a third-party entity illegally obtained and is using any of the Company's trade secrets is expensive and time consuming, and the outcome is difficult to predict. If the Company fails to maintain trade secret protection for linaprazan glurate, third parties could use the Company's proprietary information, which could impair the Company's ability to compete in the market and adversely affect its ability to generate revenues and attain profitability. In addition, third parties may obtain patents that could limit or impact the Company's freedom to operate in certain jurisdictions.

Risks associated with intellectual property claims or alleged infringement of third-party patents or other intellectual property rights

If the Company's patents were to be challenged by third parties, it could result in the patents being declared null and void by a patent court. Another party could assert an inventorship claim against the Company, which could result in uncertainties regarding ownership rights to the Company's inventions. The Company could unintentionally infringe on intellectual property rights held by third parties, or wrongfully be alleged for such infringement, which in both cases could entail considerable legal expenses and cause damage to the Company's reputation. Conversely, the Company's patents and other intellectual property rights may, intentionally or unintentionally, be infringed by third parties. In addition to being time consuming and thus disrupting the Company's operations, patent infringements or challenges of intellectual property rights could entail considerable legal expenses related to the defense of the Company's intellectual property rights.

If the Company fails in defending against any such claims, monetary damages may have to be paid, which may have a material adverse effect on the Company's operating

income and financial position. The Company could further lose valuable intellectual property rights, such as exclusive ownership of valuable intellectual property rights or the right to assert those rights against third-parties marketing competing products. Even if the Company is successful in bringing or defending such claims, litigation could result in substantial expenses and constitute a distraction to management and other employees, which may have a material adverse effect on the Company's operations, operating income, cash flow and financial position.

Risks associated with legal and administrative proceedings and compliance with laws and regulations

From time to time, Cinclus Pharma may be subject to litigation and complaints from its customers, employees or other third parties, alleging, *inter alia*, violation of competition law, labor laws, consumer protection laws or various medical regulatory obligations. Such proceedings may involve alleged intellectual property infringements, the validity of certain patents or appealing supervisory authorities' decisions. Disputes may also arise in the future in the event of customers claiming that linaprazan glurate is deficient, inadequate or ineffective, and do not meet the level of quality expected by the customer. Cinclus Pharma is also responsible for any damages related to the drug candidate examined during its clinical studies. Disputes regarding compensation liability for Cinclus Pharma may arise if Cinclus Pharma terminates a subcontractor or cooperation agreement. Furthermore, Cinclus Pharma may be adversely affected by ongoing or future disputes related to pricing and reimbursement of its products, its operations and intellectual property.

Regardless of the merits and ultimate outcome of a dispute, Cinclus Pharma risks incurring significant expenses. In addition, legal and administrative proceedings may cause negative publicity, which may also harm Cinclus Pharma's brand and reputation, regardless of the outcome of the proceedings. In the event of legal or administrative proceedings, the handling of such disputes and claims will be time-consuming for the Company and its management. It may also be difficult to predict the risk of, or possible outcomes of, such procedures, some of which may be unfavorable to Cinclus Pharma. Legal and administrative proceedings can thus have a material adverse effect on Cinclus Pharma's operations, operating income and financial position. Changes in interpretations of laws and regulations to which the Company is subject or legal standards in one or more of the jurisdictions in which Cinclus Pharma operates may increase the Company's liability exposure.

The pharmaceutical market is strictly regulated to minimize the risk of illegal actions and corruption. As the Company's business develops and if linaprazan glurate is commercialized, the Company's expenses for ensuring compliance with applicable laws and regulations may increase. The Company may be investigated or sanctioned for actions deemed as inappropriate or illegal and may incur legal or other expenses to defend itself against such accusations, which could have a material adverse effect on Cinclus Pharma's operations, operating income, cash flow and financial position. Further, new or amended legislation or changes in the authorities' interpretation of such legislation and practices relating thereto may have a negative impact on the Company's operations, operating income, financial position and future prospects. If Cinclus Pharma fails to comply with applicable laws and regulations, including regulations that will apply to Cinclus Pharma once the Company becomes a listed entity, such as the EU Market Abuse Regulation ("**MAR**"), it may entail limitations in the operations of the Company, increased costs of operation, fines or other sanctions. For instance, sanctions charges for legal persons' breaches of MAR may amount to a maximum of EUR 15 million, 15 percent of the total annual revenue or three times the profit/avoided loss. Even if an investigation or proceeding does not result in a sanction or if the sanction imposed against Cinclus Pharma or its personnel by a regulator is small in monetary count, the negative publicity relating to such investigation, proceeding or imposition of these sanctions could harm Cinclus Pharma's brand or reputation. For a pharmaceutical company with only one drug candidate under development, study results for such drug candidate are of particular importance, and any information leakage regarding the Company's studies on linaprazan glurate could therefore have a major impact on the Company.

Cinclus Pharma's Swiss subsidiary, Cinclus Pharma AG, was involved in a now settled dispute with its license partner Sinorda during the years 2020–2022. Cinclus Pharma terminated the license agreement with Sinorda due to an alleged material breach of the agreement by Sinorda. Sinorda argued that the termination constituted a material breach of the license agreement, terminated the license agreement and invoked an option in the license agreement. Cinclus Pharma then terminated the license agreement due to a subsequent alleged material breach of contract by Sinorda. Each party disputed the other party's termination/s. On 22 August 2022, Cinclus Pharma and Sinorda agreed to settle the dispute and agreed that the license agreement would continue in full force and effect and to amend the license agreement in certain aspects. For further information, refer to sections "*Legal considerations and supplementary information – Disputes – Dispute with Sinorda*" and "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*".

Cinclus Pharma is also dependent on its employees, suppliers and other external parties' compliance with applicable laws and regulations as well as internal governing documents, including policies, codes of conduct and ESG aspects (Environmental, Social and Governance). Any misconduct could include, *inter alia*, non-compliance with laws and regulations related to money laundering,

bribery, export controls and trade sanctions, competition, IFRS, accounting and financial reporting, environment, health and safety, business ethics, ESG and equal treatment. Non-compliance with applicable laws, regulations and policies could have an adverse impact on Cinclus Pharma's operations and reputation. Internal governing documents, including policies and codes of conduct, may prove to be insufficient or ineffective, particularly in relation to risks that cannot be fully or adequately identified or anticipated. If the Company's internal controls and other measures to ensure compliance with laws, regulations, internal guidelines and policies would be insufficient or ineffective, there is a risk of reputational damage and/or criminal prosecution in the event of a violation of law. Further, the Company may be required to allocate substantial financial resources to address non-compliance matters, defend itself against allegations, be subject to sanctions such as fees, fines, product seizures, business restrictions and/or criminal penalties, and potentially force Cinclus Pharma to cease all or part of its operations.

Risks associated with processing personal and health data

Cinclus Pharma routinely processes personal and health data, including information about the Company's employees and, via its CROs, the patients enrolled in the Company's clinical studies. Accordingly, Cinclus Pharma is required to comply with applicable data protection and privacy laws and regulations in the jurisdictions where the Company operates, including the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the General Data Protection Regulation, the "**GDPR**"). The GDPR, together with national legislation, regulations and guidelines governing the processing of personal data, impose strict obligations with respect to, and restrictions on, the collection, use, retention, protection, disclosure, transfer and processing of personal data. The nature of the Company's operations (and in particular its processing of health data via its CROs) may subject it to more stringent obligations and sanctions under the GDPR given that, under the GDPR, health data is classified as special category of data subject to certain additional requirements governing its processing.

A regulatory authority or a court may find that the measures taken by Cinclus Pharma in order to comply with the requirements of the GDPR are insufficient and that Cinclus Pharma processes data unlawfully. In addition, failures in the security, reliability, functionality and maintenance of the Company's IT systems could result in the Company not being able to accurately collect, maintain and protect such data (refer to section "*– Risks associated with IT systems, cyber security and inadequate storage of data*"), thereby leading to non-compliance with the GDPR. Further, the GDPR increases the scrutiny of transfers of personal data from, for example, clinical sites located in the EU to other jurisdictions that are not deemed to have adequate protection for personal information. Any failure by Cinclus Pharma, the CROs or other contractors to comply with the strict rules on the transfer of personal data outside of the EU into such jurisdictions may result in the imposition of sanctions on Cinclus Pharma or such CROs or contractors, which may adversely affect the Company's business.

Any failure to comply with the GDPR could lead to administrative fines totaling a maximum of EUR 20 million, or 4 percent of the Company's annual global turnover, depending on which amount that is highest. For slightly less serious cases of non-compliance, the administrative fines may total a maximum of EUR 10 million or 2 percent of the Company's annual global turnover. Compliance failures may also result in reputational damage as well as claims in damages from individuals and injunctions from supervisory authorities, which may have a material adverse effect on the Company's operating income and financial position.

Furthermore, certain health privacy laws, data breach notification laws, consumer protection laws, data regulatory laws and genetic testing laws, such as the Act (2002:297) on biobanks in medical care etc. (Sw. *lag (2002:297) om biobanker i hälso- och sjukvården m.m.*) may apply directly to the Company's operations and/or those of the CROs or other partners. Such laws may impose restrictions on the Company's and/or the CRO's or other collaborator's collection, use and dissemination of individuals' health information. More broadly, certain data regulatory laws may be introduced in the future (such as the European Commission's proposal for a Regulation of the European Parliament and of the Council on the European Health Data Space) that might require the Company to disclose or make available certain health data on terms that might not be favorable or might not adequately (or at all) protect or maintain its intellectual property rights in, or confidentiality of, that data. In addition, patients about whom the Company, the CROs or other partners obtain health information, as well as the providers who share this information with the Company, may have statutory or contractual rights that limit the Company's ability to use and disclose the information.

Compliance with privacy-related obligations is a rigorous and time-intensive process. The Company may be required to allocate significant capital and other resources to ensure ongoing compliance with such obligations. Claims that the Company has violated individuals' privacy rights or breached its contractual obligations, even if the Company is not found liable, could be costly and time-consuming to defend against and result in adverse publicity causing reputational damage to the Company.

If the Company or its CROs or other contractors fail (or are perceived to have failed) to comply with applicable laws, the Company, its CROs or other contractors could be subject to a range of government enforcement actions

or litigation that could affect the Company's, its CROs or other contractors' ability to develop, commercialize and market the Company's drug, or could substantially increase the expenses for developing, commercializing and marketing the Company's drug.

Any of the foregoing could have a material adverse effect on the reputation, operations, financial condition, operating income, cash flow and prospects of the Company and require that the Company devote substantial resources that could otherwise be used in other aspects of the operations.

Risks associated with potential tax liability and changes in tax legislation

The Company's operations are conducted in accordance with the Company's interpretations of current tax legislation, tax treaties and other tax regulations as well as statements from relevant authorities, such as the Swedish Tax Agency. The Company is from time to time subject to tax audits, reviews and amendments to tax legislation, which may have a material adverse effect on the Company's tax situation. Furthermore, tax legislation is complex and may be subject to various interpretations. Accordingly, tax audits or reviews could result in additional taxes being imposed or deductions being denied, for example with regard to former acquisitions of companies, re-organizations and intra-group transfers of intellectual property and other assets, especially in relation to valuation of such assets, which could have a material adverse effect on the Company's operations, net income and financial position.

As laws, treaties and other regulations on taxation, as well as other fiscal fees, historically have been subject to repeated changes and adjustments, further changes are to be expected in the jurisdictions in which Cinclus Pharma operates, possibly with a retroactive effect. Such changes may have a material adverse effect on Cinclus Pharma's tax burden as well as its net income, financial position and operations.

Risks associated with tax losses carried forward

As a result of the operations having generated losses, Cinclus Pharma has accumulated large tax deficits. A change of control that leads to the decisive influence over Cinclus Pharma being altered may impose a restriction (in whole or in part) on the ability to utilize such tax losses in the future. The ability to utilize the tax losses in the future may also be adversely affected by future changes in applicable law. Such restrictions and changes could have a material adverse effect on the Company's operations, net income and financial position.

Financial risks

Risks associated with negative operating results and continued financing needs

Cinclus Pharma has, since the start of its operations, reported negative operating income and cash flows from operations. These are expected to remain negative until linaprazan glurate becomes an approved and marketed product. The Company's net losses were SEK 215.1 million for the financial year ended 31 December 2023. All of Cinclus Pharma's losses have essentially resulted from expenses incurred in connection with developing linaprazan glurate and from general and administrative expenses associated with the Company's operations. Cinclus Pharma will continue to require significant capital for development in order to progress pre-clinical and clinical studies on linaprazan glurate at the speed and scope that the Company believes is in the best interest of the Company and its shareholders. The development of linaprazan glurate will require substantial time and resources before the Company and/or its existing and potential licensees will be able to apply for or receive regulatory approvals and begin generating revenue from licensing and royalty arrangements and other commercial sales of linaprazan glurate. The Company expects to continue to incur losses for the foreseeable future and anticipates that these losses will increase substantially as the Company continues the development of and seeks regulatory approval for, and potentially commercializes linaprazan glurate, as well as when the Company seeks to identify, assess and develop additional product or drug candidates.

Although the proceeds from the Offering are expected to strengthen the Company's financial position and that the Company believes that the proceeds will be sufficient to fund the initiation and completion of Study 1a and 1b eGERD, if the costs of Study 1a and 1b eGERD turn out to be higher than anticipated, if studies are delayed or if contractors fail to manufacture the drug to the proper quality standard, it is not certain that the proceeds from the Offering will be sufficient to continue the preparations of, initiate and complete Study 1a and 1b eGERD.

In addition, Cinclus Pharma will need additional capital to successfully launch and commercialize linaprazan glurate, to finance Study 2a and 2b eGERD and to further develop linaprazan glurate in relation to other medical indications than eGERD, such as dual therapy for *H. pylori* infection with only one antibiotic. Both the extent and timing of Cinclus Pharma's future capital requirements are dependent on a number of factors, such as expenses for the future pre-clinical and clinical studies and the outcome thereof and the market acceptance of linaprazan glurate as well as when trade payments are made and the size of upfront, milestone and royalty payments and/or revenue from direct sales that the Company may conduct in the future. If the expenses turn out to be higher than anticipated, if

studies are delayed, or if contractors fail to manufacture the drug to the proper quality standard, the Company's future costs to launch and commercialize linaprazan glurate, for Study 2a and 2b eGERD, the *H. pylori* study program and other planned studies may also exceed the Company's estimate of such costs.

Additional external financing may possibly be obtained from third parties or from existing shareholders through different types of financing initiatives. However, it is not certain that new capital can be raised, or loan financing obtained when needed or on satisfactory terms, or that available financing is sufficient to finance operations in accordance with established plans and objectives. Both access to and the conditions of additional financing depend on a number of factors, including market conditions and the general availability of capital and Cinclus Pharma's credit rating and credit capacity. Disruptions and uncertainty in the credit and capital markets may also limit access to additional capital. If Cinclus Pharma fails to obtain sufficient financing on favorable terms, or at all, the Company may be forced to restrict its development or other activities and potentially force Cinclus Pharma to discontinue all or part of its operations. The terms of available financing could also have a material adverse effect on the Company's operations or on shareholders' rights. Should the Company choose to obtain additional financing by issuing shares or share-related instruments, shareholders who decide not to participate will suffer from dilutive effects, while debt financing, if available to the Company, may contain restrictive conditions which can limit the Company's flexibility and profitability. Even if the Company should manage to secure additional funding when required, the Company's future capital requirements may differ from estimates made by the Company. Furthermore, it is not certain that Cinclus Pharma will reach sufficient levels of revenue or positive cash flow in the future in order to finance the Company's operations. If Cinclus Pharma is unable to pursue attractive business opportunities, it could curtail the Company's ability to maintain its market position or the competitiveness of its product offering, which could have a material adverse effect on the Company's operations, operating income and financial positions.

Furthermore, the Company's auditor has stated in its report on the Company's financial statements for the financial year ended 31 December 2023, that there are material uncertainties relating to the going concern assumption that may cast significant doubt on the Company's ability to continue as a going concern in light of statements the Company has made that it needs additional funding in the second quarter of 2024 to continue its operations, see further "*Operating and financial Review – Liquidity and Capital Resources – Remarks and disclosures of particular importance in the Auditor's Report*". The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital.

Risks associated with currency fluctuations

As a result of the Company's international operations, its net income and financial position are exposed to exchange rate fluctuations mainly between SEK and USD, EUR, CHF and GBP. If the Company's development of linaprazan glurate proceeds according to plan, it is likely that this exposure will increase in the future. A large portion of Cinclus Pharma's future potential income and expenses is expected to be in foreign currencies, mainly USD and EUR. As of 31 December 2023, an increase/decrease of ten percent of the USD/SEK and EUR/SEK exchange rates, respectively, towards SEK as at 31 December 2023 would have affected the Group's net income by +/– SEK 1.2 million and +/– SEK 5.9 million, respectively. Accordingly, currency fluctuations could have a material adverse effect on the Company's net income, cash flow, financial position and capital resources.

Risks associated with the securities

Risks associated with future trading and volatility in Cinclus Pharma's ordinary shares

Prior to the Offering, there is no public market for Cinclus Pharma's ordinary shares and it is not certain that an active and liquid market will develop or, if developed, that it will be sustained after completion of the Offering. The Offering Price has been determined by the Company's board of directors, in consultation with the Managers, based on a number of factors, including discussions with specific institutional investors, a comparison with the market price of other comparable listed companies, an analysis of past transactions for companies in the same industry and stage of development, current market conditions and estimates of the Company's business prospects and profit prospects. The Offering Price will not necessarily reflect the price at which investors in the market will be willing to buy and sell the ordinary shares following the Offering. Investors may, thus, not be able to resell the ordinary shares at or above the Offering Price.

Risks associated with sales of ordinary shares by existing shareholders

The market price of Cinclus Pharma's ordinary shares could decline if there are substantial sales of the Company's ordinary shares, particularly sales by the Company's directors, executive management, and significant shareholders, or otherwise when a large number of ordinary shares are sold.

The members of Cinclus Pharma's board of directors and executive management as well as certain other shareholders have undertaken, subject to certain exceptions, for a certain time after trading on Nasdaq Stockholm has commenced (the **Lock-up period**"), not to sell their shares or enter into transactions with a similar effect without the prior written consent of Carnegie. As at the date of the Offering Circular, shareholders with a total holding of approximately 90 percent of the total number of outstanding shares and votes in the Company prior to the

Offering have undertaken to refrain from selling shares during the Lock-up period. The Lock-up period for board members and senior executives of the Company will be 360 days and 180 days for other shareholders who have undertaken to refrain from selling shares. After the expiry of the relevant lock-up period, the shareholders subject to lock-up will be free to sell their shares in Cinclus Pharma. Any sales of substantial amounts of Cinclus Pharma's shares in the public market by members of the board of directors, executive management or major shareholders of Cinclus Pharma, after the applicable Lock-up period, or the perception that such sales might occur, could cause the market price of Cinclus Pharma's ordinary shares to decline.

Risks associated with dilution for shareholders

If Cinclus Pharma decides to raise additional capital, for example through an issue of new shares or other securities, shareholders who cannot participate in such an issue, or choose not to participate, could have their holdings diluted. The same applies if an issue of new shares or other securities is directed at persons other than the Company's shareholders. The annual general meeting on 8 April 2024 resolved to authorize the board of directors to, on one or more occasions during the period until the next annual general meeting, resolve to issue new shares, warrants and/or convertibles. The number of shares that may be issued under the authorization, the shares that may be issued upon subscription of new shares under warrants or the shares that may be issued upon exchange of convertibles may not exceed 20 percent of the total number of registered shares in the Company the first time the authorization is utilized, meaning that certain issues may be carried out without the approval of the general meeting.

Furthermore, the Company has issued warrants and employee stock options within the framework of incentive programs for the Company's senior executives, other employees and KOLs. The exercise of such instruments, if and when it occurs, will result in a dilution for other shareholders. Full exercise of all outstanding warrants and employee stock options would result in a dilution of up to 3.44 percent of the total number of shares and votes in the Company after completion of the Offering and the Set-off Issue, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full.

On 3 June 2024, the extraordinary general meeting resolved to authorize the board of directors to issue a maximum of 854,430 class C shares and to repurchase all class C shares in order to transfer them, after conversion into ordinary shares, to the participants in the Company's performance share program and employee stock option program, which are conditional upon the Company's ordinary shares being admitted to trading on Nasdaq Stockholm (refer to sections "*Share capital and ownership structure – Incentive programs – Employee Stock Option Program 2024/2027*" and "*Share capital and ownership structure – Incentive programs – Performance Share Program 2024/2027*"). Full allotment under the programs would result in a dilution of up to 1.77 percent of the total number of shares and votes in the Company following the completion of the Offering and the Set-off Issue, provided that the Offering is fully subscribed and the Over-allotment Option is fully exercised.

Risks associated with potential future dividends

In view of Cinclus Pharma's financial position and negative earnings, the Company has not yet paid any dividends to its shareholders. The Company's board of directors does not intend to propose any dividends until when, and if, the Company generates long-term sustainable profits and has a positive cash flow. Instead, Cinclus Pharma's financial resources will mainly be used to finance the Company's development of linaprazan glurate and any future development of other drug candidates. As a result, there is a risk that no dividends will be paid and in such event an investor's potential return will depend solely on the future development of the share price.

Risks associated with differences in currency exchange rates affecting the value of shareholdings or dividends paid

Cinclus Pharma's ordinary shares will be denominated in SEK only, and any dividends will be paid in SEK. As a result, shareholders outside Sweden may experience adverse effects on the value of their shareholding and their dividends, when converted into other currencies if the SEK depreciates against the relevant currency.

Risks associated with potential future cash issues for shareholders in the U.S. and certain other countries outside Sweden

If the Company issues new shares in a cash issue, shareholders shall, as a general rule under the Swedish Companies Act, have preferential rights to subscribe for new shares proportionally to the number of shares held prior to such issue. Shareholders in certain other countries may, however, be subject to limitations that prevent them from participating in such rights offerings, or that otherwise makes participation difficult or limited. For example, shareholders in the U.S. may be unable to exercise any such rights to subscribe for new shares unless a registration statement under the Securities Act is effective in respect of such subscription rights and ordinary shares or an exemption from the registration requirements under the Securities Act is available. Shareholders in other jurisdictions outside Sweden may be similarly affected if the rights and the new ordinary shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. Cinclus Pharma is under no obligation to file a registration statement under the Securities Act or seek similar approvals under the laws of any other jurisdiction outside Sweden in respect of any subscription rights and ordinary shares and doing so in the future may be impractical and costly. To the extent that shareholders

in jurisdictions outside Sweden are not able to exercise their rights to subscribe for new shares in any future rights issues, their ownership in the Company may be diluted or reduced.

Risks associated with undertakings from Cornerstone Investors

The Cornerstone Investors have undertaken to subscribe for ordinary shares in the Offering, corresponding to approximately SEK 181 million. The Cornerstone Investors will hold approximately 23.61 percent of the total number of shares and votes in the Company after the completion of the Offering and the Set-off Issue, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full. However, the Cornerstone Investors' undertakings are not secured by any bank guarantee, blocked funds or pledge of collateral or similar arrangements. For this reason, it is not certain that the Cornerstone Investors will be able to, entirely or partly, meet their undertakings. Moreover, the Cornerstone Investors' undertakings are conditional, such as achieving a certain distribution of the Company's ordinary shares in connection with the Offering as well as that the Offering is completed within a certain period of time. In the event that any of these conditions are not fulfilled, it is not certain that the Cornerstone Investors will fulfil their undertakings, which could have a negative impact on the completion of the Offering.

Risks associated with income tax for U.S. investors if Cinclus Pharma is considered to be a passive foreign investment company

Special U.S. tax rules apply to non-U.S. companies that are considered to be a Passive Foreign Investment Companies ("**PFICs**"). Cinclus Pharma will be classified as a PFIC in a particular taxable year if, either (i) 75 percent or more of Cinclus Pharma's gross income consists of passive income or (ii) 50 percent or more of the average value of the Company's assets (generally determined on a quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25 percent by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, certain royalties (other than those derived in the active conduct of a trade or business) and certain gains. Cash is generally a passive asset for these purposes. The value of a company's goodwill is an active asset under the PFIC rules to the extent attributable to activities that produce active income.

The determination of whether Cinclus Pharma may be classified as a PFIC for the current taxable year cannot be made until after the end of the taxable year and will depend on all of the relevant facts and circumstances at that time, some of which may be beyond its control, such as the trading price of Cinclus Pharma's ordinary shares and the value of its assets, including goodwill and other intangible assets. Additionally, because Cinclus Pharma has limited income from operations, the determination of whether Cinclus Pharma may be a PFIC may also on the depend on the timing and amount, if any, of revenue from license and royalty arrangements or other revenues relating to the commercialization of linaprazan glurate. Refer to sections "*Operating and financial review*" and "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*." The value of Cinclus Pharma's assets for purposes of the asset test may be determined by reference to the market price of the Company's ordinary shares, and fluctuations in the market price of the Company's ordinary shares may cause Cinclus Pharma to become a PFIC for the current or subsequent taxable years. Furthermore, this analysis may also be affected by how, and how quickly, Cinclus Pharma uses the cash raised in the Offering and other cash on hand. As the PFIC tests must be applied at the end of each year, and the composition of Cinclus Pharma's income and assets and the value of its assets may change over time, it is possible that Cinclus Pharma may become a PFIC in the current or a future taxable year. Accordingly, there can be no assurance that Cinclus Pharma will not be a PFIC for any year in which a U.S. Holder holds its stock.

If Cinclus Pharma was a PFIC for any taxable year during which a U.S. investor held an ordinary share, certain adverse U.S. federal income tax consequences could apply to U.S. Holders, see "*Certain U.S. federal income tax considerations – Passive foreign investment company rules*". U.S. Holders are urged to consult their own tax advisors about the application of the PFIC rules to Cinclus Pharma.

Invitation to subscribe for ordinary shares in Cinclus Pharma

In order to facilitate the continued development of linaprazan glurate and Cinclus Pharma's growth, the board of directors of Cinclus Pharma intends to resolve on the issuance of new ordinary shares in the Company (the "**Offering**"). Furthermore, the board of directors of Cinclus Pharma has applied for listing of the Company's ordinary shares on Nasdaq Stockholm. On 29 April 2024, Nasdaq Stockholm's Listing Committee resolved to admit the ordinary shares in Cinclus Pharma to trading subject to certain conditions, including that customary conditions regarding distribution of shares are met not later than by the first day of listing, which is expected to be on 20 June 2024.

Pursuant to the terms and conditions set forth in the Offering Circular, investors are hereby offered to subscribe for a maximum of 17,023,810 newly issued ordinary shares in Cinclus Pharma.

The price of the Offering has been set to SEK 42 per ordinary share (the "**Offering Price**") by the Company's board of directors, in consultation with the Managers, based on a number of factors, including discussions with specific institutional investors, a comparison with the market price of other comparable listed companies, an analysis of past transactions for companies in the same industry and stage of development, current market conditions and estimates of the Company's business prospects and profit prospects.

The board of directors intends to, by power of authorization from the annual general meeting held on 8 April 2024, resolve on a new issue of not more than 17,023,810 ordinary shares (excluding the Over-allotment Option (as defined below)), which is expected to provide Cinclus Pharma with gross proceeds of approximately SEK 715 million before deduction of issue costs. In connection with the Offering, the outstanding bridge loans from a number of the Company's existing shareholders will be converted into ordinary shares in the Company, on the same terms as the ordinary shares issued through the Offering (the "**Set-off Issue**"). Provided that a decision by the Company's board of directors on the Set-off Issue is made on 19 June 2024, the total loan amount, including accrued interest, that will be converted into ordinary shares in connection with the Offering will amount to approximately SEK 138.05 million. This will entail that 3,286,939 additional ordinary shares are issued in connection with the Offering.[1)]

Assuming that the Offering is fully subscribed, the Company's share capital (following the Offering and the Set-off Issue) will amount to SEK 903,451.357177 divided into 46,537,789 shares, of which all ordinary shares, of which the newly issued ordinary shares in represent approximately 43.64 percent.

In order to cover any over-allotment in connection with the Offering, the Company has, at the request of the Managers, undertaken to issue a maximum of 1,702,381 additional ordinary shares, corresponding to a maximum of 10 percent of the number of ordinary shares in the Offering (the "**Over-allotment Option**"). The Over-allotment Option can be fully or partly exercised within 30 calendar days from the first day of trading of the Company's ordinary shares on Nasdaq Stockholm. If the Offering is fully subscribed, and the Over-allotment Option is exercised in full, the Offering will comprise 18,726,191 ordinary shares, corresponding to approximately 38.82 percent of the total number of shares and votes in the Company after the Offering and the Set-off Issue.

The Offering will be withdrawn and the subsequent listing on Nasdaq Stockholm will not take place in case the Offering does not reach a subscription level corresponding to SEK 715 million, excluding the Over-allotment Option and before deduction of issue costs. The Company will then seek alternative sources of financing in order to secure its financial position.

1) For further information on the Set-off Issue, refer to section "*Share capital and ownership structure – Changes related to the listing of the Company's shares – Conversion of bridge loans in connection with the Offer*".

The Cornerstone Investors, who are (directly or indirectly) existing shareholders in the Company as of the date of the Offering Circular, have undertaken to, directly or indirectly, subscribe for ordinary shares in the Offering at the Offering Price, corresponding to the amounts and proportions of the Offering listed below:

- Trill Impact Ventures Pharma 1 AB: SEK 45 million, 6.29 percent,
- The Fourth Swedish National Pension Fund: SEK 45 million, 6.29 percent,
- Linc AB: SEK 30 million, 4.20 percent,
- A number of investors that are shareholders in Regulus Pharma Fas I AB, who are shareholders in Cinclus Pharma as of the date of the Offering Circular (the "**Regulus Shareholders**")[1]: SEK 26.20 million, 3.66 percent,
- Eir Ventures I AB: SEK 20 million, 2.80 percent, and
- Irrus Investments Nominee Ltd: SEK 15 million, 2.10 percent.

The Cornerstone Investors will hold approximately 23.61 percent of the total number of shares and votes in the Company after the completion of the Offering and the Set-off Issue, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full.

Each of the Cornerstone Investors' undertakings are conditional upon, *inter alia*, (i) that the listing of the Company's ordinary shares on Nasdaq Stockholm is completed no later than 15 July 2024 and (ii) that the ordinary shares in the Offering are allocated to the Cornerstone Investors corresponding to its respective undertakings.

Furthermore, additional existing shareholders and new investors have undertaken to subscribe for ordinary shares in the Offering amounting to a total of approximately SEK 114 million, corresponding to 15.92 percent of the Offering, however without guaranteed allotment.

The total value of the Offering, based on the Offering Price, amounts to approximately SEK 715 million, and approximately SEK 787 million if the Over-allotment Option is exercised in full.

Stockholm, 10 June 2024

Cinclus Pharma Holding AB (publ)

The board of directors

1) Refers to (1) Utbildningsinstitutet i Sverige AB, SEK 7,000,000, 0.98%, (2) Postamentet Holding AB, SEK 6,000,000, 0.84%, (3) Zoft Capital AB, SEK 2,500,000, 0.35%, (4) Aerix Family Offices AB, SEK 2,000,000, 0.28%, (5) Behrad Samadi, SEK 2,000,000, 0.28%, (6) Tradite Invest AB, SEK 1,500,000, 0.21%, (7) Attendium AB, SEK 1,300,000, 0.18%, (8) Jonas Andersson, SEK 1,300,000, 0.18%, (9) LoWil Invest AB, SEK 1,300,000, 0.18% and (10) Philip Löchen, SEK 1,300,000, 0.18%.

Background and reasons

Cinclus Pharma is a clinical stage pharmaceutical company, based in Stockholm, Sweden, focused on the development of the drug candidate linaprazan glurate, a proprietary "prodrug"[1] of the molecule linaprazan, originally developed by AstraZeneca. The molecule has the potential to treat gastric acid-related diseases such as gastroesophageal reflux disease ("**GERD**") and the "peptic ulcer bacteria" *Helicobacter pylori* ("**H. pylori**") infection. There are two main categories of GERD: symptomatic non-erosive GERD ("**sGERD**") and erosive GERD ("**eGERD**"), with eGERD being the more severe type and the main medical indication for linaprazan glurate. The severity of GERD is classified under a so-called LA classification system from grade A to grade D, with grades C-D being the most severe cases.

Following AstraZeneca's phasing out of all of their gastrointestinal research and the termination of their linaprazan project, the founders of Cinclus Pharma acquired the intellectual property rights to linaprazan glurate from AstraZeneca, without any commitments or payment obligations, in order to further develop the drug candidate. Linaprazan glurate has potential to provide a new and innovative mode of action compared to the current standard of care for GERD and has the potential to address a global unmet medical need for the healing of severe eGERD (LA grade C/D). In the U.S. and EU-30[2], more than 10 million patients have severe eGERD, which in combination with the expected price level for linaprazan glurate results in the potential to reach or exceed blockbuster sales, i.e. sales of at least USD 1 billion annually, within five years from launch.[3]

In 2023, Cinclus Pharma completed a Phase II study on patients with eGERD with positive results and intends to complete preparations for the Phase III studies in 2024. The Phase III study program for eGERD consists of two study pairs ("**Study 1a and 1b eGERD**" and "**Study 2a and 2b eGERD**", respectively), where each pair consists of a healing study and a maintenance treatment study. Patient enrollment in the initial healing study 1a is expected to start in 2025 and the patients healed are expected to be included in the linked maintenance treatment study 1b. For more information on the design of the studies, refer to section "*Business overview – Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – News flow ambition and planned studies – Phase III studies on eGERD and H. pylori*". Cinclus Pharma believes that linaprazan glurate has the potential to achieve higher healing rates and improved symptom relief of severe eGERD and in shorter time compared to available drugs and that the Phase III study program and subsequent commercialization of linaprazan glurate are the natural next steps in the development of treatment options for this indication. Based on an effective commercialization strategy focused on gastroenterologists and gastroenterology-focused primary care physicians already treating patients with severe eGERD, the Company intends to evaluate multiple commercial options with the overarching mission of maximizing shareholder value. The Company's intention is to out-license or enter into other co-promotion partnerships for linaprazan glurate in all relevant markets worldwide. The Company has already entered into a license agreement with Sinorda for the development and commercialization of linaprazan glurate in China and other selected regions of Asia.

In light of this, Cinclus Pharma's board of directors and senior executives believe that it is an appropriate time to carry out a new share issuance and simultaneously apply for listing of the Company's ordinary shares on Nasdaq Stockholm. A listing of the ordinary shares in Cinclus Pharma is a logical development for the Company, as it will not only expand the shareholder base and enable Cinclus Pharma to access the Swedish and international capital markets but also increase the awareness of Cinclus Pharma and its operations among current and potential suppliers as well as partners, which will support the Company's growth and development. For these reasons, the board of directors has applied for listing of the Company's ordinary shares on Nasdaq Stockholm.

1) A "prodrug" can be defined as a drug substance that is inactive in its intended pharmacological action and must be converted into the pharmacological active substance by metabolic or physicochemical transformation. In the case of Cinclus Pharma, linaprazan glurate is the inactive "prodrug" that is converted into the active substance linaprazan in the body.
2) France, Germany, Italy, Spain, the United Kingdom, Austria, Belgium, Denmark, Finland, Ireland, the Netherlands, Portugal, Norway, Sweden, Switzerland, Bulgaria, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Poland, Romania, Slovakia, Slovenia and Iceland ("**EU-30**").
3) Source: Apex Market Report (May 2022).

The Company's up-coming pre-clinical and clinical studies, the completion of the commercial formulation of linaprazan glurate and the future commercialization of linaprazan glurate will entail significant costs for Cinclus Pharma. Provided that Study 1a and 1b eGERD is initiated, the Company estimates that the working capital deficit for the next twelve months will amount to SEK 250 million.[1)] Further, the Company estimates that the Group's cash and cash equivalents, which as of 31 March 2024 amounted to SEK 52.5 million, is sufficient to finance Cinclus Pharma's operations until June 2024. However, for ethical reasons, the Company will need to conduct its planned clinical studies up until clinical results have been achieved, which will be for a longer period than 12 months. Accordingly, the relevant funding period for the Company's clinical studies is longer than 12 months, such that the Company's working capital deficit in relation to its funding needs for its planned clinical studies is significantly greater than SEK 250 million and Cinclus Pharma intends to finance the estimated working capital deficit with the proceeds received through the Offering. Through the Offering, the Group is expected to receive proceeds of approximately SEK 715 million, excluding the Over-allotment Option, before deduction of issue costs and provided that the Offering is fully subscribed. The net proceeds from the Offering (with deduction of issue costs for the Offering) are expected to amount to approximately SEK 650 million, excluding the Over-allotment Option.

Cinclus Pharma intends to use the proceeds from the Offering in the following order of priority, with the approximate portion of the issue proceeds stated in parenthesis:

i. Continue the preparations of, initiate and complete Study 1a and 1b eGERD and finance regulatory activities (interaction with authorities and external consultants) and the ongoing operations of the Company up to and including the conduct of Study 1a and 1b eGERD (approximately 97 percent).

ii. Conduct ongoing pre-clinical studies necessary for registration of the eGERD indication (approximately 3 percent).

Assuming that the Offering is fully subscribed and the Over-allotment Option is exercised in full, the Group is expected to receive proceeds of approximately SEK 787 million before deduction of issue costs. The net proceeds from the Offering (with deduction of issue costs for the Offering and the Over-allotment Option) are expected to amount to approximately SEK 717 million if the Over-allotment Option is exercised in full. Depending on the outcome of the Over-allotment Option, Cinclus Pharma intends to use any additional net proceeds from the exercise of the Over-allotment Option to initiate and complete additional Phase I studies needed for registration of the eGERD indication.

With regard to the Company's working capital deficit in relation to its funding needs for its planned clinical studies, the Offering will be withdrawn and the subsequent listing on Nasdaq Stockholm will not take place in case the Offering does not reach a subscription level corresponding to SEK 715 million, excluding the Over-allotment Option and before deduction of issue costs. The Company will then seek alternative sources of financing in order to secure its financial position.

In other respects, reference should be made to the full particulars of this Offering Circular, which has been prepared by the board of directors of Cinclus Pharma in connection with the application for listing of the Company's ordinary shares on Nasdaq Stockholm and the Offering made in connection with the listing.

The board of directors of Cinclus Pharma Holding AB (publ) is responsible for the content of the Offering Circular. To the best of the board of directors' knowledge, the information contained in this Offering Circular is in accordance with the facts and no information that likely could affect its meaning has been omitted.

Stockholm, 10 June 2024

Cinclus Pharma Holding AB (publ)

The board of directors

1) Excluding bridge loan repayments, as the bridge loans will be mandatorily converted into ordinary shares in connection with the Offering and excluding the proceeds of the Offering. For more information on the bridge loans, refer to section "*Legal considerations and supplementary information – Material agreements – Bridge loan agreements*".

Terms and conditions

The Offering

The Offering comprises a maximum of 17,023,810 ordinary shares. The Offering is divided into two parts:

(i) The Offering to the general public in Sweden.[1)]
(ii) The Offering to institutional investors in Sweden and abroad.[2)]

The outcome of the Offering is expected to be announced through a press release on or around 20 June 2024.

Over-allotment Option

The Company intends to grant an Over-allotment Option, meaning that the Managers, no later than 30 days from the first day of trading in the Company's ordinary shares on Nasdaq Stockholm, have the right to request that a maximum of 1,702,381 additional ordinary shares are issued, corresponding to a maximum of 10 percent of the number of ordinary shares in the Offering at a price corresponding to the price of the Offering. The Over-allotment Option may only be exercised for the purpose of covering any over-allotment in the Offering. Provided that the Over-allotment Option is exercised in full, the Offering will comprise a maximum of 18,726,191 ordinary shares, which represents 38.82 percent of the shares and votes in the Company, following the completion of the Offering and the Set-off Issue, provided that the Over-allotment Option is fully exercised.

Distribution of ordinary shares

The distribution of ordinary shares will be based on demand. Distribution will be determined by The Company's Board of Directors in consultation with the Managers.

Tendering procedure

Institutional investors will be given the opportunity to participate in the Offering in a form of a tender procedure by submitting expression of interest. The tender procedure commences on 11 June 2024 and runs until 19 June 2024.

The tender procedure for institutional investors may be canceled earlier or extended. Announcement of such cancellation or any extension will be made through a press release before the end of the tender period. For further information, refer to section "*– Application – Offering to to institutional investors*" below.

Offering Price

The Offering Price has been set at SEK 42 per ordinary share by The Company's board of directors in consultation with the Managers. The Offering Price is based on a number of factors, including discussions with certain institutional investors, a comparison with the market price of other comparable listed companies, an analysis of past transactions for companies in the same industry and stage of development, current market conditions and estimates of the Company's business prospects and profit prospects. No commission will be charged.

Application

The Offering to the general public in Sweden

Applications from the general public for the acquisition of ordinary shares must be made during the period 11 June 2024 up to and including 18 June 2024 and relate to a minimum of 150 ordinary shares and a maximum of 29,990 ordinary shares[3)], in even tranches of 10 ordinary shares.

Late applications, as well as incomplete or incorrectly completed application forms, may be disregarded. No additions or changes may be made to the text printed on the application form. Only one application per investor may be made. If more than one application is made, Carnegie reserves the right to consider only the first application received. Note that the application is binding. The board of directors in consultation with the Managers, reserves the right to extend the application period. Such extension will be announced through a press release prior to the end of the application period.

1) The general public includes private individuals and legal entities in Sweden who register for the acquisition of a maximum of 29,990 ordinary shares.
2) Institutional investors include private individuals and legal entities who register for the acquisition of at least 30,000 ordinary shares.
3) Anyone applying to acquire for 30,000 or more ordinary shares must contact Carnegie, Bryan Garnier and ABG as set out in section "*–Application – The Offering to institutional investors*".

Legal Entity Identifier (LEI) is a global identification code for legal entities that is mandatory for securities transactions. Remember to apply for registration of an LEI code in ample time if you do not have one, since the code must be stated in the application. More information about the LEI requirements is available on the Swedish Financial Supervisory Authority's website www.fi.se. To be entitled to participate in the initial public offering and be allotted ordinary shares, a legal entity must hold and state their LEI number.

National ID or National Client Identifier (NCI number) is a global identification code for individuals that is mandatory for securities transactions. If you only have Swedish citizenship, your NCI number consists of the designation "SE" followed by your personal identity number. If you have multiple or any other citizenship than Swedish, your NCI number can be another type of number. For more information on how to obtain NCI numbers, please contact your bank. Remember to find out your NCI number in good time as the number must be stated on the application.

Anyone wishing to use accounts with specific rules for securities transactions, such as endowment insurance (Sw. *kapitalförsäkring*), for the acquisition of ordinary shares in the Offering must clear with the bank or institution that provides their insurance if this is possible.

Application for acquisition of ordinary shares shall be made in accordance with the instructions for each bank set out below. The Offering Circular is available on the Company's website (www.cinclusphar ma.com) and Carnegie's website (www.carnegie.se).

Applications via Carnegie
Applicants applying to acquire ordinary shares through Carnegie must have a securities depository account or investment savings account (Sw. *investeringssparkonto*) with Carnegie.

For customers with an investment savings account with Carnegie, Carnegie will, if the application results in allotment, acquire the corresponding number of ordinary shares in the Offering for further sale to the customer at the Offering Price. The application may be submitted by contacting their advisor at Carnegie. If the applicant does not have an advisor, the applicant may contact Carnegie Private Banking.

Applications via Nordnet
Nordnet clients in Sweden can apply through Nordnet's webservice. Application to acquire ordinary shares is made via Nordnet's webservice and can be submitted from 11 June 2024 up to and including 11:59 p.m. on 18 June 2024. In order not to lose the right to any allotment, Nordnet's customers must have sufficient funds available in the account from 11:59 p.m. on 18 June 2024 until the settlement date, which is expected to be 25 June 2024. Full details of how to become a Nordnet customer and the application procedure via Nordnet are available on www.nordnet.se. For customers that have an investment savings account at the Nordnet, should an application result in allotment, Nordnet will acquire the equivalent number of ordinary shares in the Offering and resell the ordinary shares to the customer at the Offering Price.

Applications via Avanza
Persons applying to acquire ordinary shares through Avanza must hold a securities depository account or investment savings account (Sw. *investeringssparkonto*) at Avanza. Persons who do not hold an account at Avanza must open such account prior to submission of the application to acquire ordinary shares. Opening a securities depositary account or investment savings account (Sw. *investeringssparkonto*) at Avanza is free of charge and takes approximately three minutes.

Depository account customers with Avanza can apply to acquire ordinary shares via Avanza's internet service. Applications via Avanza can be submitted from 11 June 2024 to and including 3:00 p.m. on 18 June 2024. In order not to lose the right to any allotment, Depository account customers at Avanza must have sufficient funds available in the specified account from 3:00 p.m. on 18 June 2024 until the settlement date, which is expected to be 25 June 2024. Full details of the application procedure via Avanza are available on Avanza's website (www.avanza.se).

Applications via Redeye
Persons applying to acquire ordinary shares through Redeye must hold a depository account with a bank or other nominee to which delivery of ordinary shares can be made. Persons who do not hold a depository account must open one with a bank or securities institution before submitting an application form. Please note that this may take some time.

Application for subscription is made by submitting the application form to Nordic Issuing AB. Subscription of ordinary shares is binding and shall be made through Nordic Issuing's platform My Pages: https://minasidor.nordic-issuing.se/member/. Subscription must be made no later than 3:00 p.m. on 18 June 2024.

Those who hold a depository or account with specific rules for securities transactions, such as an investment savings account (ISK) or an endowment insurance account (KF), must contact their contact person at Redeye for specific instructions.

Only one (1) subscription per subscriber is allowed. In the event that several subscriptions are submitted, only the last one received will be considered. Incomplete or incorrect subscriptions may be disregarded.

In the event that the subscription amounts to or exceeds EUR 15,000, a money laundering form must be completed and submitted to Nordic Issuing, in accordance with the Swedish Money Laundering and Terrorist Financing (Prevention) Act (2017:630) (Sw. *lagen om åtgärder mot*

penningtvätt och finansiering av terrorism), at the same time as payment is made. Please note that Nordic Issuing cannot book out securities, even though payment has been received, until the money laundering control is received and approved by Nordic Issuing. The money laundering form is available at https://minasidor.nordic-issuing.se/member/.

The Offering to institutional investors
The application period for institutional investors in Sweden and abroad will take place during the period 11 June 2024 up to and including 19 June 2024. The Company's board of directors, in consultation with the Managers, reserves the right to shorten or extend the application period for the Offering to institutional investors. Announcement of such an extension will be made public by the Company through a press release. Expressions of interest from institutional investors in Sweden and abroad are to be submitted to the Managers in accordance with certain instructions.

Allotment

The decision on allotment of ordinary shares will be made by the Company's board of directors, in consultation with the Managers, whereby the objective will be to achieve a strong institutional shareholder base and a wide spread of ordinary shares among the general public in order to facilitate a regular and liquid trading of the Company's ordinary shares on Nasdaq Stockholm.

The allotment is not dependent on when the application is submitted during the application period. In the event of oversubscription, allotment may not take place or may take place with a lower number of ordinary shares than the application refers to, in which case allotment may be made in whole or in part by random selection. Applications by certain customers at Carnegie, Nordnet, Avanza or Redeye and existing shareholders in Cinclus Pharma may be given special considerations.

In addition, certain related parties to the Company, as well as customers of Carnegie, Nordnet, Avanza or Redeye and existing shareholders in Cinclus Pharma may be considered separately for allotment. Allotment may also be made to employees of the Managers and Nordnet, Avanza or Redeye, however, without these being prioritized. In such case, the allotment will take place in accordance with applicable legislation and the Swedish Securities Market Association's (Sw. *Föreningen Svensk Värdepappersmarknad*).

All board members of the Company, with the exception of Nina Rawal (partner at Trill Impact Advisory advising Trill Impact Ventures Pharma 1 AB, which is a Cornerstone investor in connection with the Offering), and the Company's CEO have indicated their intention to participate in the Offering, however without guaranteed allotment.

Decision on allotment of ordinary shares within the framework of the Offering to institutional investors, as mentioned above, will be made with the aim for the Company to have a strong institutional shareholder base. Allotment among the institutional investors that have submitted expressions of interest is entirely discretionary. Cornerstone investors are guaranteed allotment in accordance with their respective undertakings.

Notification of allotment and payment

The Offering to the general public
Allotment is expected to take place on or about 20 June 2024. As soon as possible thereafter, a contract note will be sent out to those who have been allotted ordinary shares in the Offering. Those who have not been allotted ordinary shares will not be notified. Full payment for the ordinary shares allotted must be paid in cash no later than 25 June 2024 in accordance with instructions on the contract note sent out.

Application received by Carnegie
Those who applied via Carnegie can receive notification of allotment through their advisor or customer manager from 09:00 a.m. on 20 June 2024. Funds for payment are to be available in the stated securities depository account or investment savings account on 20 June 2024.

Applications received by Nordnet
Clients who have applied through Nordnet's webservice will receive information about allotment by the allotted number of ordinary shares being booked against payment of funds in the specific account, which is expected on or about 20 June 2024. Note that funds for payment of allotted ordinary shares are to be available from 11:59 p.m. on 18 June 2024 up to and including 8:00 a.m. on 25 June 2024.

Applications received by Avanza
Those who applied via Avanza's internet service will receive information on allotment by the allotted number of ordinary shares being booked against payment of funds in the specified account, which is expected to take place on or about 9:00 a.m. on 20 June 2024. For Avanza customers, funds for allotted ordinary shares will be drawn not later than the settlement date of 25 June 2024. Note that funds for the payment of allotted ordinary shares are to be available from 3:00 p.m. on 18 June 2024 to and including 25 June 2024.

Applications received by Redeye
Allotment is expected to take place as soon as possible after the end of the subscription period and notification of allotment will be received in the form of a contract note via e-mail. Information about non-allotment will not be sent to those who have not been allocated ordinary shares.

Payment shall be made according to the instructions on the contract note sent out. If payment is not made in time, there may be a risk that securities will be transferred to another party. If the sale price of such securities is less than the Offering Price, the original allottee of such securities may be required to pay all or part of the difference.

In the event that an excess amount is paid by a subscriber for ordinary shares, the excess amount will be refunded. Amounts less than SEK 100 will not be refunded.

The Offering to institutional investors
Institutional investors are expected to receive notification of allotment in particular order on or about 20 June 2024, after which contract notes will be sent. Full payment for allotted ordinary shares shall be made in cash no later than 25 June 2024, in accordance with instructions on the contract note.

Insufficient or incorrect payment
If full payment is not made in due time, allotted ordinary shares may be transferred to another party. Should the sale price in such a transfer be lower than the Offering price, the individual who was originally allotted these ordinary shares may have to pay the difference.

Registration and recognition of allotted and paid ordinary shares

Registration of allotted and paid ordinary shares with Euroclear Sweden, for both institutional investors and the general public in Sweden, is expected to take place on or about 25 June 2024, after which Euroclear Sweden will distribute a notice stating the number of ordinary shares in the Company that have been registered in the recipient's securities account or service account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the respective nominee.

Admission to trading on Nasdaq Stockholm

The Company's Board of Directors has applied for listing of the Company's ordinary shares on Nasdaq Stockholm. Nasdaq Stockholm's listing committee has on 29 April 2024 resolved to admit the Company's ordinary shares to trading on Nasdaq Stockholm, subject to certain conditions being met, including that fulfilment of the distribution requirement for the Company's ordinary shares is met not later than the first day of trading. The estimated first day of trading is on or about 20 June 2024. This means that trading will commence before the ordinary shares have been transferred to the investors' securities accounts, service accounts, securities depository accounts or investment savings accounts and, in certain cases, before a contract note has been received. For further information refer to section "*– Important information regarding the possibility to sell allotted ordinary shares*."

This also means that trading will commence before the terms and conditions for completion of the Offering have been met. The trading will be conditional on this and if the Offering is not completed, any delivered ordinary shares shall be returned, and any payments shall be refunded.

The ticker for the Company's ordinary shares on Nasdaq Stockholm will be CINPHA.

Stabilization

In connection with the Offering, Carnegie, in its role as stabilization agent for the Managers, may carry out transactions intended to stabilize the market price of the Company's ordinary share on a level that is higher than which might otherwise have prevailed in the market. Such stabilization transactions may be carried out on Nasdaq Stockholm, the over-the-counter market or in other ways, and may be carried out at any time during the period beginning on the first day of trading in the ordinary share on Nasdaq Stockholm and ending no later than 30 calendar days thereafter. For further information, refer to section "*Legal considerations and supplementary information – Stabilization*".

Announcement of the outcome of the Offering

The final outcome of the Offering is expected to be announced through a press release that will be available on the Company's website (www.cinclupharma.com) on or about 20 June 2024.

Right to dividends

The ordinary shares offered carry a right to dividends for the first time on the record date for dividends occurring immediately after the ordinary shares are admitted to trading. Any dividend is paid after a resolution by the general meeting. Payment will be administered by Euroclear Sweden or, for nominee-registered shareholdings, in accordance with the procedures of the respective nominee. The right to receive dividends belongs to those who, on the record date set by the general meeting, are registered as shareholders in the share register maintained by Euroclear Sweden. For further information, refer to section "*Share Capital and ownership structure*". For information regarding deductions for Swedish preliminary tax, refer to section "*Legal considerations and supplementary information – Important information on taxation – Swedish tax consideration*".

Terms and conditions for the completion of the offering

The Offering is conditional on the Company and the Managers entering into a placing agreement (the "**Placing Agreement**"), which is expected to take place on or about 19 June 2024. The Offering is conditional on the Company raising an amount of at least SEK 715 million, excluding the Over-allotment Option and before issue costs, interest in the Offering, according to the Company, being sufficient to enable trading in the ordinary share, the Placing Agreement being executed, the satisfaction of certain conditions in the agreement and

the Placement Agreement not being terminated. The Placing Agreement stipulates that the Managers' undertaking to procure purchasers for the ordinary shares in the Offering is conditional on, *inter alia*, the Company's representations and warranties being true and correct and no events occurring that would have a material adverse effect on the Company that would make it inappropriate to carry out the Offering. The Managers reserve the right to terminate the Placing Agreement until the settlement date of 25 June 2024 if any material adverse event occur, if the warranties given by the Company to the Managers prove to be inadequate or if any of the other conditions set out in the Placing Agreement are not fulfilled. If the above conditions are not fulfilled and if the Managers terminate the Placing Agreement, the Offering may be terminated. In such cases, neither delivery nor payment of ordinary shares will be carried out under the Offering. Under the Placing Agreement, the Company will undertake to indemnify the Managers for certain claims under certain conditions. For more information regarding the conditions for completion of the Offering and the Placing Agreement, refer to section "*Legal considerations and supplementary information – Placing Agreement*".

Important information regarding the possibility to sell allotted ordinary shares

Notification of allotment for shareholders whose holdings are nominee-registered will be made in accordance with the respective nominee's procedures. Notification of allotment to the general public in Sweden who have subscribed for ordinary shares via an application form will be made via a contract note, which is expected to take place on or about 20 June 2024. After payment for allotted ordinary shares has been received Carnegie, Nordnet, Avanza or Redeye, duly paid ordinary shares will be transferred to a securities account, service account or securities depository, as designated by the investor. The time required for sending contract notes, transferring payment, and transferring acquired ordinary shares to investors means that these investors will not have acquired ordinary shares available on such designated securities account, service account or securities depository until at the earliest 25 June 2024, or a few days thereafter.

Trading in the Company's ordinary shares on Nasdaq Stockholm is expected to commence on or about 20 June 2024. The fact that the ordinary shares are not available on the investor's securities account, service account or securities depository until 25 June 2024 at the earliest may mean that the investor is not able to sell the ordinary shares on Nasdaq Stockholm from the day the trade in the ordinary shares has commenced, but only when the ordinary shares are available in the securities account, the service account, or the securities depository. The investor may receive notification of allotment as of 20 June 2024. Refer to section "*– Notification of allotment and payment – The Offering to the general public*".

Information about the processing of personal data

Carnegie

Anyone who subscribes for, or applies for subscription of, ordinary shares will submit personal data to Carnegie. Personal data that is submitted to Carnegie, for example contact information and personal identification number, or which is otherwise registered in connection with the preparation or administration of the offering, is processed by Carnegie, as controller of the personal data, for the administration and execution of the offering. Processing of personal data also takes place to enable Carnegie to comply with its statutory duties. Personal data may for the defined purpose, in observance of bank secrecy rules, occasionally be disclosed to other companies within the Carnegie Group or to companies which co-operate with Carnegie, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases, Carnegie is also under a statutory duty to provide information, e.g., to the SFSA and Swedish Tax Agency. You can read more about how Carnegie processes personal data at https://www.carnegie.se/en/personaldata/.

Nordnet

In connection with acquiring ordinary shares in the Offering through Nordnet's online service personal data may be submitted to Nordnet. Personal Data submitted to Nordnet will be processed and stored in data systems to the extent required to provide services and administer customer arrangements. Personal data obtained from other than the customer in question may also be processed. The personal data may also be processed in the data systems of companies or organizations with which Nordnet cooperates. All relevant personal data will be deleted when the customer relationship ends, in accordance with applicable law. Information on processing of personal data is provided by Nordnet, which also accepts requests for correction of personal data. For further information on how Nordnet processes and stores personal data, please contact Nordnet's customer service, email: info@nordnet.se.

Avanza

Parties who acquire ordinary shares in the Offering will submit information to Avanza. The personal data submitted to Avanza will be processed in computer systems to the extent necessary to provide services and administer customer engagement. Personal data collected from other sources than the customer may also be processed. The personal data may also be processed in data systems of companies or organisations that Avanza cooperates with. Information regarding the processing of personal data is provided by Avanza, which also accepts requests for correction of personal data. For further information about Avanza's processing

of personal data, see https://www.avanza.se/saker-het-villkor/behandling-av-personuppgifter.html (in Swedish). Address information may be obtained by Avanza through an automated process carried out by Euroclear.

Redeye

Those who subscribe for, or apply for subscription of, ordinary shares will provide personal data to Nordic Issuing. Personal data provided to Nordic Issuing will be processed in computer systems to the extent necessary to administer the issue. Personal data obtained from a source other than that to which the personal data relates may also be processed. Personal data may also be transferred to and processed by Redeye or the Company. The information on the processing of personal data is provided by Nordic Issuing, which is the data controller for the processing of personal data. Nordic Issuing receives requests for correction or deletion of personal data via the address Stortorget 3, SE-211 22, Malmö, Sweden.

Other information

The fact that Carnegie, Bryan Garnier and ABG are Managers does not mean that the banks, respectively, consider applicants for the Offering (the "**Acquirer**") as customers of the bank. The Acquirer is considered a customer only if the particular bank respectively, has provided advisory services regarding the investment to the Acquirer or has otherwise contacted the Acquirer about the investment or if the Acquirer has applied via the respective bank's office or internet bank. The consequence that the banks, respectively, do not consider the Acquirer to be a customer is that the investment will not be subject to the rules regarding investor protection stipulated in the Swedish Securities Market Act (2007:528) (Sw. *lagen om värdepappersmarknaden*). This means, *inter alia*, that neither a so-called client classification nor the suitability assessment will be applied regarding the investment. Accordingly, the Acquirer is responsible for ensuring that it has sufficient experience and knowledge to understand the risks associated with the investment.

Information to distributors

In consideration of the product governance requirements in: (a) EU Directive 2014/65/EU on markets in financial instruments ("**MiFID II**"), (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) Chapter 5 of the Swedish Financial Supervisory Authority's regulations regarding investment services and activities (FFFS 2017:2) (jointly referred to below as "**MiFID II**'s product governance requirements"), and with no liability to pay damages for claims that may rest with a "manufacturer" (in accordance with MiFID II's product governance requirements) that may otherwise be relevant, the Company's ordinary shares have been subject to a product approval process whereby the Target Market for the Company's ordinary shares comprises (i) retail clients, and (ii) investors who meet the requirements for non-retail clients and equivalent counterparties, each in accordance with MiFID II (the "**Target Market**"). Notwithstanding the assessment of the Target Market, distributors are to note the following: the value of the Company's ordinary shares may decline and it is not certain that investors will recover all or portions of the amount invested; the Company's ordinary shares offer no guaranteed income and no protection of capital; and an investment in the Company's ordinary shares is suitable only for investors who do not require a guaranteed income or protection of capital, who (either themselves or together with an appropriate financial advisor or other type of advisor) are capable of evaluating the benefits and risks of such an investment and who have sufficient funds with which to sustain such losses as may arise from the investment. The assessment of the Target Market does not impact the requirements in the contractual, statutory, regulatory or sales restrictions in relation to the Offering.

The assessment of the Target Market is not to be considered to be: (a) an assessment of suitability and appropriateness under MiFID II, or (b) a recommendation to any investors or group of investors to invest in, procure or take any other action regarding the ordinary shares in the Company.

Each distributor is responsible performing its own assessment of the Target Market regarding the Company's ordinary shares and for deciding on suitable channels of distribution.


3000
95
96
97
98
63
64
65
66
67
68
69
70
23
24
25
26
27
28
29
30

Market overview

*This Offering Circular contains statistics, data and other information sourced regarding markets, market size, market positions and other industry information related to the Company's markets and operations. Such information is based on the Company's analysis of multiple sources, which are listed throughout this section, including information sourced from market research conducted by Apex Healthcare Consulting commissioned and paid for by the Company, which was completed in four parts, in March 2022, May 2022, March 2023 and January 2024 (the "**Apex Market Report**"). The Apex Market Report is, according to the Company's opinion, reliable. However, the assumptions or market views presented in the Apex Market Report may have changed since the completion of the surveys. Views and assumptions regarding markets, market size and market positions expressed by Cinclus Pharma have not been verified by a third party, which may have a different point of view.*

As far as Cinclus Pharma is aware and able to verify, the information provided in the following section is reliable and accurate, and no facts have been omitted that would render the reproduced information inaccurate or misleading. However, the Company has not independently verified the accuracy or completeness of any third-party information and the Company cannot therefore guarantee its accuracy or completeness. The information presented in this section may include estimates on future market performance and other forward-looking statements. Estimates and forward-looking statements are no guarantee for future results and actual events and circumstances may differ significantly from current expectations. A variety of factors can cause or contribute to such discrepancies, refer, inter alia, to sections "Important information to investors – Forward-looking statements" and "Risk factors".

Introduction to gastric acid-related diseases and *H. pylori* infection

Cinclus Pharma is a clinical stage pharmaceutical company developing a molecule for the treatment of erosive GERD ("**eGERD**") and a dual therapy for *H. pylori* infection with only one antibiotic. The main, initial medical indication for linaprazan glurate is eGERD, and Cinclus Pharma's target group is primarily patients with severe eGERD (LA grade C/D). A common reason for diseases in the upper GI tract is that the acidic content of the stomach ends up in the acid-sensitive esophagus (reflux), or that a large amount of this acidic content reaches the duodenum in a short time. Gastric acid is produced by proton pumps, which are located in and on the channeled surfaces of parietal cells in the stomach. New proton pumps are continuously synthesized and switch between active and inactive states in response to food and other stimuli. When activated, proton pumps increase acid secretion. Gastric acid-related diseases represent a significant medical problem because of their high prevalence, often of chronic nature (non-transitory) and entails a risk of clinical sequelae. Upper GI diseases may also be caused by bacterial infections, such as *H. pylori*.

GERD overview

GERD is a disease which is characterized by a backward leakage of acidic and corrosive stomach contents into the esophagus, which causes troublesome symptoms, including heartburn and acid reflux. The acidic stomach content may cause so-called esophagitis, which is characterized by superficial ulcers, also called erosion(s), in the esophagus.[1)] GERD is, in most cases, a chronic condition requiring long term maintenance treatment. GERD is associated with impaired quality of life and substantial costs to the healthcare system given its chronic nature. There are two main categories of GERD: symptomatic non-erosive GERD ("**sGERD**") and eGERD. If the more severe cases of eGERD are not adequately treated, it can progress to complicated GERD. The presence of GERD has in certain studies been shown to indicate an increased risk of esophageal cancer.[2)]

1) Source: Katz P, et al. *ACG Clinical Guideline for the Diagnosis and Management of Gastroesophageal Reflux Disease*. Am J Gastroenterol. 2022 Jan 1;117(1):27-56.
2) Source: Lagergren, J, et al. *Symptomatic gastroesophageal reflux as a risk factor for esophageal adenocarcinoma*. The New England journal of medicine vol. 340,11 (1999): 825-31.

Of the total population in the U.S. and EU-30[1] amounting to approximately 705 million people, approximately 133 million individuals suffer from GERD. Approximately 70 percent of the patients with GERD seek treatment.[2] The more severe type, eGERD, is characterized by wounds/erosions in the esophageal mucosa. The ulcers are caused by reflux of acidic and corrosive stomach contents into the esophagus. Approximately 30 percent of adult GERD patients have eGERD. Endoscopically, eGERD is commonly graded by the LA classification system, which characterizes the extent of patients' erosion(s) in the esophagus, on a scale of increasing severity from A to D, with D being the most severe. LA grade A/B and C/D represents approximately 64 percent and approximately 36 percent, respectively, of eGERD patients. The disease eGERD affects millions of patients worldwide, regardless of their level of development and standards.[3]

The less severe type, sGERD, is much more common and widespread throughout the world. sGERD is characterized by prevalence of reflux symptoms, but without corrosive damage to the esophagus seen endoscopically.[4]

Around 49–51 percent of eGERD patients in the EU-30 and U.S. experience nocturnal symptoms. Furthermore, about 20 percent of eGERD patients in the EU-30 and U.S. experience such severe symptoms at night that it is deemed to have a significant impact on their quality of life and work life the following day (as a result of interrupted sleep).[5]

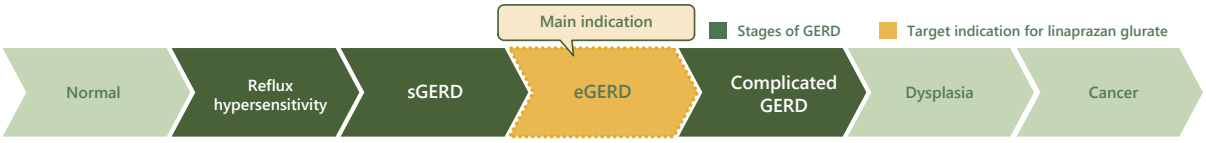


Figure 1. GERD – different stages of a disease representing an unmet medical need

eGERD: When mucosal damage is visible, there is so-called erosive GERD or ulcerative reflux disease. It is divided into LA grades A, B, C and D, with C and D representing severe eGERD.

Sources: Katzka, David A, and Peter J Kahrilas. *Advances in the diagnosis and management of gastroesophageal reflux disease*. BMJ (Clinical research ed.) vol. 371 m3786. 23 Nov. 2020; Lundell, L. R et al. *Endoscopic assessment of esophagitis: clinical and functional correlates and further validation of the Los Angeles classification*. Gut vol. 45,2 (1999): 172-80.

The diagnosis eGERD is based on endoscopic assessment (gastroscopy) and classification of possible corrosive damage.

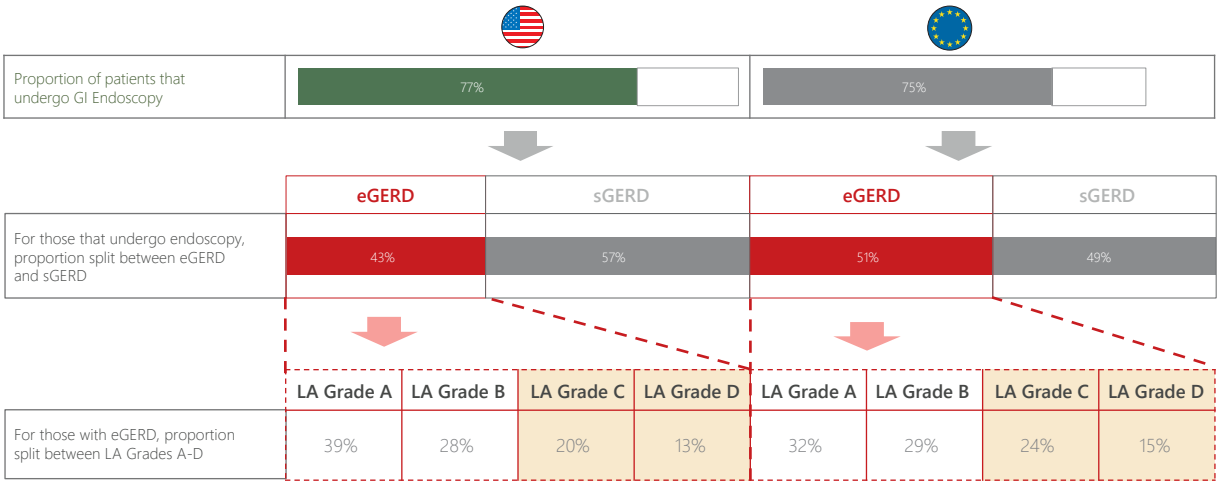


Figure 2: Prevalence of eGERD and sGERD as diagnosed by endoscopy

Approximately 75 percent of patients referred to a gastrointestinal specialist are examined by upper endoscopy (gastroscopy) of which 40–50 percent have eGERD.

Note: Section 1, Q2, Q3 & Q4 Sample size: 101 for the U.S. and 33 for EU-30.

Source: Apex Market Report (May 2022).

1) France, Germany, Italy, Spain, the United Kingdom, Austria, Belgium, Denmark, Finland, Ireland, the Netherlands, Portugal, Norway, Sweden, Switzerland, Bulgaria, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Poland, Romania, Slovakia, Slovenia and Iceland ("**EU-30**").
2) Sources: Apex Market Report (May 2022); US Census Bureau International Database. Refers to individuals over 18 years of age. United States accounts for 270 million and EU-30 accounts for 435 million. Data calculated for the year 2025.
3) Source: Apex Market Report (May 2022).
4) Source: Fass, Ronnie MD, FACP, FACG. *Erosive Esophagitis and Nonerosive Reflux Disease (NERD): Comparison of Epidemiologic, Physiologic, and Therapeutic Characteristics.* Journal of Clinical Gastroenterology 41(2):p 131-137, February 2007.
5) Source: Apex Market Report (May 2022).

The main, initial medical indication for linaprazan glurate is eGERD and Cinclus Pharma's target group is primarily patients with severe eGERD (LA grade C/D). In the U.S. and EU-30 alone, this target population amounts to more than 10 million adults.[1] From a geographical perspective, the Company's ambition is to make linaprazan glurate available in as many relevant countries as possible worldwide.

H. pylori overview

H. pylori is a bacteria, often called the "peptic ulcer bacteria", that occurs in the gastric and duodenal mucosa. The bacteria causes a chronic infection mainly in the stomach. The inflammatory reaction of the stomach is referred to as "chronic active gastritis". As a result of the chronic active gastritis caused by *H. pylori* infection, approximately 20 percent of infected patients develop a range of pathologies including ulcers in the stomach and/or duodenum, which if not treated, can lead to severe GI bleeding. *H. pylori* infection is classified as a "carcinogen" that causes stomach cancer and lymphoma in mucosa-associated lymphoid tissue lymphoma (MALT lymphoma). Gastric cancer is the third most common cause of cancer-related death worldwide and over 80 percent of gastric cancers are attributed to *H. pylori*.[2] The World Health Organization ("**WHO**") has stated that *H. pylori* is a class 1 carcinogen, which is the same class as that for smoking.[3] Curative treatment, so called eradication therapy, targeting *H. pylori* has been proven to reduce the incidence of gastric cancer.[4] *H. pylori* infection has also been linked to several other diseases, such as cardiovascular disease.[5]

Of the global adult population, more than 40 percent has an ongoing *H. pylori* infection.[6] However, there is a wide variation in prevalence between and within countries and regions. The prevalence of *H. pylori* is approximately 37 percent in North America, approximately 69 percent in South America, approximately 47 percent in Europe, approximately 55 percent in Asia, approximately 79 percent in Africa and approximately 24 percent in Oceania.[7]

Together there are about 215 million adults in the U.S. and EU-5[8] who are infected with *H. pylori*. About 2.2 percent of these people seek medical treatment for their symptoms.[9]

Current treatment guidelines for *H. pylori* infection recommend therapy with one proton pump inhibitor ("**PPI**") and at least two antibiotics. *H. pylori* is listed by the WHO as a "high priority pathogen" and by the FDA as a "qualifying pathogen", among antibiotic-resistant bacteria that pose the greatest threat to human health. Furthermore, the efficacy of available eradication therapies has declined in recent years, mainly due to increasing antibiotic resistance.[10] Treatment for *H. pylori* infection usually includes the antibiotic clarithromycin. In Europe, the rate of resistance to the antibiotic clarithromycin has increased from about 10 percent in 1998 to about 22 percent in 2018.[11] Resistance to clarithromycin in *H. pylori* bacteria is a high priority according to the WHO, mainly due to decreasing eradication rates, the development and spread of resistance in *H. pylori* bacteria and the development of resistance in other bacteria.[12]

Cinclus Pharma's target group includes, in addition to patients with severe eGERD, patients in need of treatment for *H. pylori* infection, where linaprazan glurate as an acid controlling component in combination with one antibiotic, so-called dual therapy, is intended to constitute the treatment.

The current standard treatment for *H. pylori* is a treatment comprising one PPI and at least two antibiotics. The occurrence of antibiotic resistance in *H. pylori* is becoming more common, which means there is a need for a treatment requiring a more limited use of antibiotics.[13] 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 of antimicrobial resistance. To achieve this, the Company needs to register a dual therapy with linaprazan glurate and only one antibiotic, which according to the Company's assessment entails very little risk of resistance development.

1) Source: Apex Market Report (May 2022).
2) Source: Malfertheiner P., et al. *Management of Helicobacter pylori infection: the Maastricht VI/Florence consensus report*. Gut, 2022;0:1-39.
3) Source: Park J., Parsonnet J., Wild C. *Summary of IARC Working Group Meeting on Helicobacter pylori eradication as a strategy for preventing gastric cancer*. *Helicobacter pylori* Eradication as a Strategy for Preventing Gastric Cancer. IARC Working group reports, Vol. 8. Lyon, France: International Agency for Research on Cancer, 2014: 1–4.
4) Source: *Malfertheiner P., et al. Management of Helicobacter pylori infection: the Maastricht VI/Florence consensus report*. Gut, 2022;0:1–39.
5) Source: Sun L, Zheng H, Qiu M, et al. *Helicobacter pylori infection and risk of cardiovascular disease*. Helicobacter. 2023;28(3):e12967.
6) Source: Li Y. et al. *Global prevalence of Helicobacter pylori infection between 1980 and 2022: a systematic review and meta-analysis*. Lancet Gastroenterol Hepatol. 2023;8(6):553-564.
7) Source: J. Hooi et.al. *Global Prevalence of Helicobacter pylori Infection*: *Systematic Review and Meta-Analysis.* Gastroenterology 2017;153:420-429.
8) France, Germany, Italy, Spain and Great Britain ("**EU-5**").
9) Source: Apex LG H Pylori Forecasts Assumptions 22 January 2023; Hooi et.al. *Global Prevalence of Helicobacter pylori Infection*: *Systematic Review and Meta-Analysis*. Gastroenterology 2017;153:420-429. Refers to people aged 18 and over. Data calculated for the year 2025.
10) Source: Marcus E., Sachs G., Scott D. *Eradication of Helicobacter pylori infection*. Curr Gastroenterol Rep. 2016 Jul;18(7):33.
11) Source: Megraud F., *Helicobacter pylori* resistance to antibiotics in Europe in 2018 and its relationship to antibiotic consumption in the community. Gut 2021;70:1815-1822.
12) Sources: J. Hooi et.al. *Global Prevalence of Helicobacter pylori Infection*: *Systematic Review and Meta-Analysis*. Gastroenterology 2017;153:420-429; Savoldi, A. et al. Prevalence of Antibiotic Resistance in *Helicobacter pylori*: A Systematic Review and Meta-analysis in World Health Organization Regions. Gastroenterology vol. 155,5 (2018): 1372-1382.
13) Sources: J. Hooi et.al. Global Prevalence of *Helicobacter pylori* Infection: Systematic Review and Meta-Analysis. Gastroenterology 2017;153:420-429; Savoldi, A. et al. *Prevalence of Antibiotic Resistance in Helicobacter pylori: A Systematic Review and Meta-analysis in World Health Organization Regions*. Gastroenterology vol. 155,5 (2018): 1372-1382.

Existing treatment for gastric acid-related diseases and *H. pylori* infection

Existing treatment for GERD

Existing approved treatment of gastric acid-related diseases, such as GERD, aims to heal damaged tissues and relieve symptoms. The first aim of eGERD treatment is to achieve healing of the erosions. Once healing is achieved, patients move on to maintenance therapy. Individuals with GERD have a concentration of acid in the stomach comparable to that of healthy individuals. The problem for patients with GERD is that they have a backward leakage of the acidic stomach contents into the lower part of the esophagus, where the mucosa is sensitive to acid. In patients with gastric acid reflux disease, medicines that reduce acidity, i.e. increase the pH of the stomach, have been shown to allow healing of the esophageal mucosa and also provide symptom relief. A pH of the stomach contents higher than 4.0 is in most cases not harmful when leaking into the esophagus and therefore allows the damaged mucosa to heal. A pH higher than 4.0 is therefore referred to as acid control in the treatment of GERD.[1)]

Existing and approved drugs for the treatment of GERD in several countries include antacids, histamine receptor antagonists ("**H2RAs**"), PPIs and potassium-competitive acid blockers ("**PCABs**").

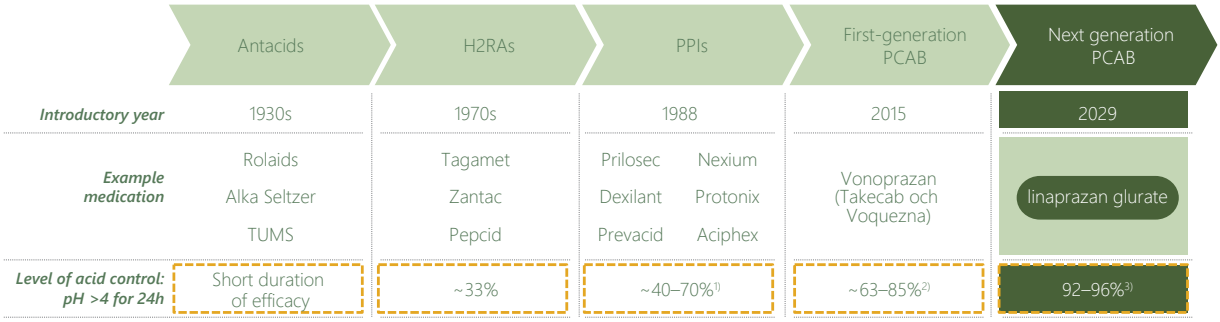


Figure 3. Timeline of drugs for gastric acid control

Since the introduction of H2RAs, the introduction of new drugs with a greater ability to slow down gastric acid production have been appreciated by patients. Every improvement in acid control has led to market success for such drugs.

1) Source: Miner P. et al, *Gastric acid control with esomeprazole, lansoprazole, omeprazole, pantoprazole, and rabeprazole: a five-way crossover study*. Am J Gastroenterol. 2003 Dec;98(12):2616-2620.
2) Source: Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), U.S. Food and Drug Administration. URL: https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215151s000lbl.pdf.
3) Cinclus Pharma's study CX842A2107 (Cinclus Pharma database), phase 1 pH control 1.5–24 hours on day 1 and 0–24 hours on day 14.

History of pharmaceutical agents for control of gastric acid

Antacids became commercially available in the 1930s. Antacids neutralize existing acidity in the stomach and can in the short-term alleviate symptoms of gastric acid-related diseases, such as heartburn. Among the class of approved antacids are Alka-Seltzer, Rolaids and TUMS. However, antacids are only effective for a short duration and require frequent, recurring administrations to maintain the effect.

H2RAs became commercially available in the 1970s. H2RAs give a moderate and temporary reduction in gastric acid secretion with a slight subsequent increase in pH. At time of commercialization, H2RAs provided a dramatic improvement over antacids in the control of gastric acid and consequently in the management of gastric acid-related diseases. Among the H2RA class, the first commercial blockbuster drugs were Tagamet (cimetidine), Zantac (ranitidine) and Pepcid (famotidine). In the late 1980s, Zantac was the world's highest-selling prescription drug. Despite the clinical success, H2RAs have clinical limitations such as limited 24-hour acid control, poor control of post-meal symptoms and loss of efficacy already after a few days.[2)]

1) The portion of time that the pH remains above 4 is commonly referred to as "holding time". A shortcoming of using pH as a measure of acid control is that the acid concentration is measured over a small area. The position of the pH catheter can move during the measurement time and the acid concentration is not uniform over all parts of the stomach at a given time. To limit this shortcoming, a wireless capsule can be used to measure the acid concentration, which can be placed in the stomach over several days.
2) Source: McRorie J., Kirby J., Miner P. *Histamine2-receptor antagonists: Rapid development of tachyphylaxis with repeat dosing*. World J Gastrointest Pharmacol Ther. 2014 May 6;5(2):57-62.

PPI treatment and related studies

Since the early 1990s, PPIs have been the standard of care for the treatment of gastric acid-related diseases. PPIs are administrated through oral dosing and reach the gastric parietal cells through the bloodstream. PPIs reduce gastric acid secretion by inhibiting active proton pumps located on the parietal cells. PPIs must be activated by gastric acid, but they are unstable in the presence of acid. The short half-life of PPIs and instability in an acidic environment result in a short exposure time. Proton pumps continuously switch between active and inactive states and new proton pumps are constantly produced in the parietal cells. It takes three to five days for PPIs to reach their full effect and they achieve acid control for a limited time during the day even if given several times a day. As a result, patients do not have adequate acid control throughout the day and thus PPIs do not achieve sufficient clinical efficacy in patients with severe eGERD. Doctors often try to increase PPI dosage and/or try multiple PPIs to seek relief. However, in several cases this is still not sufficient to maintain acid control during the entire day.[1)] More than 30 percent of patients with eGERD LA grade C and more than 50 percent of patients with eGERD LA grade D do not reach full healing with the PPI esomeprazole.[2)]

PPIs bind only to actively secreting pumps, hence it is generally recommended that they are administered 30 to 60 minutes before a meal to achieve maximal efficacy since the pumps are activated by a meal. Once covalently bound to the proton pumps, these form a complex between the pump and the PPI, which will not dissociate and both components are consumed. The resupply of additional PPI molecules via the bloodstream is limited to a few hours after dosing (<6 hours) due to the short plasma half-life (1–1.5 hours), leading to newly activated pumps not being inhibited after that time. This means that 24-hour acid control is limited and the full, but limited, effect is not achieved until after 3–5 days of medication. For many patients with GERD (both sGERD and eGERD), PPI treatment provides inadequate clinical efficacy, due to the limited acid control and the long time it takes for acid control to kick in and reach full, but limited, efficacy, which can lead to ineffective symptom relief and healing.[3)]

PPIs maintain intragastric pH above target levels for a longer duration than antacids and H2RAs and have improved clinical symptom relief and healing over antacids and H2RAs. As such, PPIs in Europe and the U.S., together with the PCAB vonoprazan in the U.S., are currently the most effective approved anti-secretory agents for healing and relieving symptoms of eGERD. PPIs are generally used as a single agent for the treatment of GERD.[4)] The PPI class has experienced significant commercial success and includes drugs such as Prilosec®/Losec® (omeprazole), Protonix® (pantoprazole), Prevacid® (lansoprazole) and Nexium® (esomeprazole) as well as the latest commercialized PPI, Dexilant® (dexlansoprazole).

Prior to the introduction and adoption of generic and over-the-counter alternatives, annual peak sales for the individual PPI brands in the U.S. were approximately USD 3.7 billion for Prilosec® in 2001, USD 1.8 billion for Protonix® in 2004, USD 3.4 billion for Prevacid® in 2008 and USD 2.1 billion for Nexium® in 2013. As recently as 2015, Dexilant®, reached approximately USD 500 million in sales in the U.S., despite limited differentiation from other PPIs.[5)]

However, while PPIs are the current standard of care and provide clinically meaningful symptom relief and healing for millions of patients suffering from gastric acid-related diseases, they are not effective enough for many patients.

Typical symptoms that remain in patients who only partially respond to PPI treatment are night-time discomfort, heartburn, acid reflux, chest pain, epigastric pain, dysphagia, nausea and cough. In general, primary care physicians refer 20–25 percent of GERD patients to gastroenterologists and 79 percent of primary care physicians refer their GERD patients to gastroenterologists if the patient is still symptomatic despite treatment with PPIs. Primary care physicians estimate that 25–37 percent of GERD patients only partially respond to PPI treatment. Furthermore, gastroenterologists estimate that 30–39 percent of patients with eGERD LA grade A/B and 34–43 percent of patients with eGERD LA grade C/D, respectively, only partially respond to PPI treatment (including higher doses). Key opinion leaders ("**KOLs**")[6)] estimate that 24 percent of patients with eGERD LA grade C/D partially respond to treatment with PPIs, despite a high twice-daily dose.[7)]

To manage partial responders, primary care physicians prescribe higher doses of PPIs or recommend switching the PPI used, while gastroenterologists prescribe higher doses and/or giving multiple doses of PPIs per day. For treatment during the healing phase, approximately

1) Source: Ours T., Fackler W., Richter J., Vaezi M. *Nocturnal acid breakthrough: clinical significance and correlation with esophageal acid exposure*. Am J Gastroenterol. 2003 Mar;98(3):545-50.
2) Source: Kahrilas P., et al. *A Randomized, Comparative Study of Three Doses of AZD0865 and Esomeprazole for Healing of Reflux Esophagitis*. Clinical Gastroenterology and Hepatology 2007;5:1385-1391.
3) Source: Andersson K., Carlsson E. *Potassium-competitive acid blockade: a new therapeutic strategy in acid-related diseases*. Pharmacol Ther. 2005 Dec;108(3):294-307.
4) Sources: Katz, P.O., Zavala, S. *Proton Pump Inhibitors in the Management of GERD*. J Gastrointest Surg 14 (Suppl 1), 62-66 (2010); Laine L., et al. *Vonoprazan Versus Lansoprazole for Healing and Maintenance of Healing of Erosive Esophagitis: A Randomized Trial*. Gastroenterology. 2023 Jan;164(1):61-71.
5) Based on information published by pharmaceutical authorities (e.g. the FDA), information from the ClinicalTrials.gov database, as well as financial reports, press releases and other publicly available information.
6) KOLs consulted as part of the Apex Market Report (May 2022) include, *inter alia*, doctors and professors and other medical professionals who specialize in gastroenterology and/or esophageal diseases and have extensive experience in the field.
7) Partial responders refer to patients who experience symptom improvement, without complete symptom relief and healing.

80–90 percent of all gastroenterologists prescribe a higher dose than the approved dose. However, both standard and higher doses of PPIs have similar rates of partial response to treatment. The typical treatment approach prescribed by gastroenterologists for patients suffering from nocturnal symptoms is two daily doses of PPIs, along with dietary and lifestyle changes (including sleeping with the head elevated), and adding H2RAs, alginates or anti-acids in the evening. In both EU-3[1] and the U.S., two daily doses of PPIs are prescribed to a total of about 60 percent of eGERD patients suffering from nocturnal symptoms. The majority of eGERD patients with LA grade C/D receive maintenance treatment with PPIs to avoid symptom breakthrough and erosion and for some patients this treatment need may be chronic. The proportion of eGERD patients with LA grade C/D receiving maintenance PPI therapy is approximately 76 percent in the U.S. and 62 percent in the EU-3. Of these, about 55 percent of patients in the U.S. and about 29 percent of patients in the EU-3 receive chronic maintenance therapy. For the remaining patients, the typical duration of PPI maintenance therapy is about four to six months for LA grade A/B and about nine months for LA grade C/D.[2] However, the initial treatment period may be extended if the treatment fails, and the patient needs further diagnostic approaches. It has in clinical studies been reported that approximately 70 percent of eGERD patients relapse within six months if the treatment with PPIs is not continued after the healing phase.[3] Of eGERD patients with LA grade C/D who receive maintenance treatment with PPIs, 21-41 percent relapse within six months.[4]

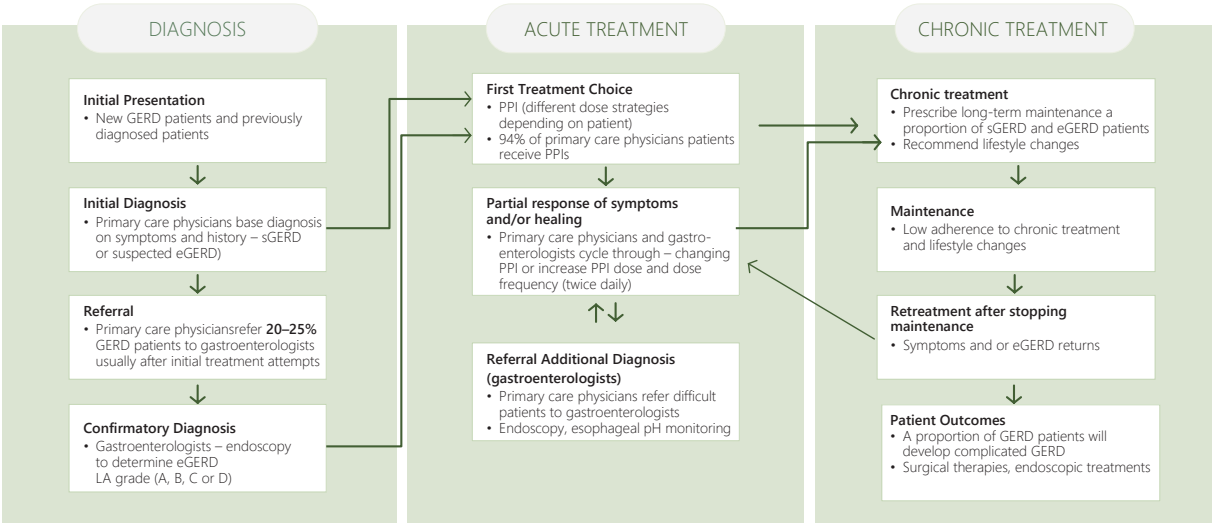


Figure 4. GERD patient's path to treatment with PPIs

1) France, Germany and Italy ("**EU-3**").
2) Source: Apex Market Report (May 2022).
3) Sources: Apex Market Report (March 2022); Apex Market Report (May 2022).
4) Sources: Lauritsen, K. et al. *Esomeprazole 20 mg and lansoprazole 15 mg in maintaining healed reflux oesophagitis: Metropole study results*. Alimentary pharmacology & therapeutics vol. 17,3 (2003): 333-41; Devault, K. et al. *Maintenance of healed erosive esophagitis: a randomized six-month comparison of esomeprazole twenty milligrams with lansoprazole fifteen milligrams*. Clinical gastroenterology and hepatology : the official clinical practice journal of the American Gastroenterological Association vol. 4,7 (2006): 852-9.

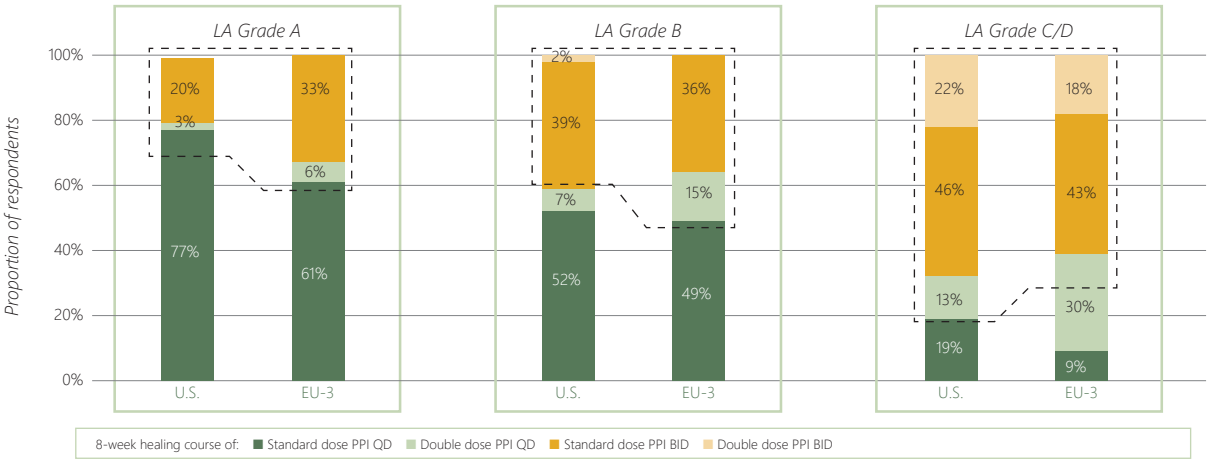


Figure 5. Prescription for symptom relief and esophageal healing for eGERD patients (GE patients)

Note: In the online survey of gastroenterologists, respondents were asked: "Select the statement that best describes your typical treatment method for symptom relief and healing of the esophagus." Sample size: 101 for the U.S. and 33 for EU-3. QD = once a day (*quaque die*). BID = twice a day (bis in die).

Source: Apex Market Report (May 2022).

According to an American study from 2013 on more than 248,000 GERD patients, GERD-related healthcare costs in patients treated with twice-daily PPIs were significantly higher compared to patients treated with a daily PPI dose, as illustrated in figure 6 below. The mean total GERD related healthcare costs over a 12-month period for patients treated with twice-daily PPIs were almost twice as high as for patients treated with once-daily PPIs (USD 3,749 compared to USD 2,065). This indicates that patients, despite treatment with two doses of PPIs per day, are not getting sufficient relief.[1)]

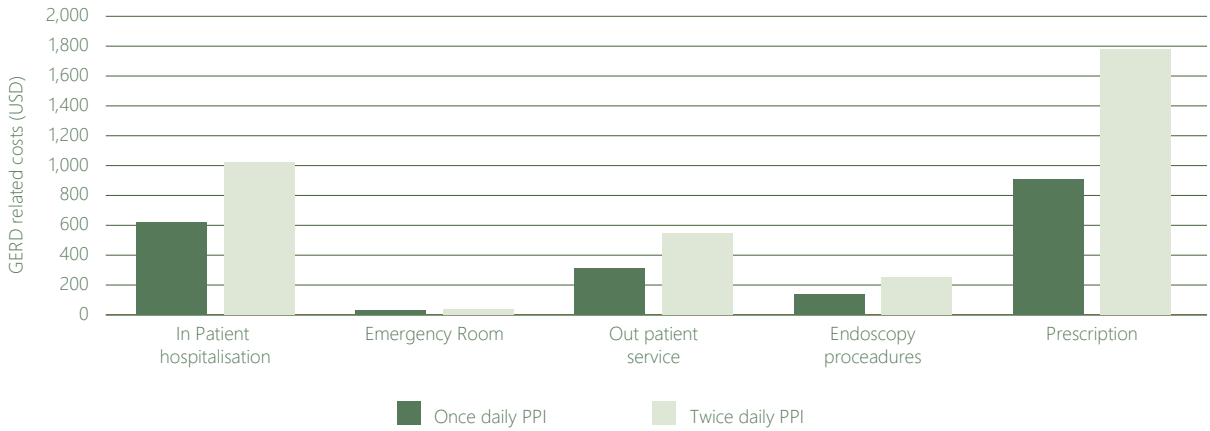


Figure 6. GERD related healthcare costs broken down by one and two daily doses of PPIs

1) Source: Mody R. et al., *Comparison of health care resource utilization and costs among patients with GERD on once daily or twice daily proton pump inhibitor therapy*. ClinicoEconomics and Outcomes Research 2013;5:161-169.

Figures 7 and 8 below show the total sales of PPIs in terms of revenue and volume, respectively, in the U.S., EU-5 and Japan during 2012–2021. Commonly used generic PPIs are (net) priced below 30 cents per day in the U.S. and the EU-5. The wholesale acquisition cost of Dexilant®, being the latest commercialized PPI, is USD 10.28 per day in the U.S., but with a high gross to net discount, lowering the estimated (net) price to approximately USD 3 per day, which, according to the Company's assessment, most likely is due to Dexilant competing with generic PPIs. Furthermore, figure 9 below shows the distribution between original drugs and generics in the U.S., EU and Japan in 2021. In the U.S. and EU, the market has been dominated by generic PPIs, while in Japan, where first generation PCABs have been launched, the market is characterized by a lower share of generics in favor of original drugs. Since the fourth quarter of 2023, the first generation PCABs have also been launched in the U.S. Refer to section "*– First generation PCABs*" below). Among the EU-5 countries, Germany and the UK show the highest share of generic use, based on 2021 revenues.[1)]

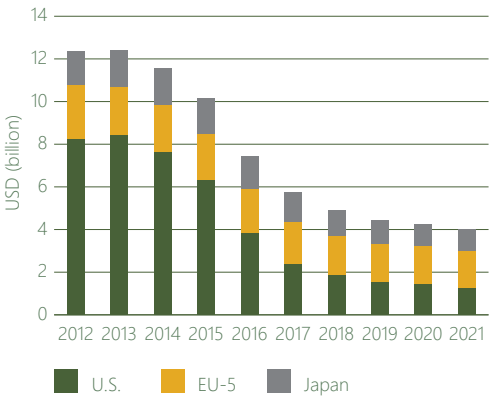


Figure 7. Total sales of PPIs in the U.S., EU-5 and Japan, measured by revenue

Source: Apex Market Report (March 2022).

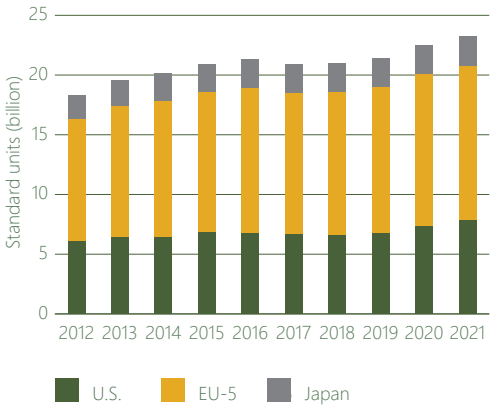


Figure 8. Total sales of PPIs in the U.S., EU-5 and Japan, measured by volume

Source: Apex market report (March 2022).

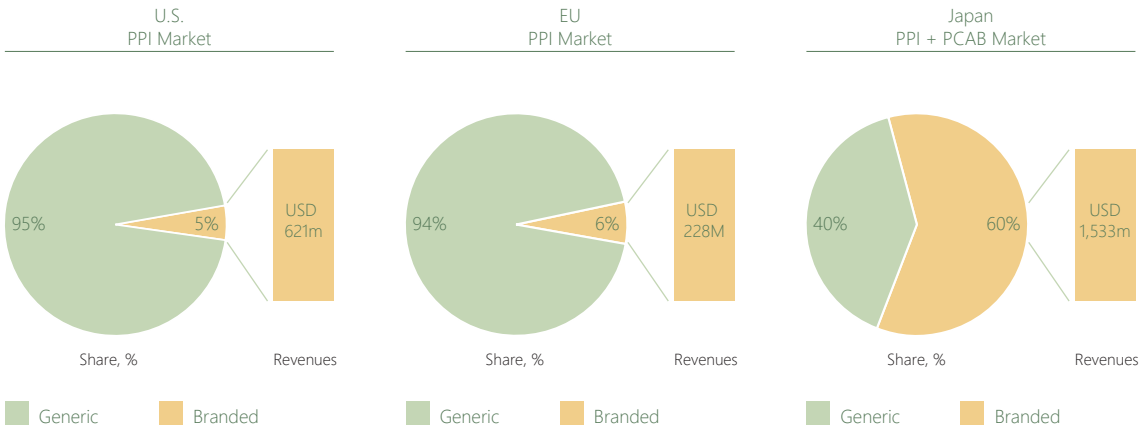


Figure 9. Sales of PPIs and PCABs, measured in terms of revenue and volume and broken down by branded and generic drugs

Source: Apex Market Report (March 2022).

1) Source: Apex Market Report (March 2022).

First generation PCABs

PCABs have a differentiated mechanism of action compared to PPIs. When PCABs reach the gastric parietal cells from the bloodstream, they accumulate in the secretory canaliculus where proton pumps are present in their active state. In contrast to PPIs, PCABs do not require gastric acid for activation, are stable in the presence of gastric acid and inhibit acid secretion over an extended period. The prolonged effect of PCABs is maintained through a slow dissociation rate from the proton pumps and resupply from the bloodstream due to the long half-life. As such, PCABs provide more prolonged acid control and faster onset of action than PPIs.[1)]

PCABs have, *inter alia*, shown to provide faster and more powerful and long-term acid control compared to PPIs. The table in figure 10 below presents a comparison between the pharmacodynamics of PPIs and the first generation PCABs.

	PPIs[1)]	First generation PCABs (vonoprazan)[2)]
Activation and stability	Prodrugs that require acid for activation yet are unstable in acidic conditions	No acid required for activation
Binding to proton pump	Irreversibly blocks active proton pumps	Reversibly blocks proton pumps
Half-life	1–1.5 hours	7–9 hours
Onset of action	>4 hours	4 hours[3)]
Time to full effect	3-5 days	Up to 7 days
Day 1 pH control (above 4)	N/A	63%[3)]
Day 5 pH control (above 4)	~40–60%	N/A
Day 7 pH control (above 4)	N/A	85%
Dosing restrictions	Generally administered 30-60 minutes before a meal	Dosing independent of meal
Dosing flexibility	1 dose per day	1 dose per day

Figure 10. A comparison between PPIs and first generation PCABs

1) Sources: Miner P. et al, Gastric acid control with esomeprazole, lansoprazole, omeprazole, pantoprazole, and rabeprazole: a five-way crossover study. Am J Gastroenterol. 2003 Dec;98(12):2616-2620; Cederberg C et al, *Comparison of once-daily intravenous and oral omeprazole on pentagastrin-stimulated acid secretion in duodenal ulcer patients*. Digestion 1992; 53:171-178; Damman H.G., Burkhardt F., *Pantoprazole versus omeprazole: influence on meal-stimulated gastric acid secretion*. Eur J Gastroenterol Hepatol 1999; 11: 1277-1282; Andersson K., Carlsson E., *Potassium-competetive acid blockade: a new therapeutic strategy in acid-related diseases*. Pharmacology & Therapeutics 2005; 108: 294-307.
2) Source: Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), U.S. Food and Drug Administration. URL: https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215151s000lbl.pdf.
3) Source: Jenkins H., et al. *Randomised clinical trial: safety, tolerability, pharmacokinetics and pharmacodynamics of repeated doses of TAK-438 (vonoprazan), a novel potassium-competitive acid blocker, in healthy male subjects*. Aliment Pharmacol Ther. 2015 Apr;41(7):636-48.

Drugs in the PCAB class have been launched in a number of countries, mainly in Asia. Takecab® (vonoprazan) has been commercialized by Takeda Pharmaceutical Company Limited ("**Takeda**") and was approved in Japan in 2014 and subsequently in 13 additional countries in Latin America and Asia. Other approved PCABs are Tegoprazan (eight countries in Asia and Latin America, including South Korea 2019 and the Philippines, 2022), Fexuprazan (South Korea, 2021, Philippines, 2023) and Revaprazan (South Korea and India, 2007). Furthermore, Phathom Pharmaceuticals, Inc. ("**Phathom**") has in-licensed the rights from Takeda to develop and commercialize vonoprazan in the U.S., Europe, and Canada, for the indications of GERD and *H. pylori*. In May 2022, Phathom received approval in the U.S. for the use of vonoprazan for the treatment of *H. pylori* infection and in the fourth quarter of 2023 for the treatment of eGERD, and the drug was launched for both medical indications in the fourth quarter of 2023. Currently, Phathom is advancing its development program regarding vonoprazan across multiple gastric acid-related and other upper GI diseases, including sGERD. Furthermore, the Company believes that Tegoprazan could be commercially available for the treatment of sGERD and eGERD in the U.S. during 2026, and that vonoprazan could be commercially available for the treatment of sGERD in the U.S. in the third quarter of 2024.[2)]

Figure 11 below shows the total revenue for the PPIs (dexlansoprazole, esomeprazole, lansoprazole, omeprazole, pantoprazole, rabeprazole) and the PCAB vonoprazan in Japan during 2012–2021 and that vonoprazan in the recent years has taken an increasing share of sales from PPIs in Japan. In 2021, sales of vonoprazan in Japan (priced at around USD 1 per day) amounted to approximately USD 772 million (785 million standard units) and approximately USD 1,008 million (2,512 million standard units), respectively, for the sales of the aforementioned PPIs, compared to 2016 when sales of vonoprazan amounted to approximately USD 205 million and approximately USD 1,541 million, respectively, for the aforementioned PPIs. This compares to 2021 sales of PPIs of around USD 1,750 million in the EU-5 and USD 1,240 million in the U.S. respectively.[3)]

1) Source: Jenkins, H et al. *Randomised clinical trial: safety, tolerability, pharmacokinetics and pharmacodynamics of repeated doses of TAK-438 (vonoprazan), a novel potassium-competitive acid blocker, in healthy male subjects*. Alimentary pharmacology & therapeutics vol. 41,7 (2015): 636-48.
2) Based on information published by regulatory authorities (e.g. FDA), information from the ClinicalTrials.gov database, as well as financial reports, press releases and other publicly available information.
3) Source: Apex Market Report (March 2022).

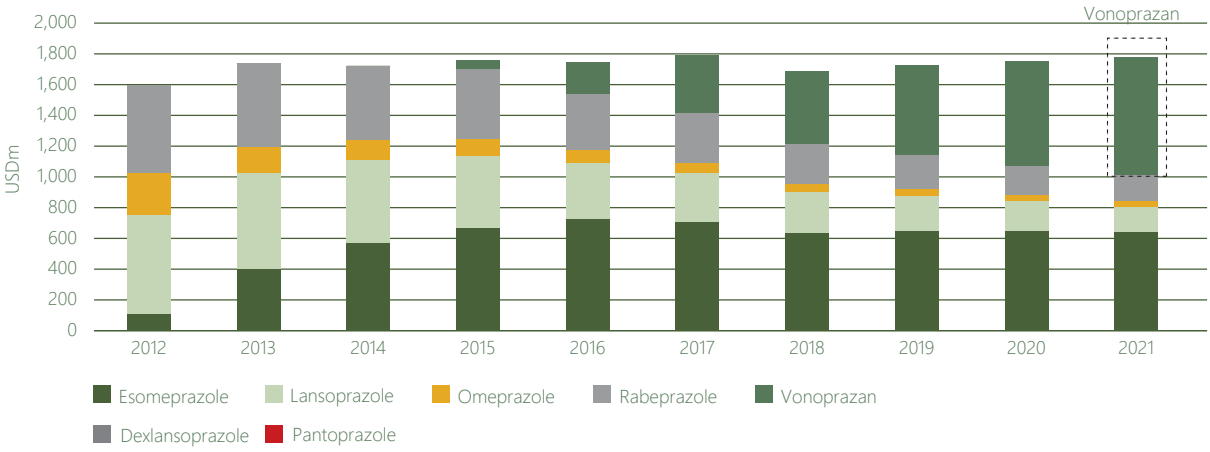


Figure 11. Total revenue PPIs and PCABs in Japan

Furthermore, figure 12 below shows the total revenue from sales of H2RAs, PPIs and PCABs in the U.S., EU-5 and Japan combined, with the introduction of PCABs in Japan showing growing revenue in this category. Figure 13 below also shows the share of H2RAs, PPIs and PCABs prescribed in 2021 in the U.S., EU-5 and Japan respectively, with the EU-5 followed by the U.S. having the highest share. Prescription of H2RAs varies between regions but is generally low.[1)]

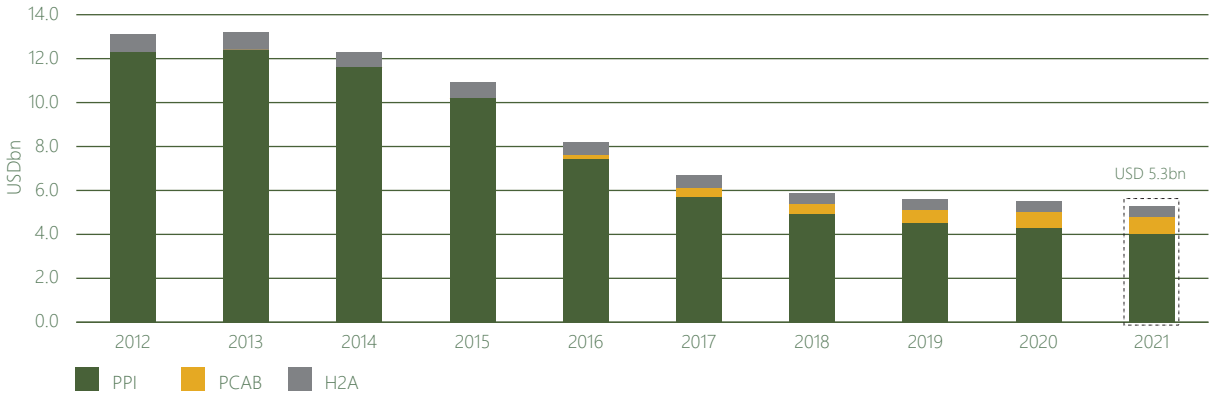


Figure 12. Total revenues from H2RAs, PPIs and PCABs in the U.S., EU-5 and Japan combined

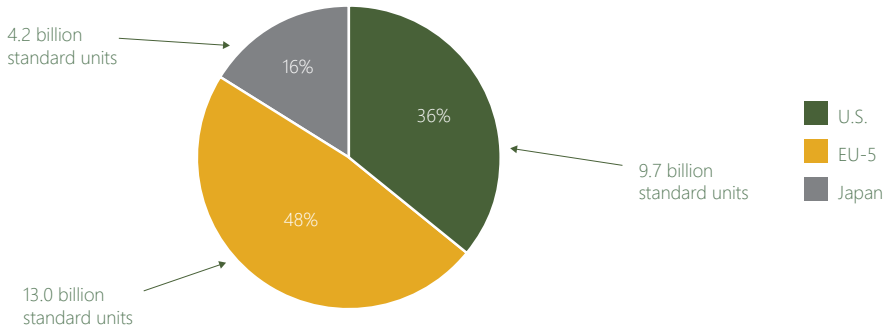


Figure 13. Volume share of prescriptions (H2RAs, PPIs, PCABs) in 2021 in the U.S., EU-5 and Japan

1) Source: Apex Market Report (March 2022).

According to Cinclus Pharma, the sales of the PCAB vonoprazan in Japan show that there is significant demand for drugs with improved acid control and pharmacodynamic characteristics that also allows for faster onset. Another indicator of potential demand is the commercial success of Dexilant in the U.S. which shows the value that doctors and patients see in even marginally improved acid control in PPIs. The U.S. and European markets for the treatment of patients with GERD display clear parallels to the Japanese market as it was at the time of the Takecab® launch, including heavy genericization, significant PPIs dissatisfaction and patients switching between different drugs. Vonoprazan has recently been approved in the U.S., but not in Europe where there is no application for approval submitted. Linaprazan glurate provides better acid control than other PCABs and is expected to offer a more powerful option for patients with severe eGERD.[1)] Accordingly, the Company believes that the commercial success of the PCAB vonoprazan in Japan indicates significant potential for linaprazan glurate (if approved) in the U.S., Europe and the RoW and a great commercial opportunity to address the unmet medical need for patients with severe eGERD.

Existing treatment for *H. pylori* infection

The current treatment guidelines for *H. pylori* recommend using PPIs in combination with two different types of antibiotic.[2)] The acid control component of the treatment has a pivotal role in the eradication of *H. pylori* infection, as it makes the bacteria more sensitive and enhances the effect of the antibiotic, which was shown for the first time in a pilot study published in 1989.[3)] Firstly, anti-secretory pharmaceuticals increase intragastric pH, which in turn increases the stability of the antibiotics. Secondly, several antibiotics, including amoxicillin and clarithromycin, are most potent against *H. pylori* at the time of maximum bacterial propagation (which occurs at pH 6.0 to 7.0). The bacteria's own ability to neutralize acid via its urease activity is enhanced by acid control treatment.

First line of treatment for *H. pylori* infection is treatment with PPIs and at least two antibiotics, usually amoxicillin and clarithromycin. However, given the widespread antibiotic resistance to in particular clarithromycin, this treatment is not recommended in regions with high resistance.[4)] The recommendation is instead usually the so-called PMBT method, which consists of a combination of a PPI, metronidazole, bismuth and tetracycline taken 2–4 times a day for 14 days.[5)] Given the complexity of the PMBT method, the risk of poor adherence is high and the availability of bismuth is limited in some countries. Furthermore, side effects are common during PMBT treatment.[6)]

Before starting treatment for *H. pylori* infection, the recommendation is to perform a resistance test. This is, however, not always done.[7)] About 44 percent of all patients treated for *H. pylori* infection receive treatment that deviates from the guidelines or that is inappropriate based on previous antibiotic use, and about 20 percent of patients treated with clarithromycin have previously been treated with another type of macrolide antibiotic, which increases the risk of cross-resistance to clarithromycin.[8)]

In Japan, Takeda's PCAB Takecab® is approved as part of a treatment of *H. pylori* infection. In May 2022, Phathom received approval in the U.S. for the use of vonoprazan for treatment of *H. pylori* infection. However, the drug was not launched in the U.S. until the fourth quarter of 2023 as studies of the commercial formulation of vonoprazan revealed the presence of carcinogens above permitted levels.[9)] The Company believes, as further described in section "*– First generation PCABs*" above, that the commercial success of PCABs in Japan indicates significant potential for linaprazan glurate as well.

Cinclus Pharma's assessment is that the treatment for *H. pylori* infection needs to change as current treatment methods are not optimal, especially in light of the development of antibiotic resistance. Linaprazan glurate has the potential to change the treatment of *H. pylori* infection mainly by reducing the use of antibiotics.

1) The Company's analysis based on the following sources: Cinclus Pharma's study CX842A2107 (Cinclus Pharma database), phase 1 pH control 1.5–24 hours on day 1 and 0–24 hours on day 14; Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), U.S. Food and Drug Administration website. URL. https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215151s000lbl.pdf; Sunwoo J., et al. *Pharmacodynamics of tegoprazan and revaprazan after single and multiple oral doses in healthy subjects*. Aliment Pharmacol Ther (2020); Hwang JG. et al, *Pharmacodynamics and pharmacokinetics of DWP14012 (fexuprazan) in healthy subjects with different ethnicities*. Aliment Pharmacol Ther (2020).
2) Source: World Gastroenterology Organisation Global Guidelines, *Helicobacter pylori*, May 2021.
3) Source: Unge P., et al. *Does Omeprazole improve antimicrobial therapy directed towards gastric Campylobacter pylori in patients with antral gastritis? A pilot study*. Scand J Gastroenterol Suppl. 1989;167:49-54.
4) Source: Cortés, P. et al. *Treatment Approach of Refractory Helicobacter pylori Infection: A Comprehensive Review*. Journal of primary care & community health vol. 12 (2021): 21501327211014087.
5) Source: World Gastroenterology Organization Global Guidelines, *Helicobacter Pylori*, August 2021.
6) Source: World Gastroenterology Organization Global Guidelines, *Helicobacter Pylori*, August 2021.
7) Sources: Quach, D. et al. *Real-world practice of Helicobacter pylori management: A survey among physicians in Southeast Asia*. Helicobacter vol. 28,6 (2023); Nyssen, O. et al. *European Registry on Helicobacter pylori management (Hp-EuReg): patterns and trends in first-line empirical eradication prescription and outcomes of 5 years and 21 533 patients*. Gut vol. 70,1 (2021): 40-54.
8) Source: Shah, S. et al. *Diagnosis and treatment patterns among patients with newly diagnosed Helicobacter pylori infection in the United States 2016-2019*. Scientific reports vol. 13,1 1375. 25 Jan. 2023.
9) Based on information published by pharmaceutical authorities (e.g. the FDA), information from the ClinicalTrials.gov database, as well as financial reports, press releases and other publicly available information.

Competitive landscape

Cinclus Pharma continuously monitors the drugs currently approved to treat patients with gastric acid-related diseases and *H. pylori* infection as well as the clinical development for new treatment options. The Company may be subject to competition from pharmaceutical companies both within the PPI class and first generation PCABs. However, Cinclus Pharma intends to introduce an improved and differentiated drug for the treatment of eGERD and *H. pylori* infection in the stomach and believes that linaprazan glurate, which represents the next generation PCAB, has the potential to drive a paradigm shift among the currently available treatments.

At present, the PPI class represents the current standard of care globally for treatment of GERD patients. Further, the current treatment guidelines for *H. pylori* infection recommend using PPIs in combination with two antibiotics. Among the PPI class are drugs such as Prilosec®/Losec®, Protonix®, Prevacid®, Nexium® and Dexilant®. In addition, drugs in the PCAB class have been launched in a number of countries in recent years, mainly in Asia, but also in the U.S. where vonoprazan was launched in the fourth quarter of 2023, which display improved pharmacodynamics compared to PPIs. Refer to section "*– Existing treatment for gastric acid-related diseases and H. pylori infection*" above for further information. Figure 14 below shows an overview of the companies currently developing PCABs, like Cinclus Pharma, or marketing such drugs.

Company	Product candidate	Development phase	Efficacy[1]	Rights	Comments
Takeda ***Phathom Pharmaceuticals***	*vonoprazan*	**Commercialized Asia (Takecab)** **Commercialized U.S. (Phathom)**	✓✓	RoW (excl. the U.S. and EU)	• Takecab is the first PCAB launched for acid-related diseases. The drug was launched in Japan 2015 with non-inferior claims and is today approved in several countries across the U.S., LATAM and Asia • Phathom Pharmaceuticals has development and exclusive commercialization rights to vonoprazan in North America and Europe
Cinclus Pharma	**linaprazan glurate**	**Phase III ready** **Phase III to be initiated in 2024. EoPh2 meeting completed**	✓✓✓	2)	• Next generation PCAB being developed by Cinclus Pharma • Potential to show superiority against PPIs and first-generation PCABs
Daewoong	*fexuprazan*	Submitted for approval in several Asian and South American countries[3] Pivotal clinical studies in the U.S. delayed and not started[4]	✓✓		• DWP14012 is being developed by Daewoong Pharma • Non inferior to PPI clinical data[5]
RaQualia Sebela Pharmaceuticals	*tegoprazan*	**Phase III completed and commercialized in South Korea** **Phase III initiated** Phase III H2 2022 initiated in the U.S. (eGERD & sGERD)	✓✓		• Tegoprazan was developed by RaQualia Pharma and its licensee HK inno.N (previously CJ Health care). Non-inferior to esomeprazole[6] • Launched in South Korea 2018. Approved in Singapore 2023 • Sebela Pharmaceuticals® Acquired Exclusive Licensing Rights to Develop and Commercialize Tegoprazan in the U.S. and Canada Q4 2022
Onconic Therapeutics	*zastaprazan*	**Phase II** Phase II ongoing in South Korea	✓✓		• Planning for phase III in South Korea • Initially developed from Jeil Pharmaceutical • *Non inferior* vs PPI

Figure 14. Overview of companies currently developing or marketing PCABs[7)]

1) Clinical efficacy/acid control is measured based on the average proportion of hours per day that the intragastric pH is higher than 4. One tick corresponds to 40–65 percent acid control, two ticks correspond to 65–90 percent acid control and three ticks correspond to >90 percent acid control.
2) Excluding territories that have been licensed to Sinorda. See "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*" for further information.
3) Source: BusinessKorea, "Daewoong Applies for Fexuclue Approval in 10 Countries", 15 December 2022.
4) Phase III completed in South Korea.
5) Based on clinical studies conducted in South Korea. Lee KN, et al. *Randomized controlled trial to evaluate the efficacy and safety of fexuprazan compared with esomeprazole in erosive esophagitis*. World J Gastroenterol. 2022;28(44):6294-6309.
6) Lee, KJ. et al. *Randomised phase 3 trial: tegoprazan, a novel potassium-competitive acid blocker, vs. esomeprazole in patients with erosive oesophagitis*. Alimentary pharmacology & therapeutics vol. 49,7 (2019): 864-872.
7) The Company's analysis is based on information published by pharmaceutical authorities (including the FDA, EMA and the Swedish Medical Products Agency), information from the ClinicalTrials.gov database, as well as financial reports, press releases and other publicly available information. The product candidates revaprazan, commercialized in South Korea and India by Yuhan Corporation, and keverprazan, commercialized in China by Jiangsu Carephar Pharmaceutical, have been omitted due to poorer efficacy and development.

Cinclus Pharma's clinical studies on linaprazan glurate have so far shown better clinical efficacy in direct comparison with PPIs and in indirect comparison with first generation PCABs. In particular, linaprazan glurate has a higher acid control (a pH above 4), approximately 92–96 percent over 24 hours, compared to 40–70 percent for PPIs and 63–85 percent for vonoprazan, which is not sufficient for all patients with eGERD LA grade C/D.[1)] Tegoprazan and Fexuprazan are expected to show lower acid control than vonoprazan, up to 68 and 63 percent, respectively, after multiple doses.[2)] Furthermore, linaprazan glurate has shown a healing rate of 89 percent after four weeks of treatment for patients with severe eGERD (LA grade C/D), compared to a healing rate of 38 percent for lansoprazole, resulting in a marginal effect of more than 50 percentage points in favor of linaprazan glurate over lansoprazole.[3)] Vonoprazan has for patients with LA grade C/D shown a healing rate that in absolute terms is comparable to the healing rate for linaprazan glurate, 92 percent, but only after eight weeks, with a significantly lower marginal effect of 20 percentage points and in a patient group with more patients with eGERD LA grade C, which is easier to heal.[4)] As far as the Company is aware, the clinical studies conducted on PCABs in Asia have been carried out with the intention of illustrating that PCABs are non-inferior to PPIs.[5)] Cinclus Pharma has in its completed study in a *post hoc*-analysis shown superiority regarding healing of the erosions in patients with severe eGERD (LA grade C/D). Cinclus Pharma has the ambition to show superiority in the upcoming Phase III studies regarding healing and relief of symptoms in patients with severe eGERD (LA grade C/D).

Phathom's clinical studies have shown that vonoprazan is non-inferior to the PPI lansoprazole.[6)] Phathom's studies also showed that vonoprazan does not achieve full 24-hour acid control and that vonoprazan is non-inferior to PPIs in terms of healing. Phathom's label also contains information that breastfeeding is not recommended during treatment with vonoprazan, as the drug may potentially affect liver function. Phathom received FDA approval in the fourth quarter of 2023 for the use of vonoprazan for the medical indication eGERD in the U.S. and in May 2022 for the use of vonoprazan for the indication *H. pylori* in the U.S. and was launched in the U.S. for both indications in the fourth quarter of 2023. The Company also estimates that vonoprazan could be commercially available for the treatment of sGERD in the U.S. during the third quarter of 2024.[7)] Cinclus Pharma's assessment is that Phathom's strategy, by focusing on both eGERD and sGERD, is to reach a broader prescriber population and a significantly larger number of patients, without any specialized focus on the severity of the patients.[8)]

Cinclus Pharma's intention for the potential commercialization of linaprazan glurate is to mainly target patients with severe eGERD, which is the group where the Company believes there is a significant unmet medical need. This entails that Cinclus Pharma's main target group will be gastroenterologists along with primary care physicians that focus on gastroenterology, which can provide better opportunities for a high price, with the possibility of being subsidized, and only require a smaller sales organization. Cinclus Pharma thus intends to adopt a more specialized strategy aimed at a smaller but more specific target group. The Company further believes that

1) Miner P. et al, *Gastric acid control with esomeprazole, lansoprazole, omeprazole, pantoprazole, and rabeprazole: a five-way crossover study*. Am J Gastroenterol. 2003 Dec;98(12):2616-2620; Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), U.S. Food and Drug Administration website. URL. https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215151s000lbl.pdf; Cinclus Pharmas study CX842A2107 (Cinclus Pharma's database).
2) Sunwoo, J. et al. *Pharmacodynamics of tegoprazan and revaprazan after single and multiple oral doses in healthy subjects*. Alimentary pharmacology & therapeutics vol. 52,11-12 (2020): 1640-1647; Hwang, JG. et al. *Pharmacodynamics and pharmacokinetics of DWP14012 (fexuprazan) in healthy subjects with different ethnicities*. Alimentary pharmacology & therapeutics vol. 52,11-12 (2020): 1648-1657.
3) Cinclus Pharma's Phase II study in eGERD, refer to section "*Business overview – Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – Completed studies – Phase II eGERD study*" for further information.
4) Source: Laine L., et al. *Vonoprazan Versus Lansoprazole for Healing and Maintenance of Healing of Erosive Esophagitis: A Randomized Trial*. Gastroenterology. 2023 Jan;164(1):61-71.
5) The Company's assessment based on the following sources: Lee KJ, et al. *Randomised phase 3 trial: tegoprazan, a novel potassium-competitive acid blocker, vs. esomeprazole in patients with erosive oesophagitis*. Aliment Pharmacol Ther. 2019 Apr;49(7):864-872; Cho YK, et al. *Randomised clinical trial: comparison of tegoprazan and lansoprazole as maintenance therapy for healed mild erosive oesophagitis*. Aliment Pharmacol Ther. 2023 Jan;57(1):72-80; Laine L, et al. *Vonoprazan Versus Lansoprazole for Healing and Maintenance of Healing of Erosive Esophagitis: A Randomized Trial*. Gastroenterology. 2023 Jan;164(1):61-71; Xiao Y, et al. *Phase III, randomised, double-blind, multicentre study to evaluate the efficacy and safety of vonoprazan compared with lansoprazole in Asian patients with erosive oesophagitis*. Gut. 2020 Feb;69(2):224-230; Ashida K, et al. *Maintenance for healed erosive esophagitis: Phase III comparison of vonoprazan with lansoprazole*. World J Gastroenterol. 2018 Apr 14;24(14):1550-1561; Ashida K, et al. *Randomised clinical trial: vonoprazan, a novel potassium-competitive acid blocker, vs. lansoprazole for the healing of erosive oesophagitis. Aliment Pharmacol Ther*. 2016 Jan;43(2):240-51.
6) Source: Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), U.S. Food and Drug Administration website. URL. https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215151s000lbl.pdf.
7) The Company's analysis is based on information published by pharmaceutical authorities (including the FDA, EMA and the Swedish Medical Products Agency), information from the ClinicalTrials.gov database, as well as financial reports, press releases and other publicly available information.
8) The Company's analysis is based on information published by pharmaceutical authorities (including the FDA, EMA and the Swedish Medical Products Agency), information from the ClinicalTrials.gov database, as well as financial reports, press releases and other publicly available information.

this strategy may enable faster market penetration, as the patients within the Company's target group have already been identified and to a large extent been treated by gastroenterologists or primary care physicians focusing on gastroenterology. Furthermore, it is the Company's belief that neither Takeda nor Phathom, unlike Cinclus Pharma, is developing a "prodrug"[1], a feature the Company believes to be important in order to maintain a sufficient blood concentration for a longer time, in order to take advantage of the molecule's complete potential and acid control without having any limiting side effects. Linaprazan glurate is so far the only compound that has achieved 24-hour acid control in clinical studies thanks to differentiated product development and pharmacokinetics. Furthermore, the Company's addressable market is large, and the annual inflow of new patients is large (approximately 120,000 patients in the U.S. and 200,000 in the EU-30), which the Company believes provides good conditions for the potential commercial launch of linaprazan glurate. Accordingly, Cinclus Pharma's belief is that neither Takeda's nor Phathom's commercial operations regarding vonoprazan will have a material negative affect on the Company's competitive position.[2] Cinclus Pharma believes that Takeda's and Phathom's launch of vonoprazan may instead be to the Company's advantage, as they have, through the launch of the first generation PCAB, prepared the market for the next generation PCAB, linaprazan glurate, which provides close to 100 percent acid control.

Potential market and market size for linaprazan glurate

With linaprazan glurate, Cinclus Pharma intends to build a global product and target patients in large parts of the world suffering from severe eGERD (LA grade C/D). eGERD is thus the main initial medical indication for linaprazan glurate. The target population also includes patients in need of treatment for *H. pylori* infection. Cinclus Pharma estimates that linaprazan glurate can be included in treatment guidelines for eGERD and *H. pylori* after the regulatory approval has been obtained and relevant clinical experience with the substance has been built up among gastroenterologists and primary care physicians focusing on gastroenterology.

As part of the Apex Market Report, completed on behalf of Cinclus Pharma, quantitative surveys, followed by qualitative interviews, were conducted with primary care physicians and gastroenterologists, respectively, who are treating GERD patients in the U.S. and Europe, as well as telephone interviews with KOLs.[3] The key objectives of such market research were, *inter alia*, to assess the level of unmet medical need for patients with GERD as well as the potential usage of linaprazan glurate. The Apex Market Report highlights that there is an unmet medical need for patients with eGERD, for which linaprazan glurate is deemed to be a suitable fit. On the level of unmet medical need for management of patients with eGERD, gastroenterologists and primary care physicians assessed that the need, on average, was between 4 and 5, on a scale of 1–7 meaning that a large proportion of the GERD patients of the surveyed gastroenterologists and primary care physicians experience that treatment with PPIs is not effective enough. The level of unmet medical need for treatment of eGERD patients suffering from nocturnal symptoms was still higher, with an average closer to 5.

Of the surveyed gastroenterologists and primary care physicians, approximately 80 percent and 80–94 percent, respectively, considered linaprazan glurate to represent a significant treatment breakthrough, or to have significant advantages compared to current treatment options. Approximately 65–80 percent of asked gastroenterologists and primary care physicians stated that they are very positive or extremely likely to use linaprazan glurate (if approved) in their GERD patients. The main advantages of linaprazan glurate were considered to be acid control, with a pH level above 4 during more than 90 percent over the 24-hour period, faster onset of action and improved control of symptoms at night compared to PPIs. Furthermore, it was shown that gastroenterologists consider two daily doses of linaprazan glurate to be highly acceptable during the healing phase, before switching to one dose daily during the maintenance phase, and that healing within four weeks with linaprazan glurate compared to eight weeks with the current standard of care is of great importance. Accordingly, the market research indicate that today's current standard of care is not considered effective enough to alleviate symptoms or allow healing of erosions in all treated GERD patients, and if approved, linaprazan glurate has the potential to be widely used for treatment of GERD patients who are in need of a more efficacious therapy.[4]

1) A "prodrug" can be defined as a drug substance that is inactive in its intended pharmacological action and must be converted into the pharmacological active substance by metabolic or physicochemical transformation. In the case of Cinclus Pharma, linaprazan glurate is the inactive "prodrug" that is converted into the active substance linaprazan in the body.
2) The Company's analysis based on information published by regulatory authorities (including FDA, EMA and the Swedish Medical Products Agency), information from the ClinicalTrials.gov database as well as financial reports, press releases and other publicly available information.
3) As part of the Apex Market Report (May 2022), approximately 130 interviews were conducted with gastroenterologists in the U.S. and EU-3, approximately 130 interviews and 15 follow-up interviews with primary care physicians in the U.S. and EU-3, and approximately 15 telephone interviews with KOLs).
4) Source: Apex Market Report (May 2022).

The Company's intention is to out-license or enter into other types of partnerships for the co-promotion of linaprazan glurate in all relevant markets worldwide. The Company has already entered into a license agreement with Sinorda for the development and commercialization of linaprazan glurate in China and other selected regions of 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 company within the Shanghai Pharmaceuticals group. Sinorda has in the first quarter of 2023 applied for registration of linaprazan glurate in China with a potential approval and launch in 2024.[1)] Based on current market prices in China, the price of linaprazan glurate in China is estimated to be USD 1–2 per tablet.[2)] Refer to section "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*" for further information.

In the U.S. and the EU-30 alone, linaprazan glurate has the potential within five years from launch to achieve and exceed blockbuster sales, i.e., sales of at least USD 1 billion annually, based on the large number of patients in the Company's target population and the expected price level of linaprazan glurate (refer to section "*Business Overview – Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – Pricing*" for further information). The total addressable market for eGERD and *H. pylori*, respectively, is indicated in figure 15 and 16 below.

1) The Company's assessment is that Sinorda's development of linaprazan glurate, both in terms of formulation and dose, differs from Cinclus Pharma's development of linaprazan glurate, thus with different characteristics.
2) The Company's analysis based on information published by pharmaceutical authorities (including FDA, EMA and Swedish Medical Products Agency (Sw. *Läkemedelsverket*), information from the ClinicalTrials.gov database, as well as financial reports, press releases and other publicly available information.

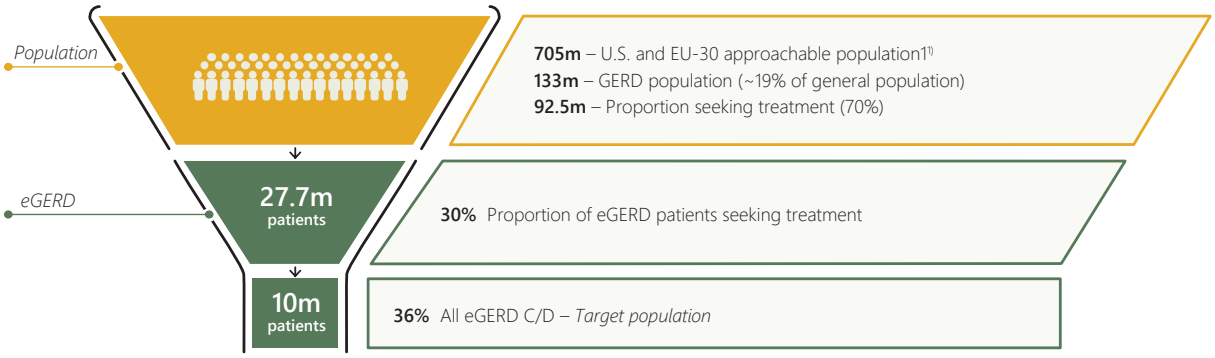


Figure 15. Addressable market in the U.S. and EU-30, by severe eGERD (LA grade C/D)

Note: Assuming that the percentage of patients in the U.S. with eGERD LA grade A/B is 68 percent and with eGERD LA grade C/D is 32 percent, that the percentage of patients in the EU-30 with eGERD LA grade A/B is 61 percent and with eGERD LA grade C/D is 39 percent, and that the percentage of patients who are partial responders to current treatment is 30 percent in the U.S. and 39 percent in the EU-30.

1) Source: US Census Bureau International Database, refers to individuals aged 18 and over. U.S. accounts for 270 million and EU-30 accounts for 435 million. Data calculated for the year 2025.

More than 10 million patients have severe eGERD in the U.S. and EU-30 combined.[1)] In addition, a significant increase in demand for PCABs is expected due to growing patient population, as the prevalence of GERD increases with age.[2)] Furthermore, Cinclus Pharma believes that linaprazan glurate has additional sales potential in other regions, including through the out-licensing to Sinorda and other potential licensees.

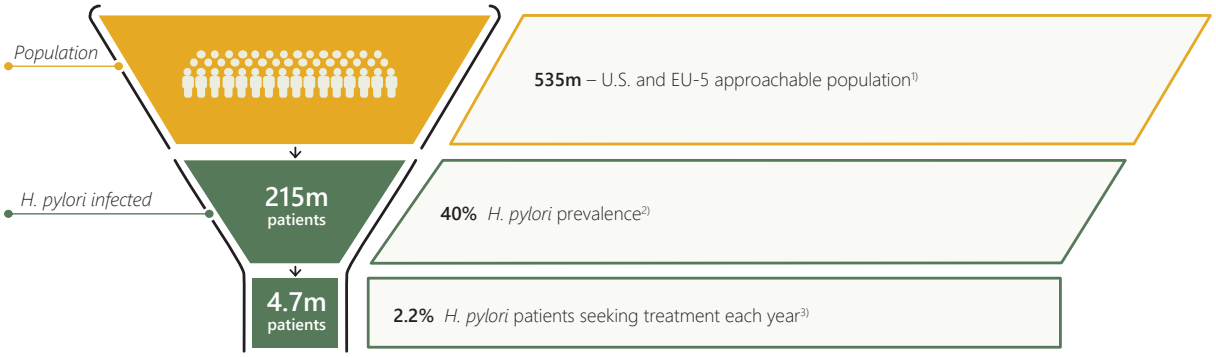


Figure 16. Addressable market in the U.S. and EU-5, by *H. pylori*

1) Source: US Census Bureau International Database, refers to individuals aged 18 and over. Data calculated for the year 2025.
2) Source: Li Y. et al. *Global prevalence of Helicobacter pylori infection between 1980 and 2022: a systematic review and meta-analysis*. Lancet Gastroenterol Hepatol. 2023;8(6):553-564.
3) Apex Market Report (January 2024).

1) Source: Apex Market Report (May 2022).
2) Based on the following source: Ruigómez A., et al. *Natural history of gastro-oesophageal reflux disease diagnosed in general practice*. Aliment Pharmacol Ther. 2004 Oct 1;20(7):751-760.

Business overview

This Offering Circular contains statistics, data and other information regarding markets, market size, market positions and other industry information related to the Company's markets and operations. Such information is based on the Company's analysis of multiple sources, which are listed throughout this section, including information sourced from the Apex Market Report. The Apex Market Report is, according to the Company's opinion, reliable. However, the assumptions or market views presented in the Apex Market Report may have changed since the completion of the surveys. Views and assumptions regarding markets, market size or market positions expressed by Cinclus Pharma have not been verified by a third-party, which may have a different point of view.

As far as Cinclus Pharma is aware and able to verify, the information provided in the following section is reliable and accurate, and no facts have been omitted that would render the reproduced information inaccurate or misleading. However, the Company has not independently verified the accuracy or completeness of any third-party information and the Company cannot therefore guarantee its accuracy or completeness. The information presented in this section may include estimates on future market performance and other forward-looking statements. Estimates and forward-looking statements are no guarantee for future results and actual events and circumstances may differ significantly from current expectations. A variety of factors can cause or contribute to such discrepancies, refer to, inter alia, sections "Important information to investors – Forward-looking statements" and "Risk factors".

Introduction

Cinclus Pharma is a clinical stage pharmaceutical company developing a drug for the treatment of erosive gastroesophageal reflux disease ("**eGERD**") and a dual therapy treatment with only one antibiotic targeting *Helicobacter pylori* ("***H. pylori***"), a bacteria that occurs in the gastric and duodenal mucosa. The Company's main target population is patients suffering from severe eGERD, where there is a lack of satisfactory treatment options. The Company expects that its drug candidate, linaprazan glurate, will be able to fill this need. The target population is patients with severe eGERD (LA grade C/D). The target population also includes patients in need of treatment for *H. pylori* infection, where linaprazan glurate is intended to be used to achieve acid control and combined with one antibiotic, constitutes the treatment.

In the Company's clinical Phase I and Phase II studies, linaprazan glurate has so far shown efficacy benefits compared to the current standard of care and has potential to provide superior clinical efficacy as well as a beneficial pharmacokinetic and safety profile.[1)]

Linaprazan glurate is protected by a global patent portfolio built as part of a deliberate intellectual property strategy. Under current legislation in the EU/EEA, the molecule will also have ten years of data- and market exclusivity (eight years of data exclusivity, and two years of market exclusivity) with the possibility of one additional year of market exclusivity if the Company obtains approval for a new medical indication with significant clinical benefit, compared to existing therapies.[2)] In the U.S., the molecule will have up to five years of exclusivity from the date of market approval, with a five-year extension of data exclusivity provided that linaprazan glurate is approved for the *H. pylori* indication first. In addition to linaprazan glurate, the Company also has a second molecule in the portfolio as a back-up compound, which is protected by the same intellectual property as linaprazan glurate.

1) Refer to the section "– *Completed studies*" for further information.
2) Based on current legislation under revision in the EU. According to a proposal from the European Commission, the data exclusivity period in the EU may be reduced by up to two years, unless the drug is launched in all EU countries where marketing authorization is available within a certain period of time. For further information, refer to the proposal for a Directive of the European Parliament and of the Council on the Union code relating to medicinal products for human use, and repealing Directive 2001/83/EC and Directive 2009/35/EC, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX-:52023PC0193.

History and important events

Below is a summary of important events in the history and development of Cinclus Pharma.

Cinclus Pharma was founded by Kjell Andersson (Ph.D), Peter Unge (MD, Ph.D), Lennart Hansson, (Ph.D), Mikael Dahlström, Urban Paulsson and Marek Poszepczynski. Several of the Company's founders have extensive experience from Astra and AstraZeneca, where pre-clinical studies and clinical Phase I and Phase II studies were performed on the drug candidate's main metabolite, linaprazan.

During 2001–2005, AstraZeneca performed Phase I and Phase II clinical studies on the drug candidate linaprazan as a part of a PCAB development project to develop the successor to Losec® and Nexium®. Comprehensive data from 23 Phase I studies including more than 600 subjects and two Phase II studies including approximately 2,000 patients exposed to linaprazan showed that linaprazan was well tolerated with a fast onset of action and full effect after the first dose, but the acid control was at a similar level as the Nexium® acid suppression profile.[1] AstraZeneca terminated the linaprazan project in 2005. AstraZeneca's studies showed that in order to achieve long-term acid control, linaprazan had to be dosed at high dose levels. This resulted in C_{max} [2] levels that were in average 20 times higher than the level acutely required for full inhibition of acid secretion, resulting in side effects such as dose related and reversible elevated liver transaminases (which is a measure of liver impact and potential liver damage from medications) in a few patients. Dose levels of linaprazan that did not cause clinically significant elevation in liver transaminases were not effective enough to show improved effect with linaprazan compared to Nexium®.

Kjell Andersson, former lead pre-clinical project manager for AstraZeneca's linaprazan project, and Mikael Dahlström, the chemist behind linaprazan, acquired the intellectual property rights to linaprazan glurate without any commitments or payment obligations, from AstraZeneca in 2010. In 2014, the company Cinclus Pharma was founded, and the pre-clinical studies on linaprazan glurate started the same year.

Linaprazan glurate is the "prodrug"[3] of linaprazan that the Company has deemed most suitable. C_{max} levels after administration of linaprazan glurate are approximately 75 percent lower than after administration of the active metabolite linaprazan. The lower levels of C_{max} has reduced the risk of liver effects as measured by plasma levels of liver transaminases. In Cinclus Pharma's studies there have been no signs of clinically significant elevated levels of transaminases from the liver related to treatment with linaprazan glurate. The much lower C_{max} levels after administration of linaprazan glurate allow for optimization of the dose level, so that the desired control of intragastric pH over 24-hours can be achieved without generating clinically significant side effects.

Cinclus Pharma completed its first-in-human-study, the Phase I study, in 2018. The Phase I study was successful, showing that linaprazan glurate was safe and well tolerated and that the drug candidate had a fast onset as well as full acid control, presented as mean pH value in dosed individuals, after pH increase to above 4 during the whole measurement period, during the first 24 hours of usage.[4] During 2019, the process regarding the IND (Investigational New Drug) Application to FDA was initiated as well as the development of the tablet formulation of linaprazan glurate.

In 2020, Cinclus Pharma raised approximately SEK 250 million through an issue subscribed by, among others, the Fourth Swedish National Pension Fund, Linc AB and Jonas Sjögren. The strengthened cash position enabled the Company to finance the Phase II study and the continued development of the drug candidate.

During the years 2020–2022, Cinclus Pharma was involved in a now settled dispute with Sinorda, the Company's licensee for the development and commercialization of linaprazan glurate in China and other selected regions of Asia. On 22 August 2022, Cinclus Pharma and Sinorda agreed to settle the dispute, whereby the parties agreed that the license agreement should continue in full force and effect with certain amendments. For further information, refer to sections "*Legal considerations and supplementary information – Disputes – Dispute with Sinorda*" and "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*".

In 2022, Cinclus Pharma raised another approximately SEK 240 million to strengthen its financial position and continue to execute the Company's development and commercialization strategy. Among the investors were Trill Impact Ventures, Eir Ventures I AB, Irrus Investments Nominee Limited, the Fourth Swedish National Pension Fund and Linc AB.

1) Sources: Kahrilas P., et al. *A Randomized, Comparative Study of Three Doses of AZD0865 and Esomeprazole for Healing of Reflux Esophagitis*. Clinical Gastroenterology and Hepatology 2007;5:1385-1391; Dent J., et al. *A Randomized, Comparative Trial of a Potassium-Competitive Acid Blocker (AZD0865) and Esomeprazole for the Treatment of Patients With Nonerosive Reflux Disease*. Am J Gastroenterol 2008;103:20–26.
2) C_{max} refers to the highest concentration that a drug achieves in the blood, spinal fluid, or target organ after the drug has been administered and before the administration of a second dose.
3) A prodrug can be defined as a drug substance that is inactive in its intended pharmacological action and must be converted into the pharmacologically active substance by metabolic or physico-chemical transformation. In the case of Cinclus Pharma, linaprazan glurate is the inactive "prodrug" that is converted into the active substance linaprazan in the body.
4) Source: Unge P., Andersson K. *A first-in-human, open-label, healthy volunteer study of the new P-CAB X842 demonstrating 24h acid control for treatment of acid related disease*. Gastroenterology 2018;154:238.

In November 2022, Cinclus Pharma announced positive topline results from its Phase II eGERD study. The primary endpoint of the study was to support dose selection of linaprazan glurate for the Phase III study program, and safety and tolerability as secondary endpoints. For further information, refer to section "*– Overview of linaprazan glurate – Cinclus Pharma's drug candidate – Completed studies – Phase II eGERD study*".

In 2023, the Company conducted studies with the selected polymorph of linaprazan glurate as HCl salt, in its anhydrous form and the results of a Phase I study with the new formulation showed stable and rapid absorption after ingestion. The antacid effect reached close to 100 percent control.

During June to August 2023, Cinclus Pharma borrowed approximately SEK 124.3 million through a bridge loan financing, in which Trill Impact Ventures, the Fourth Swedish National Pension Fund, Linc AB and 34 additional existing shareholders participated as lenders. For more information, refer to section "*Legal considerations and supplementary information – Material agreements – Bridge loan agreements*".

During October 2023, the Company completed an End of Phase II Meeting with the FDA for eGERD. For more information, refer to section "*– Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – Completed studies – Phase II eGERD study*".

Cinclus Pharma's strengths and competitive advantages

Cinclus Pharma believes that its specific strengths and competitive advantages that have contributed to the Company's progress, and could enable a successful positioning of the Company, include the following (as further elaborated on below in this section):

- Linaprazan glurate targets patients with severe eGERD (LA grade C/D), where the greatest unmet medical need exists, and has the potential to achieve and exceed blockbuster sales within five years from launch.[1)]
- Based on the Company's completed clinical studies, linaprazan glurate represents a new mode of action, with a beneficial pharmacokinetic profile and better and longer acid control with the potential to provide superior clinical efficacy, such as improved healing and symptom relief compared to PPIs and first generation PCABs.
- Previous development of the active metabolite linaprazan by AstraZeneca has given Cinclus Pharma benefits in its further development of the New Chemical Entity ("**NCE**") linaprazan glurate.
- Positive Phase II results showed a clear dose-response, i.e., a connection between the dose of the drug and the effect of the drug, and a significantly higher healing rate compared to PPIs in patients with severe eGERD (LA grade C/D), a difference that was statistically significant in a *post hoc*-analysis, as well as good safety and tolerability profile.
- Strong global intellectual property rights, ensuring robust molecule patent protection and data/market exclusivity in the EU and the U.S.
- Existing institutional investors such as Trill Impact Ventures, the Fourth Swedish National Pension Fund, Linc and Eir Ventures, with a track record in pharmaceutical investments.
- Strong leadership team with track record of both innovation and commercialization, with key members from Nexium®, Losec® and the linaprazan development projects.

Linaprazan glurate targets patients with severe eGERD (LA grade C/D), where the greatest unmet medical need exists, and has the potential to achieve and exceed blockbuster sales within five years from launch

GERD is on a global level one of the most prevalent GI diseases. In the U.S. and the EU alone, GERD impacts about 133 million people. Of these, approximately 70 percent seek medical attention. Approximately 30 percent of the GERD population has eGERD and approximately 36 percent of these are in the more severe LA grade C/D category. This represents more than 10 million adult patients in the U.S. and EU-30.[2)] These patients may experience persistent, troublesome symptoms, such as heartburn and regurgitation and do not achieve healing of esophageal damage. Currently, the standard treatment is PPIs. However, over the past few years in Japan, where the first generation PCABs have been launched, PCABs have taken an increasing share of sales from other available treatment options.[3)] During the fourth quarter of 2023 the first generation PCAB was launched in the U.S. Furthermore, PCABs have shown improved pharmacodynamic characteristics compared to PPIs. Cinclus Pharma's assessment is that this indicates a significant potential and commercial opportunity for linaprazan glurate (if approved) in the U.S., Europe and the RoW.

Based on the large number of approachable patients in the Company's target population, and the expected price level for linaprazan glurate (refer to section "*– Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – Pricing*" for further information), the Company believes that linaprazan glurate has the potential to, within five years from launch, achieve and exceed blockbuster sales, i.e., sales of at least USD 1 billion annually.[4)] In addition, patients in need of treatment for *H. pylori* infection are also candidates for linaprazan glurate-based eradication therapy.

1) Source: Apex Market Report (May 2022).
2) Source: US Census Bureau International Database; Apex Market Report (May 2022).
3) Apex Market Report (May 2022).
4) Source: Apex Market Report (May 2022).

Based on the Company's completed clinical studies, linaprazan glurate represents a new mode of action, with a beneficial pharmacokinetic profile and better and longer acid control with the potential to provide superior clinical efficacy, such as improved healing and symptom relief compared to PPIs and first generation PCABs

Linaprazan glurate, and other PCABs, differ from the current standard of care for gastric acid-related diseases, i.e., drugs within the PPI class such as Losec® and Nexium®. Both PPIs and PCABs inhibit the proton pump, but with different mechanisms of action. PCABs bind to the proton pump with an ionic binding, unlike PPIs which bind with a covalent binding. This means that a PCAB is a reversible inhibitor, in contrast to a PPI which is an irreversible inhibitor of the proton pump. Furthermore, PCABs have a much faster onset of action (1–2 h) compared to PPIs (4–5 days) and offer more flexibility in inhibiting acid secretion. In addition to faster onset, PCABs have a longer half-life and a longer duration than PPIs, which enables PCABs to provide more effective and longer-lasting effect than PPIs.[1)]

Cinclus Pharma believes that linaprazan glurate, as a next generation PCAB, has the potential to drive a paradigm shift in relation to both PPIs and first generation PCABs. Linaprazan glurate is being developed to offer effective treatment primarily to patients with severe eGERD (LA grade C/D). Cinclus Pharma has in its completed study in a *post-hoc* analysis demonstrated superiority in the healing of erosions in patients with severe eGERD (LA grade C/D). Cinclus Pharma has the ambition to demonstrate superiority in healing and the symptom relief in patients with severe eGERD (LA grade C/D) in the upcoming Phase III studies. Linaprazan glurate has the ability to provide close to 100 percent acid control, defined as intragastric pH over four, already on the first day of treatment.[2)] While the Company's Phase II study was not powered or dimensioned to demonstrate significance towards the comparator PPI lansoprazole, the healing rate of all eGERD LA grade C/D patients treated with linaprazan glurate was significantly higher than lansoprazole. In addition, linaprazan glurate has shown a healing rate of 89 percent after four weeks of treatment for patients with eGERD LA grade C/D, compared with vonoprazan which has shown a comparable absolute healing rate only after 8 weeks.[3)]

Previous development of the active metabolite linaprazan by AstraZeneca has given Cinclus Pharma benefits in the further development of its NCE *linaprazan glurate*

Cinclus Pharma's drug candidate linaprazan glurate is a "prodrug" of linaprazan. Linaprazan was originally developed by AstraZeneca and underwent both Phase I and Phase II studies during the early 2000s. Comprehensive data from 23 Phase I studies and two Phase II studies,

1) Sources: Scarpignato C., et al. *Pharmacologic treatment of GERD: Where we are now, and where are we going*? Ann N Y Acad Sci. 2020 Dec,1482(1):193-212; Laine L., et al. *Pharmacodynamics and Pharmacokinetics of the Potassium-Competitive Acid Blocker Vonoprazan and the ProtonPump Inhibitor Lansoprazole in US Subjects*. Am J Gastroenterol. 2022 Jul 1;117(7):1158-1161.
2) Sources: Cinclus Pharma's Phase I studies, refer to section "*Business overview – Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – Completed studies – Phase I studies in healthy volunteers*" for more information. Cinclus Pharma's Phase II study, CX842A2201 (Cinclus Pharma's database).
3) Source: Laine L., et al. *Vonoprazan Versus Lansoprazole for Healing and Maintenance of Healing of Erosive Esophagitis: A Randomized Trial*. Gastroenterology. 2023 Jan;164(1):61-71.

exposing more than 2,500 subjects to linaprazan, showed that linaprazan was well tolerated had a fast onset of action and full effect shortly after the first dose. However, the studies demonstrated that the linaprazan doses required to achieve improved acid control compared to PPIs resulted in C_{max} levels that were on average 20 times higher than the level required for a sufficiently potent inhibition of acid secretion, leading in a few cases to elevated liver transaminases levels, which indicates liver impact. At the same time, low doses of linaprazan had too short of an effect. As a result, it was not possible to show clinical superiority, compared to esomeprazole, which was used as a comparator. With the product candidate linaprazan glurate, which has much lower C_{max} levels and longer effect, Cinclus Pharma has potential to address these issues, by enabling close to 100 percent control of the intragastric pH with no signals of elevated liver transaminases.

Based on the extensive studies on linaprazan conducted by AstraZeneca, Cinclus Pharma has had and continues to have significant advantages in its development of linaprazan glurate. Cinclus Pharma has been able to benefit from the data collected by AstraZeneca, both in terms of the efficacy and the safety of the study drug. AstraZeneca's previous studies on linaprazan have reduced the risks of Cinclus Pharma's clinical development program by already exposing a large number of people to linaprazan. Accordingly, the Company has benefited from the studies conducted on linaprazan and focus on improving the weaknesses that were identified.

Positive Phase II results showed a clear dose-response, i.e., a connection between the dose of the drug and the effect of the drug, and a significantly higher healing rate compared to PPIs in patients with severe eGERD (LA grade C/D), a difference that was statistically significant in a *post hoc*-analysis, as well as good safety and tolerability profile

In November 2022, Cinclus Pharma announced positive topline results from its Phase II eGERD study (Linaprazan glurate Erosive Esophagitis Dose ranging (LEED) study). The primary endpoint of the study was to support dose selection of linaprazan glurate for the Company's upcoming Phase III studies, with safety and tolerability as secondary endpoints. The study design included four dose levels of linaprazan glurate and one dose of the active comparator lansoprazole. Two separate cohorts of patients were enrolled, one cohort with patients having severe eGERD, defined as LA grade C/D, and one with patients with milder eGERD, LA grade A/B, and with a history of prior insufficient PPI treatment. Both the overall results and the published top line results included:

- Dose-response assessed based on healing rates and eGERD improvement steps.
- For patients with severe eGERD (LA grade C/D), the highest healing rate after four weeks in the linaprazan glurate dosing group was 89 percent, compared to 38 percent in the lansoprazole group.
- While the study was not powered or dimensioned to demonstrate significance towards the comparator lansoprazole, the healing rate of all C/D patients in all dose groups treated with linaprazan glurate was significantly higher than lansoprazole in a post hoc analysis ($p<0.05$).
- For all patients treated with linaprazan glurate, including the low-dose groups, the mean healing rate was 81 percent compared to 59 percent in the lansoprazole treated group (per protocol analysis).
- For patients with milder eGERD, LA grade A/B, the highest four-week healing rate in a linaprazan glurate dosing group was 100 percent, compared to 71 percent in the lansoprazole group (per protocol analysis).
- Linaprazan glurate was generally well tolerated and safety data was comparable to that of lansoprazole. The most reported adverse event being COVID-19 infection, occurring in 4 percent of the total study population.

Cinclus Pharma is planning to initiate the healing study 1a study in 2024 with first patient enrollment expected in 2025 and the healing study 2a study in 2026 with first patient enrollment expected in 2026 or 2027. The Phase III study program for eGERD has been discussed with the FDA in an End of Phase II Meeting.

Refer to sections "*– Phase II eGERD study*" and "*– Phase III studies on eGERD and H. pylori*" for further information.

Strong global intellectual property rights, ensuring robust molecule patent protection and data/market exclusivity in the EU and the U.S.

A key priority of Cinclus Pharma is the patent protection for the molecule developed by the Company. Through a deliberate intellectual property strategy, Cinclus Pharma has built a robust patent portfolio, encompassing all major geographic markets including the U.S. and Europe. The molecule patent for linaprazan glurate expires in 2029–2030, however, the Company's assessment is that an extension of up to five years is probable due to the long duration between application and the potential market access. Linaprazan glurate will also have ten years of regulatory protection in the EU/EEA[1] (eight years of data exclusivity and two years of market exclusivity) with the possibility of one additional year of market exclusivity if the Company obtains approval for a new medical indication with significant clinical benefit, compared to existing therapies and up to five years of exclusivity in the U.S. from the date of market approval. Furthermore, the

1) Based on current legislation under revision in the EU. According to a proposal from the European Commission, the data exclusivity period in the EU may be reduced by up to two years, unless the drug is launched in all EU countries where marketing authorization is available within a certain period of time. For further information, refer to the proposal for a Directive of the European Parliament and of the Council on the Union code relating to medicinal products for human use, and repealing Directive 2001/83/EC and Directive 2009/35/EC, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX-:52023PC0193.

Company's drug candidate linaprazan glurate has been classified as a Qualified Infectious Disease Product ("**QIDP**") by the FDA for the treatment of *H. pylori* infection. The QIDP classification provides for an additional five-year extension of data exclusivity in the U.S. provided that the *H. pylori* indication is approved first. In addition, data exclusivity for linaprazan glurate in the U.S. may also be extended with a further six-months pediatric exclusivity.

Existing institutional investors such as Trill Impact Ventures, the Fourth Swedish National Pension Fund, Linc and Eir Ventures, with a track record in pharmaceutical investments

Among Cinclus Pharma's shareholders are well-established investors, such as Trill Impact Ventures, the Fourth Swedish National Pension Fund, Linc and Eir Ventures, all with a number of successful investments in pharmaceutical companies. Cinclus Pharma's investors do not only provide the Company with capital, but also contribute with invaluable expertise from previous experiences in life science gained from other investments, which is of great importance for Cinclus Pharma's strategic decisions and the Company's success.

Strong leadership team with track record of both innovation and commercialization, with key members from Nexium®, Losec® and linaprazan development projects

Cinclus Pharma is led by an experienced and dedicated management team consisting of several pharma professionals with significant industry experience and expert knowledge within all functions that are important for drug development, partnering, commercialization and market access. The members of the management team have significant experience from the pharmaceutical sector via senior positions at, among other companies, Astra/AstraZeneca, Sobi, Novartis, Eisai, Sedana Medical, Oncopeptides and regulatory authorities. Further, Cinclus Pharma's board of directors has extensive international competence and industry experience from drug development as well as from drug commercialization.

Several members of Cinclus Pharma's management and board of directors have been involved in both innovation and commercialization of drugs such as Nexium® and Losec®, as well as AstraZeneca's linaprazan development project. Accordingly, the Company has valuable in-house knowledge and experience from the development of drugs within the same field, which have later been approved and successfully commercialized, as well as from the development of linaprazan, the main metabolite of Cinclus Pharma's drug candidate linaprazan glurate.

Vision and strategy

Vision

Cinclus Pharma's vision is to improve quality of life for people worldwide living with gastric acid-related diseases and *H. pylori*-infection, by introducing new products that impact the standard of care, underpinned by linaprazan glurate. PPI-based traditional treatment for gastric acid-related diseases and *H. pylori*-infection has shown to not be efficient enough for all patients. By developing linaprazan glurate into an advanced and effective medication, Cinclus Pharma aims to make a difference in the everyday life of many individuals who are burdened by GERD and improve their quality of life.

Strategy

Currently, Cinclus Pharma is in an intensive development phase, ramping up the organizational and company structure to prepare for growth and the further development of linaprazan glurate.

With respect to commercialization, the Company will evaluate multiple options with the overarching mission of maximizing shareholder value. The Company's intention is to out-license or enter into other types of partnerships for the co-promotion of linaprazan glurate in all relevant markets worldwide. The Company has already entered into a license agreement with Sinorda for the development and commercialization of linaprazan glurate in China and other selected regions of Asia. Sinorda has in turn sub-licensed the manufacturing and industrial sales rights for linaprazan glurate in China, Hong Kong, Macau and Taiwan to Shanghai Pharma, one of the major pharmaceutical companies in China.

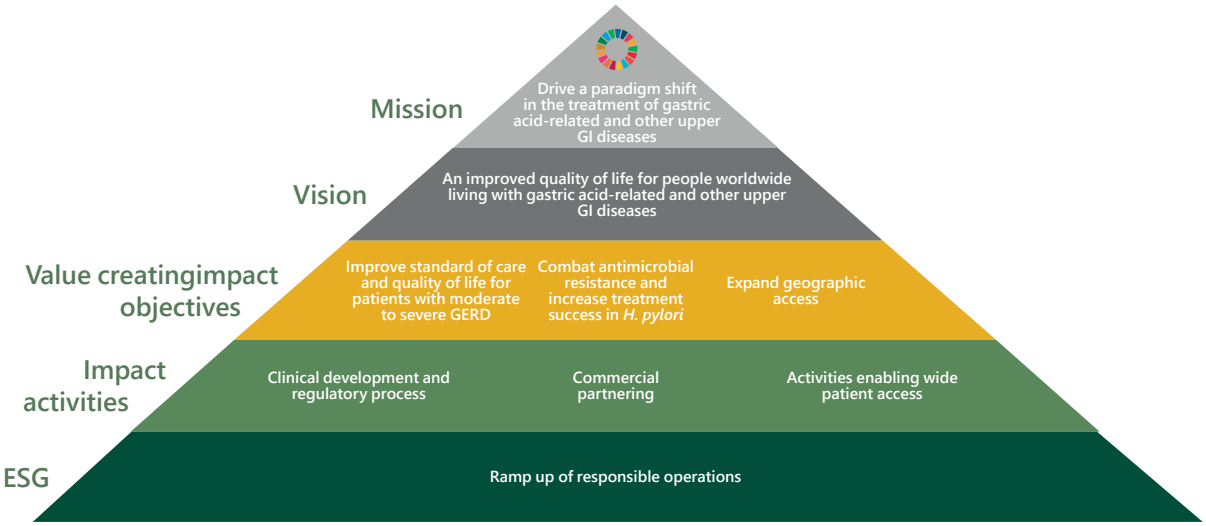
Cinclus Pharma's initial approach to market is intended to target patients with severe eGERD (LA grade C/D), for whom the Company assess that linaprazan glurate (if approved) may be given as the first-line treatment. Since eGERD cannot be diagnosed with certainty without confirmation by endoscopy, Cinclus Pharma intends to focus its marketing strategy towards gastroenterologists and gastro-focused primary care physicians, rather than primary care physicians in general. The Company may also reach a wider patient group than those with eGERD LA grade C/D through gastroenterologists that treat other GERD patients who partially respond to treatment with PPIs. eGERD LA grade A/B patients are not the Company's primary target population, but the Company believes that linaprazan glurate (if approved) may be given as a second- or third-line treatment when PPIs have not healed the patient. Cinclus Pharma intends to eventually search for development projects regarding GI diseases and build a pharmaceutical company specialized in the therapeutic area of gastroenterology.

Sustainability

Cinclus Pharma defines sustainability as both ESG (Environmental, Social, and Governance) and societal impact. ESG concerns responsible operations; a concept that helps stakeholders understand how the Company manages risks and opportunities in relation to these matters. The possibility of Cinclus Pharma having a positive societal impact relates to the strategic choices that the Company makes to contribute in a meaningful and measurable way to the United Nation's Sustainable Development Goal 3 (the "**UN SDG 3**"): health and well-being for all. Based on the UN SDG 3, Cinclus Pharma has included specific overarching impact ambitions in its business strategy. Cinclus Pharma has the potential to contribute to the UN SDG target 3.3: fighting communicable diseases and the UN SDG 3.4: reducing mortality from non-communicable diseases.

The main impact a pharmaceutical company like Cinclus Pharma can have in society is through its drug (if approved and commercialized) and in turn, its potential to improve human health. ESG excellence can further enhance the Company's ability to achieve such impact. Cinclus Pharma believes that shared value for all of its stakeholders is created by weaving ESG and societal impact into the fabric of the Company, from the organization at large to each co-worker's mindset and way of working. As such, Cinclus Pharma is a modern and responsible pharmaceutical company taking a holistic view on sustainability by incorporating it into its commercial strategy.

Cinclus Pharma's vision is to improve quality of life for people worldwide living with gastric acid-related diseases and *H. pylori* infection. If approved and commercialized, a large number of GERD and *H. pylori* patients may benefit from improved quality of life with the Company's innovative drug candidate. By including patients outside the U.S. and the EU, larger value creation is possible. Through the Company's clinical trial site selection in the Phase III study program and regulatory and commercial strategy with impact value creation highly prioritized, 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.



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. According to the Apex Market Report, there are approximately 704 million adults globally who suffer from GERD, of which approximately 175 million people are estimated to seek or have access to health care and of these approximately 52 million of those suffering from eGERD are in need of a more efficacious therapy.[1)] Cinclus Pharma believes that linaprazan glurate has the potential to drive a paradigm shift within this field and improve quality of life for these patients, with primary focus on patients with severe eGERD (LA grade C/D).
- **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 of antimicrobial resistance. The general approach to *H. pylori* eradication therapy combining comprehensive acid inhibition with inhibition with anti-microbials and specifically the dual therapy, using amoxicillin in combination with an acid blocker was first studied by Peter Unge (board member and senior advisor to Cinclus Pharma).[2)]
- **Expanding geographic access**: in addition to the Company's target population in the U.S. and EU-30, Cinclus Pharma intends to reach a larger patient group outside high-income countries by taking a broad approach to patient access.

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 (i) the Company's clinical development and regulatory process, (ii) commercial collaboration partners and (iii) other activities to reach out widely to patients, as well as how the Company works or intends to work with these initiatives.

1) Source: Apex Market Report (March 2023).
2) As of the date of the Offering Circular, Peter Unge has an assignment as senior advisor to the Company, amounting to approximately 20 hours per week. The consultancy agreement between Peter Unge and the Company will expire on 30 June 2024.

Clinical development and regulatory process

- Research and development work with the goal to demonstrate that linaprazan glurate contributes to the UN SDG 3 by:
  - eradicate *H. pylori* infection;
  - reduce the global use of antibiotics, where resistance problems exist, used in *H. pylori* treatment; and
  - achieve superior clinical efficacy in patients with severe eGERD.

Commercial partnering

- Partner with sales and marketing companies that can ensure scaled, effective distribution of linaprazan glurate across markets (could be different partners in different countries).
- Refer to section "– *Strategy*" above for further information.

Patient access enabling activities

- Lay the foundation to reach out to patients in many parts of the world, through clinical site selection in the Phase III study program aiming for a broad and diverse patient representation.
- Adopt a feasible commercialization model enabling wide patient access.

Cinclus Pharma's key initiatives to reach its ESG ambitions

Listed below are Cinclus Pharma's main initiatives to achieve its ESG ambition within (i) environment, (ii) social responsibility and (iii) corporate governance, as well as how the Company works or intends to work with 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.

Governance: Foster an ethical and transparent organizational culture

- Cinclus Pharma has implemented corporate governance policies covering aspects such as bribery, corruption and whistleblowing. The Company's code of conduct applies to all board members, officers, other employees, contractors, and temporary staff of the Company as well as, when applicable, its vendors and suppliers, who play an important role in the Company's research, development and product commercialization.
- Refer to section "*Corporate governance*" below for further information on the Company's overall corporate governance.

Future challenges and prospects

Cinclus Pharma has identified several challenges and prospects relating to the Company's vision and strategy.

The Company's future challenges mainly consist of obtaining positive results in pre-clinical and clinical studies, differentiating the Company's drug candidate from potential competitors' drugs and/or drug candidates, identifying and entering into agreements with licensees and/or other partners for commercialization, obtaining and maintaining relevant registrations and approvals from regulatory authorities, scaling up the production of linaprazan glurate prior to commercialization, protecting the Company's intellectual property rights and obtaining sufficient financing for the operations.

Cinclus Pharma's future prospects consist primarily of addressing a global unmet medical need and improving the quality of life for people around the world living with gastric acid-related diseases, with a primary focus on patients with severe eGERD (LA grade C/D), and *H. pylori* infection. The Company's drug candidate linaprazan glurate has the potential to achieve and exceed blockbuster sales, i.e., sales of at least USD 1 billion annually, within five years from launch.[1)] Furthermore, Cinclus Pharma may in the future contribute to reducing the use of antibiotics and the development of antimicrobial resistance, through a dual therapy with only one antibiotic for eradication of *H. pylori* with linaprazan glurate and amoxicillin.

1) Apex Market Report (May 2022).

Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate

Introduction

The development of PCABs represent the first innovative mode of action within gastric-acid related diseases since omeprazole entered the market in 1988.[1] The next generation PCAB, linaprazan glurate, is a new molecule, currently being developed by Cinclus Pharma. The drug candidate has the potential to provide superior clinical efficacy as well as a beneficial pharmacokinetic and safety profile, based on the Company's completed clinical studies.

Linaprazan glurate is a prodrug of linaprazan, meaning that linaprazan is the active metabolite of linaprazan glurate. Linaprazan is a substance initially developed and tested by AstraZeneca. With linaprazan glurate, Cinclus Pharma has built on the development of linaprazan, where Cinclus Pharma has selected the prodrug of linaprazan which is deemed most suitable, and thus found a path to improve the drug candidate developed by AstraZeneca. C_{max} levels of linaprazan after administration of linaprazan glurate are approximately 75 percent lower than after administration of the active metabolite to linaprazan. This reduces the risk of liver impact indicated by elevated plasma levels of liver transaminases. There have been no clinically significant signs of any elevated levels of transaminases in the studies that have been conducted with linaprazan glurate. After lower C_{max} levels were shown with linaprazan glurate, compared to linaprazan, the focus of Cinclus Pharma's development has been able to be directed towards dose optimization, in order to reach the molecules' complete potential and optimize its acid inhibition, with minimal risk of serious side effects. The much lower C_{max} levels after administration of linaprazan glurate has enabled a desired control of intragastric pH. The uptake of linaprazan glurate has also, so far, shown to be relatively independent of food intake, in contrast to PPIs.

Due to the unmet medical need, Cinclus Pharma is focused on developing linaprazan glurate for patients with severe eGERD (LA grade C/D). Patients in need of treatment for *H. pylori* infection are also candidates for linaprazan glurate, which is believed to improve the antibiotic efficacy compared to the current PPI-based treatments through improved gastric acid inhibition. Linaprazan glurate in combination with amoxicillin carries a very low risk of developing antibiotic resistance compared to traditional therapies which also includes clarithromycin and could offer a simpler and more convenient treatment regimen for patients in need of treatment for *H. pylori* infection.[2]

Mechanism of action

The gastric acid control ability of linaprazan glurate has, in the Company's clinical studies, shown a significant improved effect compared to the current standard of care for GERD patients.[3] Linaprazan glurate and other PCABs are accumulated in the small intestine and reach the parietal cell via blood. Additionally, the PCABs are weak bases and will also accumulate in the parietal cell. After protonation, linaprazan glurate will bind to the proton pump via a competitive and reversible ionic bond. The molecule prevents potassium ions from binding to the proton pump and thus stops the activity of the pump so that no protons can be pumped out. At a specific plasma concentration of linaprazan glurate, around 250 nmol/l, the limit is reached where the proton pump can be activated again. At lower plasma concentrations, the proton pump can resume its activity and acid begins to be produced by the parietal cell. From a safety perspective, such reversible binding is preferred since it entails that any acute adverse effect of a pharmaceutical product can be reversed if needed.

It is well documented that the greater the proportion of time that acid production can be limited so that the pH does not fall below 4, the higher the healing rate of eGERD.[4] This makes pH control a strong biomarker for efficacy – specifically, the mean percentage of time when the intragastric pH is higher than 4 – and this biomarker can be used to predict clinical outcome. Linaprazan glurate is characterized by a very rapid onset of action and an intragastric pH above 4 has been demonstrated in clinical studies in most cases within 90 minutes after the first dose with linaprazan glurate to healthy volunteers. Historically, new generations of drugs that have entered the gastric acid control market have improved the control of pH compared to previous generations, where Cinclus Pharma intends to introduce close to 100 percent acid control with linaprazan glurate. Figure 17 below, based on Yuan and Hunt's analysis, shows the correlation between expected healing in eGERD at four weeks, based on clinical studies, depending on the time achieved with pH over 4.[5]

1) Source: Olbe L., et al. *A proton-pump inhibitor expedition: the case histories of omeprazole and esomeprazole*. Nature reviews. Drug discovery vol. 2,2 (2003): 132-9
2) Source: Malfertheiner P., et al. *Management of Helicobacter pylori infection: the Maastricht VI/Florence consensus report.* Gut, 2022;0:1-39.
3) Refer to the section "– *Completed studies*" for further information.
4) Source: Hunt, R. *Importance of pH control in the management of GERD*. Archives of internal medicine vol. 159,7 (1999): 649-57.
5) Based on Yuan Y. et al. *Does Suppression of 24-hour Intra-gastric Acidity Predict Healing of Erosive Esophagitis with Antisecretory Treatment? A Meta-analysis*. 2007:132(4) Suppl 2 A-489. No T1202.

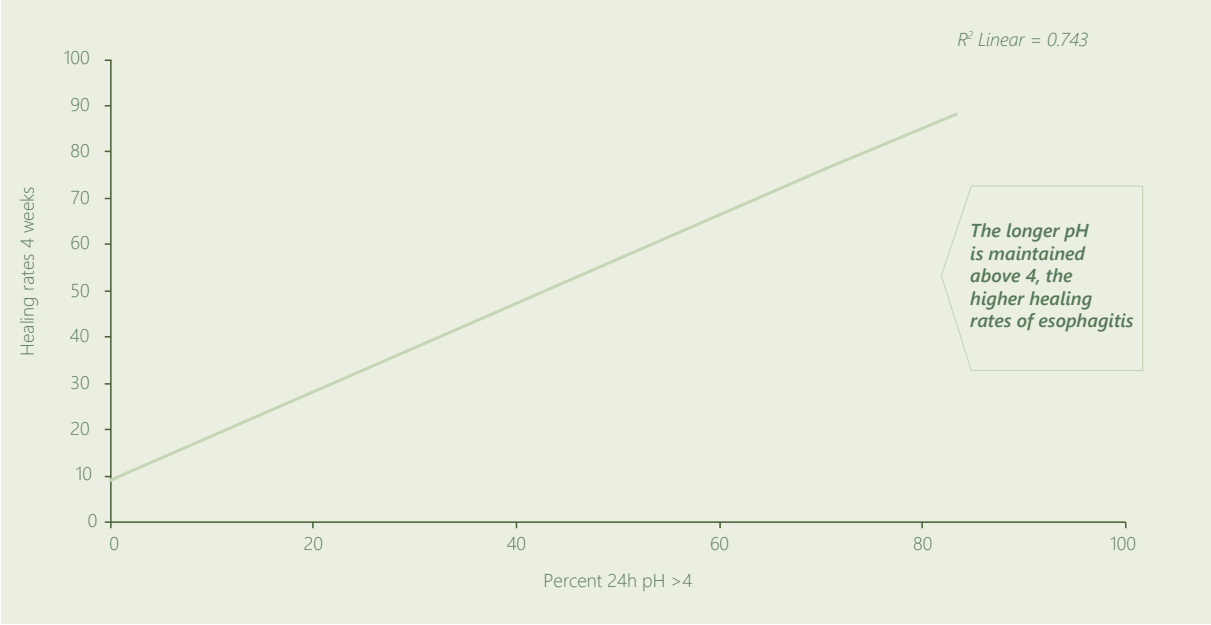


Figure 17. Proportion of time with intragastric pH above 4 in the stomach in relation to healing of eGERD

Source: Based on Yuan Y. and Hunt R. (2010) *Intragastric pH holding time of pH < 4 predicts low erosive esophagitis (EE) healing rate*. Gastroenterology 138: S-651.

Cinclus Pharma has identified three main pharmacological advantages of linaprazan glurate as a prodrug:

1. **Onset of action** – The effect, measured as pH >4 in the stomach, of linaprazan glurate occurs 1–2 hours after administration. In comparison, the equivalent effect of vonoprazan occurs 2–3 hours after administration and PPIs 4 hours or more after administration.[2)]
2. **Time to full effect** – Full effect of linaprazan glurate is reached after 1–2 hours after administration. In comparison, full effect of vonoprazan is reached after up to 7 days after administration and for PPIs 3–5 days after administration.[3)]
3. **24 h acid control** – Linaprazan glurate provides almost 100 percent acid control (92–96 percent) during 24 hours. In comparison, vonoprazan has shown 63–85 percent acid control and PPIs have shown 40–70 percent acid control during 24 hours.[4)]

According to Cinclus Pharma, the above pharmacological properties entail that linaprazan glurate has the potential to achieve clinical benefits and a superior clinical profile, as indicated by the following:

(i) Linaprazan glurate has more than twice the healing frequency of PPIs compared to vonoprazan, with a 51 percentage point difference in healing rate in four weeks for linaprazan glurate compared to 18–20 percentage point numerical difference in two and eight weeks for vonoprazan. Phathom's statistical analysis plan for vonoprazan did not show statistical superiority in relation to PPIs, which is reflected as the absence of superiority in vonoprazan's FDA labeling. Thus, vonoprazan's FDA labeling only indicates that vonoprazan is non-inferior to the PPI lansoprazole.[5)]

(ii) Linaprazan glurate has shown a healing frequency of 89 percent after four weeks of treatment in patients with eGERD LA grade C/D, compared with vonoprazan, which showed a comparable absolute healing rate only after eight weeks.[6)]

1) Sources: Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), FDA labelling; Unge P., Andersson K. A first-in-human, open-label, healthy volunteer study of the new P-CAB X842 demonstrating 24h acid control for treatment of acid related disease. Gastroenterology 2018;154:238. Cinclus fas II-studie, CX842A2107 (Cinclus Pharma's database).
2) Sources: Andersson K., Carlsson E., *Potassium-competitive acid blockade: a new therapeutic strategy in acid-related diseases*, Pharmacology & Therapeutics 2005; 108: 294-307; Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), U.S. Food and Drug Administration. URL: https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215151s000lbl.pdf.
3) Sources: Cederberg C et al, *Comparison of once-daily intravenous and oral omeprazole on pentagastrin-stimulated acid secretion in duodenal ulcer patients*. Digestion 1992; 53:171-178; Damman H.G., Burkhardt F., *Pantoprazole versus omeprazole: influence on meal-stimulated gastric acid secretion. Eur J Gastroenterol Hepatol 1999*; 11: 1277-1282; Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), U.S. Food and Drug Administration. URL: https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215151s000lbl.pdf;.
4) Sources: Miner P. et al, *Gastric acid control with esomeprazole, lansoprazole, omeprazole, pantoprazole, and rabeprazole: a five-way crossover study.* Am J Gastroenterol. 2003 Dec;98(12):2616-2620; Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), U.S. Food and Drug Administration. URL: https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215151s000lbl.pdf; Unge P., Andersson K. *A first-in-human, open-label, healthy volunteer study of the new P-CAB X842 demonstrating 24h acid control for treatment of acid related disease*. Gastroenterology 2018;154:238; Cinclus Pharma's study, CX842A2107 (Cinclus Pharma's database).
5) Sources: Phathom Pharmaceuticals, VOQUEZNA (vonoprazan), U.S. Food and Drug Administration. URL: https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215151s000lbl.pdf; Laine L., et al. *Vonoprazan Versus Lansoprazole for Healing and Maintenance of Healing of Erosive Esophagitis: A Randomized Trial.* Gastroenterology. 2023 Jan;164(1):61-71.
6) Source: Laine L., et al. *Vonoprazan Versus Lansoprazole for Healing and Maintenance of Healing of Erosive Esophagitis: A Randomized Trial.* Gastroenterology. 2023 Jan;164(1):61-71.

(iii) Linaprazan glurate has in a *post-hoc* analysis demonstrated superiority in healing compared to PPIs, in eGERD patients with LA grade C/D, unlike vonoprazan, which has not demonstrated superiority in healing at eight weeks compared to PPIs. Patients who received linaprazan glurate in the Company's clinical trials reported more days without heartburn in weeks 1 to 4 compared to the lansoprazole group, regardless of dose. The 75 mg linaprazan glurate group reported the highest percentage of days without heartburn in week 1 (29.2 percent), week 2 (52.9 percent) and week 3 (58.4 percent), while the 100 mg linaprazan glurate group reported the highest percentage of days without heartburn in week 4 (62.2 percent).[1)] Cinclus Pharma aims to demonstrate superiority in symptom relief in eGERD patients in the upcoming Phase III studies.

Figure 18 below illustrates a comparison between Day 5 data on omeprazole and the PPI esomeprazole and Day 1 data on vonoprazan (first generation PCAB) and linaprazan glurate (next generation PCAB) from four different studies. The effect of linaprazan glurate on intragastric pH is faster, more potent and longer lasting than the effect of omeprazole, esomeprazole and vonoprazan.[2)] With 2 mg/kg of linaprazan glurate, a fast onset and subsequent pH control during 24 hours after dose was shown (mean of 10-minutes median values).[3)]

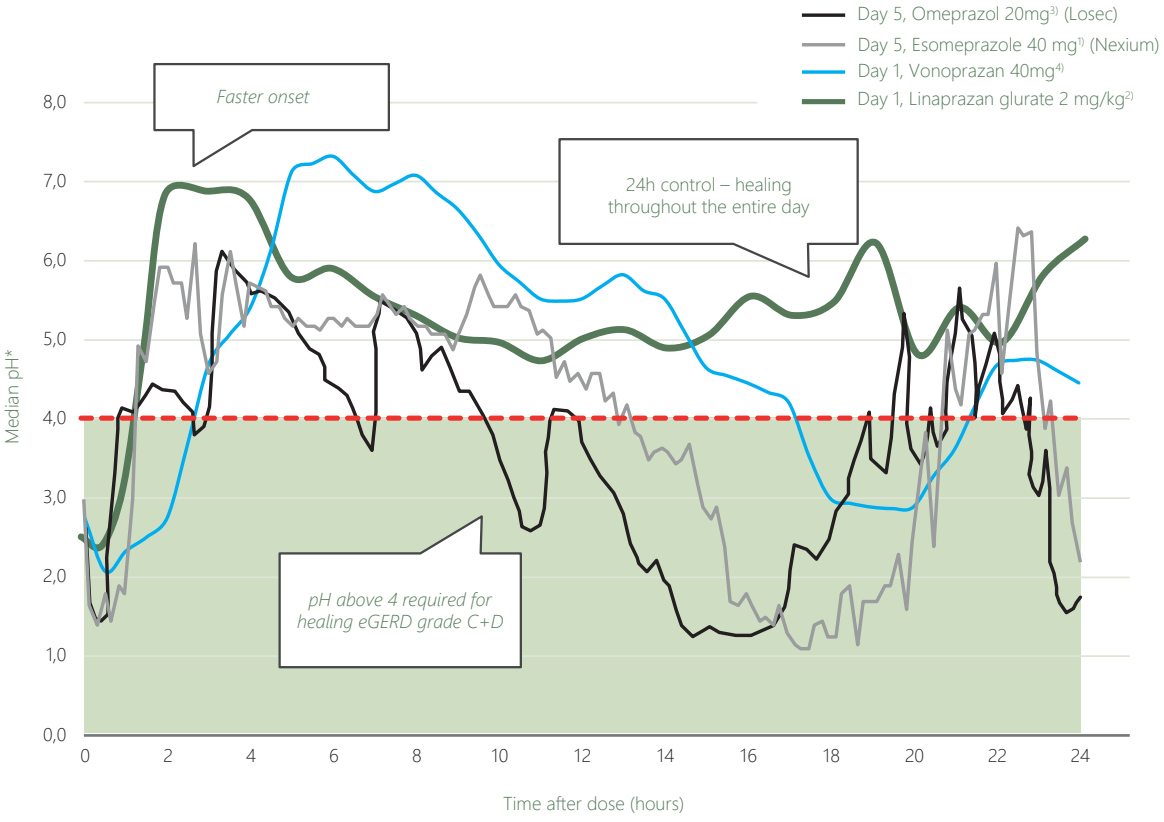


Figure 18. 24-hour intragastric pH studies after ingestion of omeprazole, esomeprazole, vonoprazan and linaprazan glurate (four different studies)

1) Source: Wilder-Smith, C. et al. *Acid control with esomeprazole and lansoprazole: a comparative dose-response study*. Scandinavian journal of gastroenterology vol. 42,2 (2007): 157-64.
2) Sources: Unge P., Andersson K. *A first-in-human, open-label, healthy volunteer study of the new P-CAB X842 demonstrating 24h acid control for treatment of acid related disease.* Gastroenterology 2018;154:238; Cinclus Pharma's study, CX842A2101 (Cinclus Pharma's database).
3) Source: Lind, T et al. Esomeprazole provides improved acid control vs. omeprazole In patients with symptoms of gastro-oesophageal reflux disease. Alimentary pharmacology & therapeutics vol. 14,7 (2000): 861-7.
4) Source: Jenkins H., et al. Randomized clinical trial: safety, tolerability, pharmacokinetics and pharmacodynamics of repeated doses of TAK-438 (vonoprazan), a novel potassium-competitive acid blocker, in healthy male subjects. Aliment Pharmacol Ther. 2015 Apr;41(7): 636-48.

* The values are mean of 10 minutes median or mean pH

1) Source: Cinclus Pharmas studie, CX842A2201 (Cinclus Pharma's database).
2) Source: Cinclus Pharma's study CX842A2107 (Cinclus Pharma's database).
3) Source: Unge P., Andersson K. *A first-in-human, open-label, healthy volunteer study of the new P-CAB X842 demonstrating 24h acid control for treatment of acid related disease.* Gastroenterology 2018;154:238.

Completed studies

Toxicology and safety studies

Before Cinclus Pharma initiated its research on linaprazan glurate, AstraZeneca conducted pre-clinical and clinical Phase I and Phase II studies on linaprazan in order to make it ready for filing a new drug application with the FDA ("**NDA**") and EMA ("**MAA**").

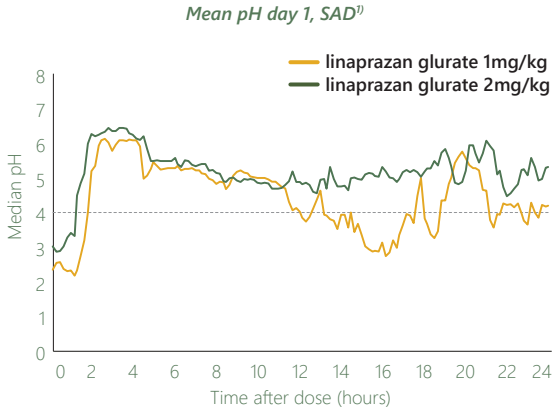
During Cinclus Pharma's pre-clinical studies on linaprazan glurate, linaprazan glurate was tested on rats and dogs, focusing on, *inter alia*, acid secretion in the stomach and the safety profile. During these studies, no significant liver impact was seen. In the genotoxicity studies, linaprazan glurate was shown to be non-mutagenic (i.e., not causing genetic damage). Also, in the reprotoxic studies, no effect was observed.

Phase I studies in healthy volunteers

Cinclus Pharma has successfully completed the first Phase I study of linaprazan glurate. The Phase I study was conducted by the CRO CTC Clinical Trial Consultants AB, based in Uppsala, Sweden. It was initiated in February 2017 and completed in February 2018. The study was a company sponsored first-in-human-designed single and multiple ascending dose study on a liquid formulation of linaprazan glurate. The objective of the study was to investigate the safety and tolerability of linaprazan glurate as well as to evaluate the pharmacokinetics (concentrations in blood) and pharmacodynamic profile (gastric acid control). In total 28 subjects were treated of which 9 subjects were treated more than once. The safety parameters of the study were the frequency of adverse events, lab results and vital signs. The pharmacokinetic parameters were linaprazan and linaprazan glurate concentration in the bloodstream and the pharmacodynamic parameter was the pH level in the stomach during 24 hours. Pharmacokinetic data contributed to the assessment of dose limiting toxicity.

The Phase I study showed that linaprazan glurate was safe and well tolerated. According to the study, linaprazan glurate had a fast onset. Almost full acid control (measured as mean of the 10-minute pH median for the dose group 2 hours after dosing), was subsequently reached with a 2 mg/kg dose (liquid formulation). This meant that over 90 percent acid control (a pH above 4) was achieved during 2 to 22 hours already during the first day of usage, refer to figure 19 below. A lower dosage of linaprazan glurate, 1 mg/kg, had an acid control profile similar to vonoprazan's. Cinclus Pharma believes that it will be possible to further increase the dosage of linaprazan glurate based on the low C_{max}-levels, thereby maximizing healing of eGERD while maintaining a good safety profile. The study's predetermined maximum dose was reached, without the occurrence of any serious adverse event after dosing. During the study, dose-related pharmacokinetics was demonstrated, i.e., plasma concentration was related to the amount of drug substance administered, showing a clear correlation between dose and plasma concentration. The study also showed dose related acid inhibition (the inhibition of acid secretion was related to the dose) and clear pharmacokinetic/pharmacodynamics relationship (being the relationship between the drug administration and the drug effect), refer to figure 20 below.[1)]

1) Sources: Unge P., Andersson K. *A first-in-human, open-label, healthy volunteer study of the new P-CAB X842 demonstrating 24h acid control for treatment of acid related disease*. Gastroenterology 2018;154:238; Cinclus Pharma's study, CX842A2101 (Cinclus Pharma's database).



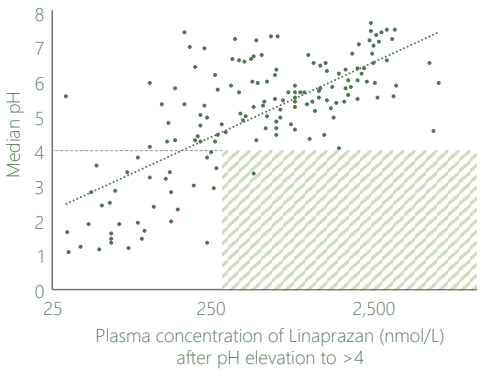
Fast onset and full acid control

- Fast onset and pH control with 1 mg/kg day 1 of 11–13 hours similar to PPI (~45–55% acid control per day)
- Fast onset and close to 24 hours pH control with 2 mg/kg day 1 → 90% of the day (mean of 10' minutes median values)

Figure 19. A study of linaprazan glurate dosed at 1mg/kg and 2mg/kg per day on 24-hour intragastric pH

1) SAD = Single Ascending Dose.

Sources: Unge P, Andersson K. *A first-in-human, open-label, healthy volunteer study of the new P-CAB X842 demonstrating 24h acid control for treatment of acid related disease.* Gastroenterology 2018;154:238: Cinclus Pharma's study, CX842A2101 (Cinclus Pharma's database).



Excellent correlation between dose, plasma concentration and acid control

- Plasma concentrations of Linaprazan glurate's active metabolite Linaprazan determines intragastric acid control at pH > 4

Figure 20. pH value at respective time point where linaprazan glurate concentrations are measured

Sources: Unge P, Andersson K. *A first-in-human, open-label, healthy volunteer study of the new P-CAB X842 demonstrating 24h acid control for treatment of acid related disease.* Gastroenterology 2018;154:238; Cinclus Pharma's study, CX842A2101 (Cinclus Pharma's database).

Phase II eGERD study

Cinclus Pharma completed its Phase II eGERD study on patients (Linaprazan glurate Erosive Esophagitis Dose ranging (LEED) study) and announced positive topline results in November 2022. The Phase II eGERD study was conducted at approximately 60 sites in eight countries including the U.S. and countries in greater Europe. The primary endpoint of the study was to support dose selection of linaprazan glurate for the upcoming Phase III studies. The assessment of the primary endpoint, healing rate of erosive esophagitis after four weeks of treatment, was conducted retrospectively by a central review committee. The secondary endpoint of the study was to evaluate the safety and tolerability of linaprazan glurate compared to standard PPIs.

The Phase II eGERD study was a randomized, double-blind, active comparator-controlled study with parallel groups. The study included four cohorts with linaprazan glurate in different doses and one cohort with lansoprazole in the healing dose. A total of 248 patients were enrolled in the study, with the aim to obtain 200 evaluable patients, i.e., 100 patients in the eGERD LA grade C/D cohort and a cohort of 100 patients who only partially responded to PPI treatment. The partial responders had eGERD LA grade A/B despite at least eight weeks of treatment with a healing dose of PPIs. Initial sample size calculations for evaluating dose-response were based on the patient group with eGERD LA grade C/D. As per request from the competent authorities, a retrospective central review of the endoscopic videos or images was performed, overriding the local endoscopic assessment. This resulted in 66 patients being reclassified as non-erosive at the start of the study. In total 20 patients did not complete the endoscopic monitoring of healing after four weeks of treatment. Accordingly, 162 patients were available for evaluation of the primary endpoint. All 248 randomized patients were included in the safety analysis.

After initial endoscopy and other screening procedures, the patients with LA grade C/D and A/B, respectively, were randomized into one of five treatment groups, receiving either four weeks treatment with linaprazan glurate in one of four dose levels (25 mg, 50 mg, 75 mg or 100 mg, two daily doses) or four weeks treatment with lansoprazole in the approved standard eGERD healing dose level (30 mg). Thereafter, an endoscopic evaluation of the healing rate was performed, where healing was defined as no presence of esophageal erosions, i.e., no erosive damage to the esophageal mucosa. After the endoscopic evaluation, all patient groups received lansoprazole for an additional four weeks. The Phase II design is summarized in figure 21 below.

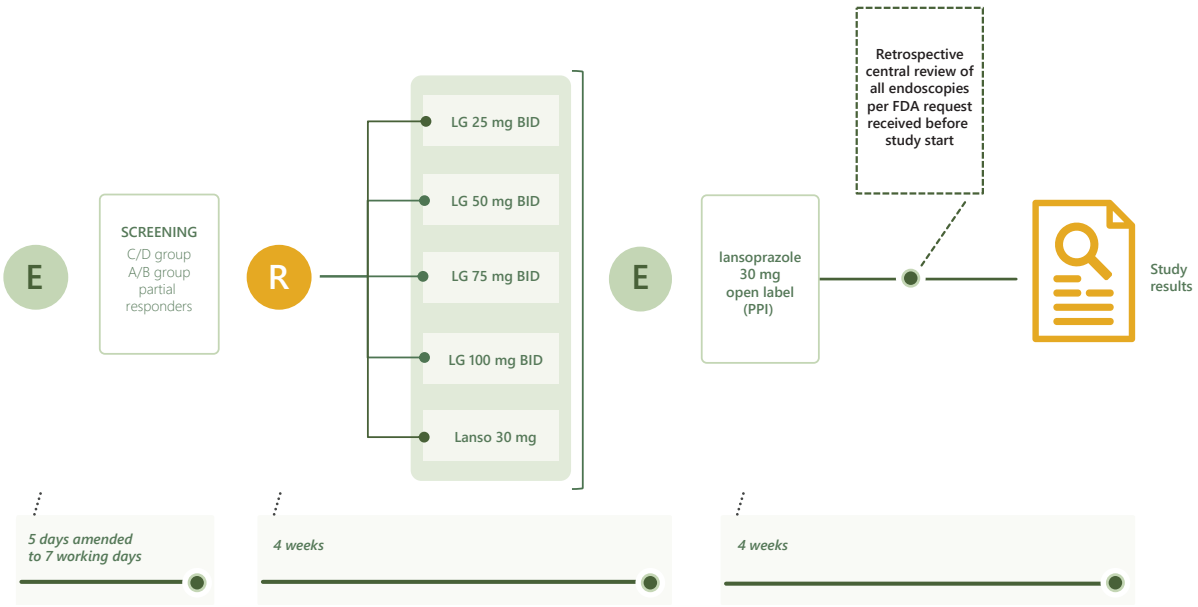
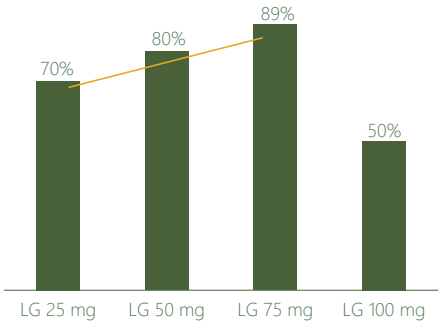


Figure 21: Design of the Phase II eGERD study

Note: E = endoscopy, R = randomization, LG = linaprazan glurate, BID = twice a day (*bis in die*).
Source: Cinclus Pharma's study, CX842A2201 (Cinclus Pharma's database).

For patients with severe eGERD, LA grade C/D, dose-dependent healing rates were seen. The highest four-week healing rate was seen in a linaprazan glurate dosing group (75 mg) and was 89 percent compared to 38 percent in the lansoprazole group. For patients with milder eGERD, the highest four-week healing rate in a linaprazan glurate dosing group (25 mg) was 91 percent, compared to 81 percent in the lansoprazole group. For all patients treated with linaprazan glurate, the mean healing rate was 80 percent, compared to 69 percent in the lansoprazole group. Figure 22 below shows the healing rates in the four dosing cohorts, for the patient group with severe eGERD (LA grade C/D). The response in the 100 mg linaprazan glurate dosing group was lower than expected.

However, the 100 mg cohort contained a larger proportion of patients with eGERD LA grade D (being the most difficult to treat) compared to the other dosing cohorts.



Patient group	LG 25 mg	LG 50 mg	LG 75 mg	LG 100 mg	LG All doses	Lanso 30 mg
LA Grade C/D	10	10	19	14	53	8
Healed – n (%)	7 (70.0)	8 (80.0)	17 (89.5)	7 (50.0)	39 (74)	3 (37.5)
LA Grade A/B	23	24	20	13	80	21
Healed – n (%)	21 (91.3)	20 (83.3)	15 (75.0)	11 (84.6)	67 (84)	17 (81.0)
Total	33	34	39	27	133	29
Healed – n (%)	28 (85)	28 (82)	32 (82)	18 (67)	106 (80)	20 (69)

Figure 22: Dose response in C/D patients measured as endoscopic healing after four weeks based on central reading

Six out of seven patients in the 100 mg group had improved from LA grade C/D to LA grade A at the four-week healing control. This indicates a clear improvement with almost complete healing. The proportion of patients with LA grade D, the most severe grade, was highest in the 100 mg group.

Note: LG = linaprazan glurate.
Source: Cinclus Pharma's study, CX842A2201 (Cinclus Pharma's database).

Furthermore, Figure 23 below shows a more granular analysis of the dose response in patients, such as the average number of healing steps in the unhealed LA grade C/D patients. One healing step corresponds to one lower LA grade (for example, a patient who has eGERD LA grade C before the treatment is initiated has eGERD LA grade B at the endoscopy check after four weeks). The average number of healing steps for patients with LA grade C/D was the highest at a dose of 75 mg.

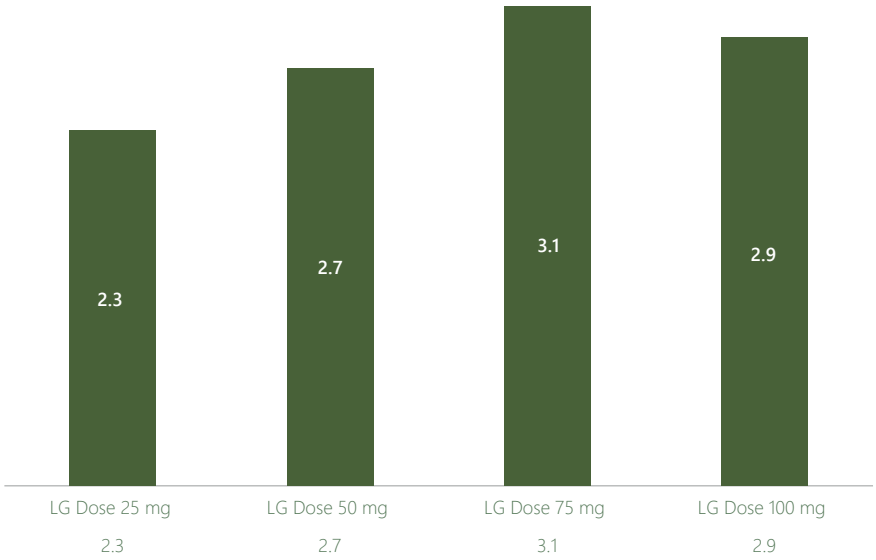


Figure 23: Dose response in LA grade C/D patients, measured as LA grade improvement steps

Note: One step is one grade of improvement. LG=linaprazan glurate.
Source: Cinclus Pharma's study, CX8422201 (Cinclus Pharma's database).

While the study was not powered to demonstrate significance towards lansoprazole, a post hoc analysis of the patient group with severe eGERD showed that the healing rate with linaprazan glurate, all dose cohorts pooled, was significantly higher than the lansoprazole cohort (Fisher's exact test, mean harmonic p-value = 0.0404).

Furthermore, the left side of figure 24 below shows the difference in efficacy (delta) in healing rate after 4 weeks for patients with severe eGERD for the linaprazan glurate (75 mg) dose group of 89 and 38 percent for those treated with lansoprazole (30 mg), i.e., a delta of 51 percentage points. The lansoprazole healing rate was close to the expected healing rate of 43 percent at week 4 according to a systematic review conducted by the British public body NICE.[1] The corresponding expected healing rate at week 8 is 60 percent. To the right in Figure 24 are the results of an eGERD study comparing the healing of patients with severe eGERD with lansoprazole (30 mg) as a control treatment. The numerical difference in efficacy between vonoprazan (20 mg) and lansoprazole (30 mg) was 18 and 20 percentage points after 2 and 8 weeks, respectively. Vonoprazan was statistically non-inferior to lansoprazole (PPI). The numerical difference in effectiveness was less than half that of linaprazan glurate.[2]

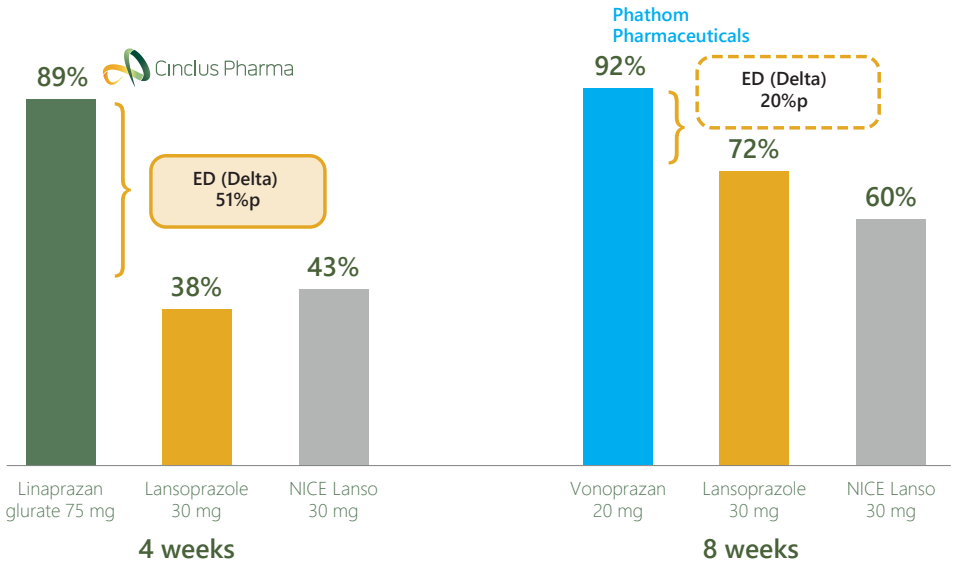


Figure 24. Healing rates for linaprazan glurate, vonoprazan and lansoprazole

Healing rate for patients with LA grade C/D for linaprazan glurate[3] and vonoprazan[4] compared with lansoprazole. NICE average healing data for lansoprazole.[5]

1) Source: NICE systematic review Dyspepsia and gastro-oesophageal reflux disease Full Health Economics Report, appendix H.
2) Source: Cinclus Pharma's Phase II eGERD study, refer to section "*– Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – Completed studies – Phase II eGERD study*" for more information.
3) Source: Cinclus Pharma Phase II study, CX8422201 (Cinclus Pharma's database).
4) Source: Laine L., et al. *Vonoprazan Versus Lansoprazole for Healing and Maintenance of Healing of Erosive Esophagitis: A Randomized Trial.* Gastroenterology. 2023 Jan;164(1):61-71.
5) Source: NICE systematic review Dyspepsia and gastro-oesophageal reflux disease Full Health Economics Report, appendix H (2014).

Furthermore, linaprazan glurate was well tolerated and safety data was comparable to that of lansoprazole. Throughout the study, involving 248 patients, a total of 102 adverse events ("**AEs**") were reported in 57 patients after administration of the study drug, including both treatment emergent adverse events and non-treatment emergent adverse events with a similar distribution between the different dose levels. Two serious AEs were reported, one gallbladder inflammation and one laryngospasm, but none of these were considered to be related to the study medication. The table below shows the AEs that occurred in at least 2 percent of the total study population, and the AEs that occurred in at least three patients. The most common AE that occurred after starting the study drug was COVID-19 infection, which occurred in 4 percent of the total study population.

	LG 25 mg	LG 50 mg	LG 75 mg	LG 100 mg	LAN 30 mg	Total
Total TEAEs *– events (%)*	14 (27.5)	10 (20.8)	12 (23.1)	11 (23.4)	10 (20.0)	57 (23.0)
COVID-19 *– events (%)*	1 (2.0)	2 (4.2)	1 (1.9)	4 (8.5)	2 (4.0)	10 (4.0)
Headache *– events (%)*	1 (2.0)	3 (6.3)	1 (1.9)	1 (2.1)	1 (2.0)	7 (2.8)
Nausea *– events (%)*	1 (2.0)	0 (0.0)	0 (0.0)	0 (0.0)	4 (8.0)	5 (2.0)
Constipation *– events (%)*	2 (3.9)	1 (2.1)	2 (3.8)	0 (0.0)	0 (0.0)	5 (2.0)

Figure 25. Safety data for all patients who received drugs in the Phase II study

Note: LG = linaprazan glurate, LAN = *lansoprazole*.
Source: Sharma, P. et.al. *Linaprazan glurate is highly effective in treating moderate to severe erosive esophagitis: a double-blind, randomized, dose finding study*. Gastroenterology 2023;164:203–204

Satisfactory safety data together with a dose response pattern in the severe eGERD patient group, together with pharmacokinetic and pharmacodynamic data, form the basis for the dose selection in the upcoming pivotal Phase III study program.

The Company has had several interactions with the FDA and EMA regarding the design of the Phase III study program. After these interactions, Cinclus Pharma believes that the Company has a clear understanding of what the authorities require in terms of study design for the Phase III study program. At an End of Phase II Meeting with the FDA in 2023, the results from the Phase II study and the Phase I studies were presented. Furthermore, the design of the Phase III study program was discussed, including the doses to be studied. Based on the study design discussed, FDA had no objections to Cinclus Pharma proceeding with the intended study design for the Phase III study program, which will support future applications and approvals. There is no equivalent process in the EU.

Ongoing studies

The Company has several pre-clinical and one ongoing Phase I study. These ongoing studies include but are not limited to toxicology studies, ERA (Environmental Risk Assessment) studies and safety studies. In the ongoing Phase I study, the Company has recruited and is planning to further recruit healthy volunteers.

Figure 26 below sets out an indicative timeline for the Company's expected news flow.

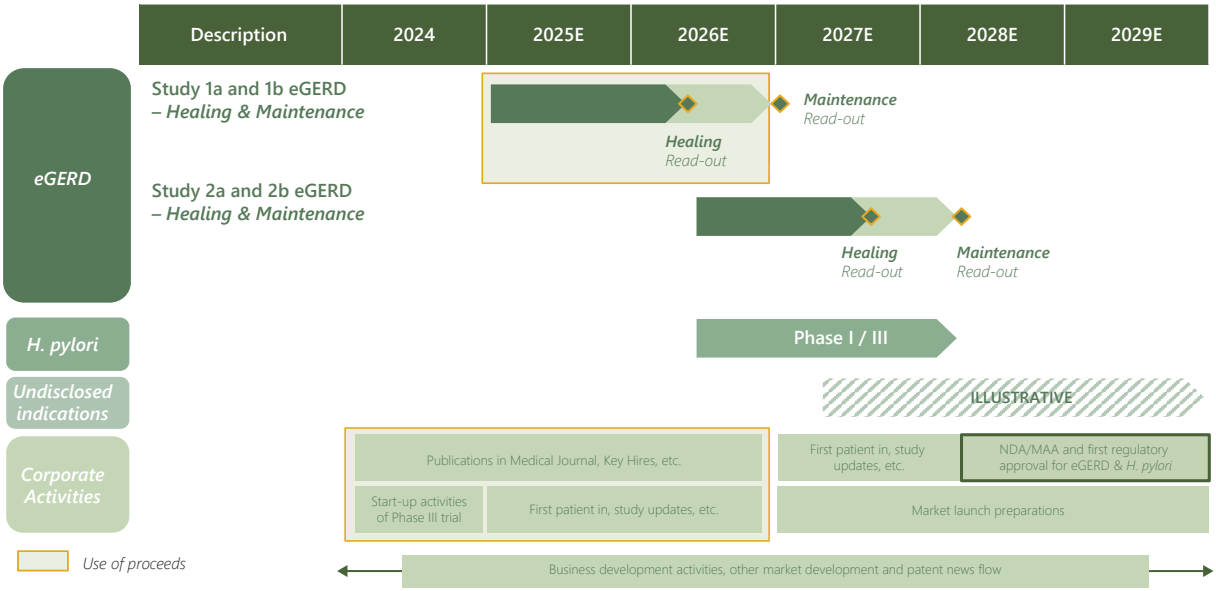


Figure 26. Expected news flow

Note: Illustrative guidance regarding timing, not exact dates and regarding the intended use of proceeds from the Offering. The timelines for Study 2a and 2b eGERD and the *H. pylori* studies may be adjusted depending on funding for these studies. E after the years indicates that the years are an estimation and should not be regarded as definitive.

News flow ambition and planned studies

This information contains forward-looking statements based on estimates and assumptions and is subject to risks and uncertainties. The actual outcome may differ materially from those expressed or implied in these forward-looking statements due to various factors, some of which are beyond the Company's control. Refer to section "Risk factors" for more information.

Phase III studies on eGERD and H. pylori

Phase III studies outline – eGERD (healing and maintenance)

The Phase III study program for eGERD consists of two study pairs ("**Study 1a and 1b eGERD**" and "**Study 2a and 2b eGERD**", respectively) where each pair consists of a healing study and a maintenance treatment study. Study 1a eGERD is intended to be initiated in 2024 with the first patient expected to be enrolled in 2025. The Company expects to receive results from the healing study 1a in 2026 and from the maintenance treatment 1b study in 2026 or 2027. The healing study 2a is intended to be initiated in 2026 with the first patient enrolled in 2026 or 2027 and the Company expects to receive results in 2027 or 2028. The early readout of the healing study 1a provides increased certainty regarding the complete Phase III study program and a lower initial capital requirement.

The application to the FDA and the EMA is intended to be submitted in 2028 or 2029 with an ambition of regulatory approval in 2029. Cinclus Pharma and/or its potential licensees may also seek approval from other regulatory authorities in relevant markets and the Company expects that the results from the Phase III studies on eGERD will enable such application in all countries/regions within the respective territories.

The overriding goal of the Phase III eGERD studies is to confirm good efficacy in general but with a focus on superior healing rates and healing period as well as symptom control in patients with severe eGERD (LA grade C and D) and good non-inferior maintenance efficacy compared to PPIs in cured patients. The primary endpoint of the studies is healing (central independent review as part of inclusion criteria). The secondary endpoints of the studies are relief of symptoms both day and night (assessed by a validated so called "Patient Reported Outcome" tool) as well as safety and tolerability.

The Phase III eGERD studies will be randomized, double-blinded studies, comparing linaprazan glurate with PPIs. The patients will undergo a 4–8 week healing study. Healed patients will then continue in a 52-week maintenance treatment study. A total of approximately 1,000 patients with eGERD will be randomized in the Phase III studies. The Company estimates that the time to recruit these patients will be approximately twelve months for each study. Patients will be selected through a screening process, where a central review, performed by independent experts, will validate the correct diagnosis and degree of erosive disease for each participating patient based on endoscopy images and/or videos. The same central review process will be used for the endoscopies evaluating healing and maintenance of healing. In the healing studies, there will be a predetermined proportion of patients with LA grade C/D of approximately 30 percent.

Phase I and III studies outline – H. pylori infection

The Company intends to initiate clinical studies for *H. pylori* during 2026, with anticipated trial read-out in 2027, submission of application to the FDA and the EMA in 2027 and an ambition of regulatory approval in 2028.

The *H. pylori* studies include one Phase I study to evaluate dose selection for the subsequent Phase III study program. The QIDP classification of linaprazan glurate for dual treatment of *H. pylori* infection with only one antibiotic enables fast track status for the drug candidate and priority review by the FDA, potentially leading to a shorter review time of the NDA. Cinclus Pharma and/or its potential licensees may also seek approval from other regulatory authorities in relevant markets and the Company expects that the results from the Phase III studies on *H. pylori* will enable such application in all countries/regions within the respective territories.

The overriding goal of the Phase III studies on *H. pylori* studies is to demonstrate high efficacy of eradication therapy consisting of linaprazan glurate and amoxicillin in combination. The primary endpoint of the studies is eradication of *H. pylori*. The secondary endpoints of the studies are safety and tolerability.

The Phase III study program on *H. pylori* infection will consist of two randomized, double-blinded studies, comparing a linaprazan glurate-based therapy with PPI-based therapy. Each study subject will be treated for up to 14 days and eradication will be assessed at least 28 days after completion of the treatment. The studies will be conducted on in total approximately 800 patients with a verified ongoing *H. pylori* infection. The Company estimates that the time to recruit these patients will be approximately nine months.

Procurement of CRO for the Phase III studies

Cinclus Pharma has been in extensive negotiations with a CRO for the Phase III studies, including in relation to timelines, budget and services for future clinical studies, with the aim of entering into a final full-scale master service agreement for the provision of services related to the clinical studies for linaprazan glurate. At an overall level, the parties agree that such master service agreement and associated work orders shall, *inter alia*, regulate the services to be provided, the standards such services shall meet and the regulations and guidelines that the parties shall otherwise comply with in the fulfilment of their obligations under the agreement. The master service agreement shall also contain provisions regarding the right for the Company to carry out a review of the CRO's work under the agreement, consequences if the services are not provided in accordance with the provisions of the agreement and the responsibility of each party for third-party claims in the event of, for example, a party's breach of contract. Negotiations are intended to be resumed and the master service agreement entered into after completion of the Offering. The Company has also benchmarked against another potential CRO that could perform the clinical studies on behalf of the Company.

Other planned studies

The Company is planning to initiate and conduct additional pre-clinical and Phase I studies, including but not limited to toxicology studies and Phase I studies as interaction studies and a limited QT-study. These studies are intended to start in 2024 or 2025.

Manufacturing

The production of the drug substance for Cinclus Pharma's Phase III studies has been done by a global manufacturer in its facility in China that also has the capabilities and capacity for commercial production. Furthermore, Cinclus Pharma also has a contract with a global CDMO in the U.S. to provide investigational medicinal product to be used in the Phase III studies. Discussions and preparations for commercial production are currently ongoing both in relation to the drug substance and the intended commercial drug product.

To ensure that the intended drug product will be of good quality, the Company has identified critical quality attributes, which are important for the final drug. This includes, for example, the content of the drug substances in the drug, the dissolution of the drug substances from the tablet and that any impurities do not exceed acceptable limits. The control of impurities includes checking whether any impurities that theoretically might be present in the drug (for example nitrosamines or other genotoxic impurities) can be detected and, if so, whether they are at an acceptable level. Overall, the identified critical quality attributes are an important part of the development of the drug product in order to produce a good quality product following market authorization.

Pricing

As part of the Apex Market Report, completed on behalf of Cinclus Pharma, qualitative interviews have been conducted with national payers and regional purchasers of pharmaceuticals in the U.S. and Europe, in order to, *inter alia*, assess possible price levels for linaprazan glurate. Payers considered that there was an unmet need for improved treatment options, primarily for healing and maintenance of healing for eGERD patients and improved symptom control for patients who do not achieve control with PPIs.[1)]

To launch a premium priced branded product into a generic drug market requires an unmet medical need for a group of patients, i.e., patients with eGERD LA Grade C/D. As the first medical indications expected to be launched for linaprazan glurate will be in eGERD and *H. pylori* infection, the pricing strategy will be tailored thereafter. Cinclus Pharma's assessment is that patients with severe GERD will be able to receive linaprazan glurate reimbursed by payers after undergoing one course of standard treatment with PPIs.

The process of securing price and reimbursement varies between countries. In the U.S., it is generally part of the marketing preparation to enter into agreements with various private and public payers to ensure patient access to treatment at the time of regulatory approval. Patient

1) Source: Apex Market Report (May 2022).

co-payments will vary depending on, *inter alia*, the health plan to which they belong and Cinclus Pharma's positioning strategy. In Europe, price and reimbursement will be determined through Health Technology Assessment (HTA) processes, which will be initiated shortly before or after potential approval by the EMA. These processes can last up to around one year. In Germany, for example, free pricing and reimbursement is obtained during the six month process, which however results in a new, negotiated price based on the clinical benefit of the treatment.

In the fourth quarter of 2023, Phathom received FDA approval for the PCAB vonoprazan, launched under the name VOQUEZNA, for the treatment of eGERD in the U.S. For eGERD, the price for VOQUEZNA has been set at approximately USD 21.7 per tablet.[1)] A cycle of treatment with VOQUENZA for the healing of eGERD includes one tablet a day, for eight weeks, at a total cost of approximately USD 1,215. A healing treatment with linaprazan glurate for the healing of eGERD is intended to include two tablets a day, for four weeks. As a pricing strategy, the Company intends to align its price with the price that Phathom has set for a healing treatment with VOQUEZNA. Thus, the Company intends to set a price per tablet of around USD 21.7. A treatment cycle for the healing of eGERD with linaprazan glurate would then entail a cost of approximately USD 1,215, which corresponds to a healing treatment with VOQUEZNA. With regard to the EU, Cinclus Pharma estimates that the price per tablet may amount to around EUR 3 and a treatment cycle for the healing of eGERD in the EU would therefore entail a cost of approximately EUR 168.[2)] A patient with eGERD LA grade C/D is expected to need an average of one to two treatment cycles per year, given the prevalence of relapse among such patients.

In May 2022, Phathom received approval from the FDA to use vonoprazan as part of the treatment of *H. pylori* infection in the U.S. However, the drug was not launched in the U.S. until the fourth quarter 2023.[3)] For the treatment of *H. pylori*, Phathom has in the U.S. set a package price of USD 812 for a 14-day treatment cycle, which the Company will have to align its price to when launching linaprazan glurate on the U.S. market for the treatment of *H. pylori* infection. For a corresponding package in the EU, Cinclus Pharma intends to set a price of around USD 126.[4)]

In August 2022, the Inflation Reduction Act was passed in the U.S., which contains a number of provisions aimed at reducing the cost of prescription drugs for Medicare beneficiaries and reducing U.S. government spending on drugs. In summary, the Inflation Reduction Act requires the U.S. government to negotiate prices for high-cost drugs, and drug manufacturers may have to reimburse Medicare if the price of drugs used by Medicare beneficiaries rises faster than inflation. However, according to Cinclus Pharma's assessment, linaprazan glurate will only to some extent be prescribed to persons under Medicare (i.e., persons older than 65 years or disabled). Furthermore, the Company considers it unlikely that linaprazan glurate will be categorized as a drug in the high-cost segment. There is also no plan for price increases beyond the level of inflation, if expected discount levels can be maintained.

Formulation, manufacturing technology and packaging

The intended commercial formulation is a film-coated tablet, containing raw materials commonly found in pharmaceutical preparations. The same formulation will also be used in the Phase III studies. It is manufactured using a technology that is well established in the pharmaceutical industry. The drug is intended to be packaged in bottles.

The intended commercial formulation is continued development of the formulation used in the Phase II study. Its characteristics mean that a lower dose of linaprazan glurate may be used to achieve the desired clinical effect.

Additional potential medical indications and uses for linaprazan glurate

The most common PPI prescription is for treatment of GERD, but there is significant market potential for other medical indications. In the U.S., the use of PPIs for the treatment of GERD is 82 percent and for other uses 18 percent (depending on prescription from gastroenterologists and primary care physicians respectively). In EU-5 the corresponding percentages are 72 percent and 28 percent, respectively (equivalent prescription from gastroenterologists and primary care physicians respectively).[5)]

Cinclus Pharma's assessment is that linaprazan glurate may have the potential to treat diseases other than eGERD in which therapeutic benefits can be achieved by control of the gastric acid production, especially regarding *H. pylori* infection. Cinclus Pharma has also identified several other medical indications and uses that could be of interest for linaprazan glurate. Such potential additional medical indications and uses are listed below and, apart from *H. pylori* which is the Company's primary medical indication after severe eGERD, in no particular order of priority and are not intended to be exhaustive. However, these other medical indications would require additional regulatory approvals.

1) Source: Texas Department of State Health Services, 2023 Annual WAC Pricing Data, https://www.dshs.texas.gov/prescription-drug-price-disclosure-program/data-overview.
2) Source: Apex Market Report (May 2022).
3) Based on information published by pharmaceutical authorities (e.g. the FDA), information from the ClinicalTrials.gov database, as well as financial reports, press releases and other publicly available information.
4) Source: Texas Department of State Health Services, 2023 Annual WAC Pricing Data, https://www.dshs.texas.gov/prescription-drug-price-disclosure-program/data-overview.
5) Source: Apex Market Report (May 2022).

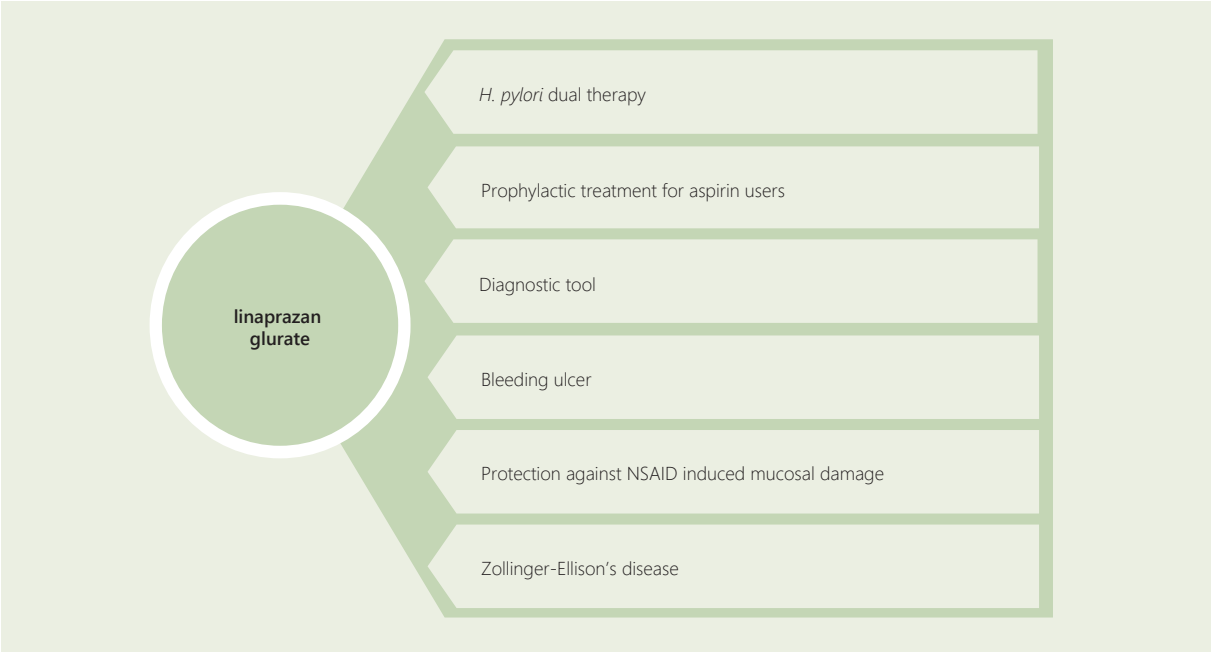


Figure 27. Other medical indications with potential benefit from acid control

***H. pylori* dual therapy with only one antibiotic**: The bacteria *H. pylori* cause a chronic infection mainly in the stomach. It is unusual for the infection to disappear without treatment. The condition is known as "chronic active gastritis". The infection can also cause ulcers in the stomach and/or duodenum. The bacterial infection is carcinogenic in terms of the risk of developing gastric cancer and mucosal lymphoma (MALT lymphoma).[1)] Linaprazan glurate as an acid controlling component in combination with one antibiotic, known as "dual therapy", can provide treatment for *H. pylori* infection.

Prophylactic treatment for aspirin users: Patients with cardiovascular or cerebrovascular disease may be prescribed aspirin. Aspirin is also used as a medicine for pain, aches and fever, and to relieve swelling related to inflammatory pain. However, a significant proportion of such patients develop GI mucosal damage and bleeding. Controlling gastric acidity, which may be achieved by a treatment course with linaprazan glurate, has been shown to protect against bleeding.[2)]

Diagnostic tool: Linaprazan glurate may be used to aid in the diagnosis of gastric acid-related disease.

Bleeding ulcers: Bleeding peptic ulcers can occur for several reasons and is a potentially life-threatening disease, where pronounced and maintained acid inhibition is a key part of the treatment and may be achieved with fast onset of action by oral administration of linaprazan glurate.

Protection against NSAID induced mucosal damage: Non-steroidal anti-inflammatory drugs ("**NSAIDs**") are medicines that are prescribed to relieve pain, reduce inflammation, and bring down a high temperature. A significant proportion of patients on regular or on-demand NSAID medication develop GI mucosal damage and bleeding. Controlling gastric acidity has been shown to protect against bleeding and reduce damage to the mucosa caused by NSAIDs.[3)] A treatment course with linaprazan glurate may help protect against bleeding and reduce damage, with a fast onset of action.

Zollinger-Ellison's disease: Zollinger-Ellison's disease is a gastrin producing tumor which causes high and continuous gastric acid output, causing severe gastrointestinal damage. The ambition is that linaprazan glurate will help relieve the symptoms and promote healing, by lowering the amount of acid.

In addition to the medical indications mentioned above and since GERD is a condition which affects children, a pediatric investigation plan ("**PIP**") or pediatric study plan ("**PSP**") fully compliant to guidance from regulatory authorities, is under assessment. Cinclus Pharma submitted a PIP, describing the proposed pediatric study program, to the FDA and EMA in December 2023, and the plan is currently under discussion with the respective authorities. The plan includes two pharmacokinetic/pharmacodynamic studies with a total of approximately 30 patients, in adolescents (12–18 years) and in children

1) Source: Malfertheiner P., et al. *Management of Helicobacter pylori infection: the Maastricht VI/Florence consensus report*. Gut, 2022;0:1-39.
2) Source: Yeomans N., et al. *Efficacy of esomeprazole (20 mg once daily) for reducing the risk of gastroduodenal ulcers associated with continuous use of low-dose aspirin*. Am J Gastroenterol. 2008 Oct;103(10):2465-2473.
3) Source: Yeomans N., et al. *Efficacy of esomeprazole (20 mg once daily) for reducing the risk of gastroduodenal ulcers associated with continuous use of low-dose aspirin*. Am J Gastroenterol. 2008 Oct;103(10):2465-2473.

(0–11 years) respectively, and an efficacy and safety study with approximately 100 patients, in children and adolescents (0–18 years). The PIP/PSP study program will be aligned with the timelines for medical indications in the adult population. The first studies are planned to start after completion of the first confirmatory Phase III trials in adults. The aim is to receive a pediatric indication in GERD after completion of the pediatric study program.

Patent family

This information contains forward-looking statements based on estimates and assumptions and is subject to risks and uncertainties. The actual outcome may differ materially from those expressed or implied in these forward-looking statements due to various factors, some of which are beyond the Company's control. Refer to section "Risk factors" for more information.

Through a deliberate intellectual property strategy, Cinclus Pharma has built a robust patent portfolio. The molecule patent for linaprazan glurate expires in 2029–2030, however, the Company's assessment is that an extension up to five years is probable due to the long duration between application and the potential market access. The patent term may also further be extended by six months of pediatric exclusivity in the U.S. Furthermore, the Company has pending patent applications, for which the potential patent expiration dates up to at least 2042.

Linaprazan glurate will also have up to ten years of data and market exclusivity in the EU/EEA (eight years of data exclusivity, and two years of market exclusivity) with the possibility of one additional year of market exclusivity if the Company obtains approval for a new medical indication with significant clinical benefit, compared to existing therapies.[1)]

In the U.S., the molecule will have up to five years exclusivity from the date of market approval, with a potential five-year extension of data exclusivity in the U.S. provided that linaprazan glurate receives regulatory approval for the *H. pylori* indication first. In addition, data exclusivity for linaprazan glurate may also be extended with a further six-months pediatric exclusivity.

Accordingly, the Company expects to face generic competition in the U.S. and the EU no earlier than in 2039, depending on date for potential regulatory approval of linaprazan glurate.

Figure 28 below sets out the expected timeline relating to the Company's intellectual property rights and data and market exclusivity for the coming years.

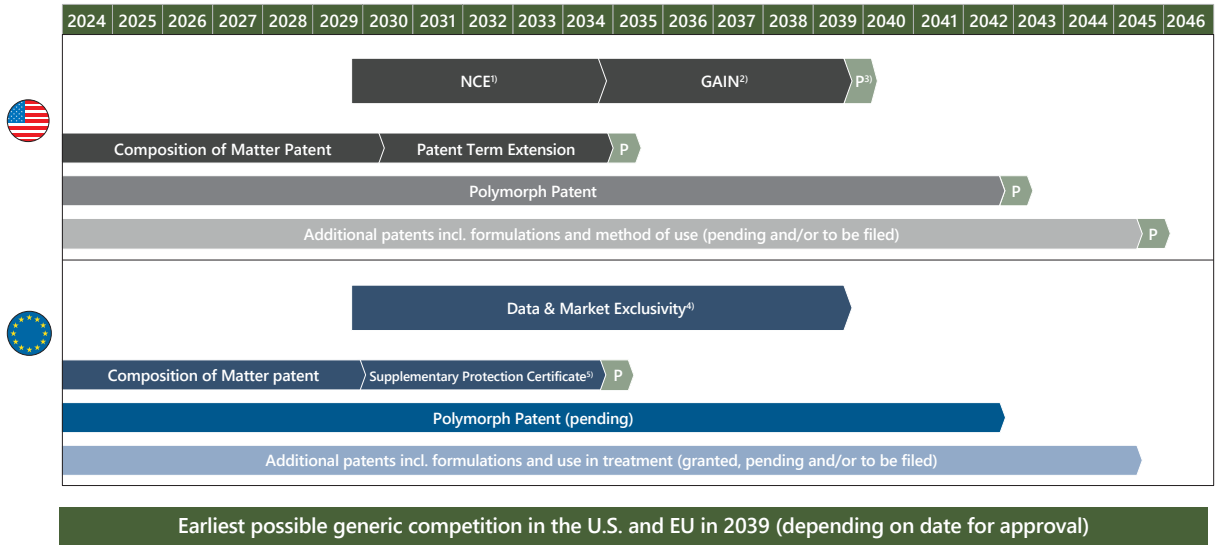


Figure 28. Expected timeline regarding intellectual property rights in the U.S. and EU, respectively

Expected timeline relating to the Company's intellectual property for the coming years. This information contains forward-looking statements based on estimates and assumptions and is subject to change.

1) NCE = New Chemical Entity (5 years of regulatory exclusivity).
2) GAIN = 5 years extension of NCE because of QIDP designation. QIDP: Qualified Infectious Disease Product.
3) P = Pediatric exclusivity (6 months).
4) 10 years of regulatory exclusivity (based on current legislation in the EU).
5) Supplementary Protection Certificate (SPC) = European equivalent of Patent Term Extension (PTE).

1) Based on current legislation under revision in the EU. According to a proposal from the European Commission, the data exclusivity period in the EU may be reduced by up to two years, unless the drug is launched in all EU countries where marketing authorization is available within a certain period of time. For further information, refer to the proposal for a Directive of the European Parliament and of the Council on the Union code relating to medicinal products for human use, and repealing Directive 2001/83/EC and Directive 2009/35/EC, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX-:52023PC0193.

Refer to section "*Legal considerations and supplementary information – Intellectual property*" below for further information on Cinclus Pharma's intellectual property and the status of patent applications.

Company organization, consultants and external expertise

As of 31 March 2024, Cinclus Pharma had 13 full-time employees and 26 consultants who work closely with the Company on an on-going basis. 28 individuals in the Group's workforce (including consultants) are involved in research and development activities and 11 individuals (including consultants) are engaged in finance, legal, investor relations, human resources, facilities and general management. In line with the Company's development and growth, the Company intends to recruit additional staff and continue to engage consultants with relevant expertise.

The Group possesses in-house knowledge and experience in pre-clinical and clinical studies and CMC as well as regulatory expertise in the form of senior managers with extensive experience both from large and medium-sized pharmaceutical companies. These persons have previously worked with the type of regulatory and manufacturing issues related to the Company's clinical stage drug candidate. Furthermore, eight of the individuals working for the Group, including the Company's board of directors, have a Ph.D. or an M.D.

Cinclus Pharma's headquarters is located in Stockholm.

The organizational chart below identifies the Group's functions and staff, including consultants. The Company's executive management team consists of Christer Ahlberg, Maria Engström, Bengt Erlandsson, Gösta Hiller, Kajsa Larsson, Kjell Andersson, Malin Filler and Peter Wallich.

Furthermore, the Company has an advisory board consisting of seven KOLs with international experience of medical expertise:

- Professor Emeritus Richard Hunt (MD, Ph.D.)
- Professor Peter Malfertheiner (MD, Ph.D)
- Professor Nimish Vakil (MD, Ph.D)
- Professor David Armstrong (MA, MB Bchir)
- Professor Michael Vaezi (MD, Ph.D, MSc)
- Professor Prateek Sharma (MD)
- Professor Dr. Joachim Labenz (MD, Ph.D)

Drug development and regulatory overview

Introduction

Cinclus Pharma is a pharmaceutical company in the clinical development phase and the Company's operations are thus subject to various laws and regulations. The regulatory framework is complex and sets strict requirements for drug developers. In order to develop, export, manufacture, market and sell pharmaceuticals, regulatory approvals and/or licenses must be obtained from, and registrations must be made with, relevant authorities and institutions in each of the jurisdictions where the Company intends to market or sell its products, such as the FDA in the U.S. and the EMA in the EU.

The section below provides a general description of the various stages of drug development which are the key elements of the regulatory framework affecting the Company's operations. The section is based on facts from the FDA (www.fda.gov), the EMA (www.ema.europa.eu) and the Swedish Medical Products Agency (www.lakemedelsverket.se). A more detailed description of the Company's operations is provided under the section "*Business overview*". Information collected from third parties has been accurately reproduced and, as far as the Company is aware, can ascertain by comparisons with other information published by the relevant third parties, no information has been omitted that could render the reproduced information inaccurate or misleading.

General development process for pharmaceuticals

Drug development is a time-consuming and resource-intensive process that is regulated by several regulatory authorities. The development phase encompasses several stages, in which a number of clinical projects or drug candidates will be eliminated based on results from the studies.

In drug development, the early discovery phase comprises the activities conducted by chemists, biologists and pharmacologists who screens, develop and test new pharmaceutical substances. A high number of substances are studied before a suitable candidate is identified. Drug candidates that show promising results in the early discovery phase are evaluated *in vitro* [1] and *in vivo*[2] during the pre-clinical phase. During the pre-clinical phase, research and studies are conducted with the aim of identifying, evaluating and selecting potential drug candidates that may be suitable for further clinical research. If a drug candidate meets the necessary requirements of efficacy and safety in the pre-clinical phase, it can be tested in humans in what is referred to as "clinical studies".

During the clinical development phase, the drug candidate is tested in humans in order to generate data on safety, clinical efficacy, potential side effects and optimal dose regimen. The clinical development stage is generally divided into three phases: Phase I, II and III, which are described in more detail below, and sometimes an additional phase, Phase IV (studies following regulatory approval). Each phase has a different purpose. Certain Phase I studies must typically be completed before Phase II is initiated, and one or several Phase II studies must be completed with satisfactory results before Phase III can be initiated. The scope of the tests carried out in terms of subject groups and doses is gradually increased for each phase. Before a clinical trial can be initiated, a company must seek and receive regulatory approval from the regulatory authorities in the country where the pharmaceutical product is to be studied. In the U.S., Investigational New Drug (IND) applications are submitted to the FDA and in the EU, Clinical Trial Applications (CTA) are submitted centrally through the Clinical Trials Information System (CTIS). In addition to the regulatory approvals, a company must also seek and receive approval from ethics committees (in the U.S. the approval is submitted to a so-called Institutional Review Board). During the clinical studies, reports on the study of participants' safety must further be submitted on a regular basis to the authorities. If it is found that the research subjects are being exposed to unacceptable health or safety risks, the clinical trial can be suspended, halted or terminated by a regulatory authority.

A pharmaceutical company must also, in parallel with the clinical drug development, develop a process for product manufacturing and subsequently manufacture the drug in commercial quantities in accordance with current regulatory requirements. It is important that the company has a manufacturing process with sufficient capacity in place to consistently produce the drug and that there are methods for testing the identity, strength, *in vitro* dissolution and

1) Outside of living cells or organisms, such as isolated tissues, organs, or cells.
2) Inside living cells and tissues in entire organisms, such as animals.

purity of the final product. In addition, appropriate packaging must be selected and evaluated, and stability studies performed in order to demonstrate that the drug is stable over its proposed shelf life.

Phase I
Phase I starts with a "first-in-human study", which is the first time that a new drug substance is administered to humans. Volunteers are normally healthy and kept under careful medical surveillance. In subsequent Phase I studies, healthy volunteers are typically also recruited. The purpose of these studies is to evaluate whether the study participants tolerate the drug, the safety of the drug, its pharmacokinetic/pharmacodynamic profile, how it is absorbed, distributed, metabolized, and eliminated from the body. The main focus in a Phase I study is safety, although many Phase I studies are also exploratory to find out the characteristics of the drug, which can also be evaluated in parallel with Phase II or III studies.

Phase II
Phase II is normally the first time that the drug is administered to patients suffering from the disease that the potential drug is intended to treat. The safety and efficacy of different doses are investigated to see how the drug affects the disease and associated symptoms, and to select the optimal dosage to be used in pivotal studies (Phase III). Already, in Phase II studies, the size of the study is significantly increased compared to Phase I studies, aiming to demonstrate the efficacy and safety of the study drug in patients.

The new drug is tested through comparison with the standard treatment for the same indication. In some cases, an inactive version, so-called placebo, may be used as a comparator. Patients are randomly divided between these drugs. Neither the doctors nor the patients know which product is administered to each patient. This procedure is known as a "double-blind randomized and controlled" study and is considered to be the method that provides the best and most objective evaluation. Only after the study database is locked is it disclosed which patients received the new drug and which received the comparator drug/placebo. The effects of the new drug compared with the comparator drug/placebo can then be assessed and evaluated.

Phase III
Phase III is initiated only if the results of Phase II are strong enough to justify continued studies and the requirements for conducting Phase III studies are generally very strict. Phase III studies are usually conducted in large patient populations and aim to provide sufficient data on clinical safety and efficacy in large populations as well as a solid foundation for statistical analysis, ahead of regulatory approval. Typically, the FDA and the EMA require two pivotal Phase III studies for approval of a new drug.

Regulatory overview

Approval of a new drug
In addition to the regulatory framework related to research and clinical development, there are extensive and complex laws and regulations related to obtaining regulatory approval for a drug candidate.

If positive data is obtained in the Phase III studies, an application for market approval is submitted to the regulatory authorities, e.g., the FDA and/or the EMA. The application must contain all information obtained during the pre-clinical and clinical phases, detailing the quality, safety and efficacy of the drug together with a thorough evaluation of the drug characteristics and production methods. The regulatory authorities complete an independent review of the drug including, *inter alia*, a risk and benefit analysis.

In the U.S., a new drug application ("**NDA**") providing information on, *inter alia*, safety, efficacy and manufacturing methods of the new drug candidate must be submitted to the FDA to obtain market approval. The NDA must show the full history of the drug, including information regarding the pre-clinical and clinical studies, the drug's effect in the body and ingredients of the drug, and the manufacturing, processing and packaging of the drug. Once an NDA has been submitted, the FDA has 60 days to decide whether the application can be reviewed or not. During this time, the FDA may reject an application that is incomplete. If the application is complete, the FDA has six to ten months to evaluate the documentation and make a decision on whether to approve the drug or not. The FDA has developed four different approaches for processing NDAs for drugs that are considered to be the first available treatment for a specific condition or that otherwise has advantages over other existing treatments, with the aim of bringing such medicines to market as quickly as possible. These routes are known as Priority Review, Breakthrough Therapy, Accelerated Approval and Fast Track.

Regulatory approval in the EU/EEA may be obtained through a centralized procedure. Through the centralized procedure, regulatory approval can be obtained for the entire EU/EEA by submitting an application for market approval to the EMA. The approval is then granted by the European Commission based on a positive opinion of the Committee for Medicinal Products for Human Use (CHMP), the EMA's lead scientific committee. There is a time limit of 210 days for the regulatory authority's assessment of a regulatory approval application. Today, most new drugs are approved through the centralized procedure. The centralized procedure is mandatory for drugs intended for use in humans that contain a new so-called active substance (i.e., a substance intended to exert a pharmacological, immunological or metabolic action) for the treatment of certain diseases.

Another way of obtaining a regulatory approval in the EU/EEA is through the decentralized procedure. In the decentralized procedure the company may request approval in one or more EU/EEA member states in parallel. One member state will act as Reference Member State ("**RMS**") and is responsible for carrying out the evaluation while the other member states, so-called Concerned Member States ("**CMS**") participates in the assessment. The timelines for assessment of the regulatory authorities are similar as in the centralized procedure.

During a pharmaceutical product development program, a company can seek regulatory advice from regulatory authorities (e.g., the FDA, EMA or national authorities such as the Medical Products Agency in Sweden and the Medicines and Healthcare Products Regulatory Agency in the United Kingdom). These meetings provide an opportunity to gain regulatory input on a company's development plan. There are various types of meetings with authorities for companies seeking input from the FDA during the development phase. One such meeting is held at the end of Phase II, where the company presents the data collected in its Phase II as well as information on their planned Phase III study program with the aim of reaching an agreement on the design of the Phase III studies with the FDA.

In the EU, the results of pediatric studies, which are performed in accordance with a pediatric investigation plan approved by the EMA's pediatric committee (the "**PDCO**"), must be submitted in an application for regulatory approval. This must always be done, unless a product specific waiver or deferral has been granted by PDCO or the drug can rely on a class waiver. Fulfillment of pediatric obligations qualifies the drug for regulatory incentives including the extension of a supplementary protection certificate by six months. Similarly, in the U.S., pediatric development requirements exist under the Pediatric Research Equity Act and incentives can be granted in accordance with the Best Pharmaceuticals for Children Act.

The FDA and EMA's reviews of an application for regulatory approval usually takes approximately ten to twelve months. The review may result in an approval, a denial, a request for further studies or an approval for a narrower medical indication than originally intended. Following the relevant authority's approval, the drug can be marketed.

Post-approval requirements

As a condition for approval, the FDA or the EMA may impose several post-approval requirements. Such requirements can include additional studies, such as Phase IV clinical studies regarding safety and efficacy as well as additional surveillance to assess and monitor the safety and effectiveness of the drug, and specific risk mitigating measures.

Even after approval, the drug remains subject to extensive requirements to monitor its safety. The regulatory approval holder of a medicine has legal obligations such as to continuously collect data, report adverse reactions and conduct wider pharmacovigilance activities in accordance with good pharmacovigilance practices ("**GVP**"). The regulatory approval holder is subject to inspections by the FDA, EMA and other regulatory authorities to assess compliance with regulatory requirements and GVP.

Furthermore, if the drug developer, after regulatory approval, seeks to modify the approved drug, for example by adding new medical indications, an evaluation and approval of the change is required from the relevant authority.

Phase IV

Phase IV studies are conducted after regulatory approval has been obtained. If the relevant regulatory authority, e.g., the FDA or the EMA, approves the application of the new drug, the regulatory authority may condition the approval with undertakings for the regulatory approval holder to conduct additional studies after receipt of approval, e.g., with regard to efficacy and/or safety. A drug developer may also voluntarily conduct additional studies in order to get more information about the drug's long-term effects and health economic aspects. In both cases, such post-approval studies are known as Phase IV clinical studies or post-marketing safety or efficacy studies.

Quality assurance frameworks

GCP, GMP and GLP

All development and manufacturing of pharmaceutical products must be conducted in accordance with good clinical practice ("**GCP**"), good manufacturing practice ("**GMP**") and good laboratory practice ("**GLP**"). GCP and GMP are comprised of guidelines, laws and regulations established by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) and regulatory authorities such as the FDA, EMA and other national regulatory authorities related to drug development.

GCP is an international quality standard that describes guidelines for the operational and ethical aspects of clinical studies. When conducting clinical studies, GCP enforces tight guidelines on ethical aspects: for example, obtaining informed written consent from the participating patients, comprehensive documentation requirements, and the requirement that studies on humans are performed under the supervision of qualified investigators. The GCP guidelines also include standards on how clinical studies should be conducted and defines the roles and responsibilities of clinical trial sponsors and clinical research investigators and supervisors.

GMP requires manufacturers of pharmaceutical products to demonstrate that a drug substance can be manufactured to a high quality and that there are established methods to verify the identity, strength and purity of the final drug product. Accordingly, GMP ensures that the pharmaceutical products are produced and controlled according to certain quality standards. GMP covers all aspects of the production, from the management of the active substance, premises and equipment to staff training and personal hygiene. This also includes the methods for testing the identity, strength *in vitro* release and purity of the final product.

GLP is an international quality standard that regulates the conduct of non-clinical laboratory studies. The purpose of GLP is to ensure that laboratory studies are conducted in an accurate, reliable and reproducible manner. This is achieved by establishing strict guidelines and protocols for laboratory practices, including documentation requirements, calibration of equipment, handling of test materials and qualification of personnel. By ensuring high standards for research and data collection, GLP helps to ensure that results from non-clinical studies are reliable and useful for assessing safety and efficacy.

Cinclus Pharma, like most other pharmaceutical companies, relies on outsourcing of the clinical studies and manufacturing of the pharmaceutical products to contract development and manufacturing organizations ("**CDMOs**") and clinical research organizations ("**CROs**"). The Company is therefore, in the capacity of a clinical trial sponsor, responsible for the design of the study in the study protocol. The Company is further responsible for regulatory strategy, and for interactions and supervision of the conduct of the study, through continuous interactions with and sponsor oversight management of the CDMOs and CROs.

Data and market exclusivity

The U.S. and EU/EEA have specific data protection and market exclusivity rules as incentives for pharmaceutical companies to develop new drugs. Due to the high costs of pre-clinical and clinical studies, pharmaceutical companies can obtain data protection and market exclusivity for drugs containing new active substances, in order to protect the developer from competition from generic drug companies. The goal is to obtain balance between innovative companies and those companies focusing on generics by ensuring that the data submitted is protected for a sufficient period of time. Obtaining regulatory approval for a product that has received New Active Substance ("**NAS**") status in the EU/EEA, or New Chemical Entity ("**NCE**") status in the U.S., means that the holder obtains data exclusivity for the study results claimed during the approval process for the new active substance. A generic drug company can typically obtain regulatory approval by providing bioequivalence studies comparing the generic drug with the original drug.

Data exclusivity means that the regulatory approval holder, during the period of exclusivity, has the exclusive right to refer to the pre-clinical and the clinical data provided during the regulatory process. Data exclusivity does not imply exclusivity for the pharmaceutical substance itself, as a generic operator in theory can obtain original data to support an approval process for the same active substance. However, this is rare as it requires the generic drug company to conduct an independent pre-clinical and clinical trial program that provides sufficient documentation for regulatory approval.

In the U.S., the regulatory approval holder of a product with NCE status can obtain market exclusivity for five years following FDA approval. The granting of NCE exclusivity is essentially a way of preventing generic drug companies from submitting an abbreviated NDA ("**ANDA**") for the same active substance as the registered product during the period of market exclusivity. An ANDA is an application for regulatory approval of a generic version of a registered drug, in which bioequivalence studies comparing the generic drug and the registered drug must be submitted. In addition to NCE exclusivity, Clinical Investigation Exclusivity ("**CIE**") can be obtained for results from additional clinical studies on drugs that are already approved. Examples of changes suitable for CIE are new dosage forms or new medical indications for an existing active substance. CIE is valid for three years from the date of approval and provides exclusivity only for the new results. In all cases, an additional six months of exclusivity may be granted for results from pediatric clinical studies. Furthermore, the QIDP designation for linaprazan glurate allows an additional five years of data exclusivity in the U.S. on top of the standard exclusivity period, provided that the Company receives regulatory approval for linaprazan glurate *for H. pylori*. In addition, the data exclusivity for linaprazan glurate may also be extended with a further six-months pediatric exclusivity in the U.S.

Under current legislation in the EU/EEA, eight years of data exclusivity is granted once regulatory approval is granted for a NAS-classified drug. In the two years following the expiry of data exclusivity, the regulatory approval holder has market exclusivity. During the period of data exclusivity, the EMA may not accept any generic applications based on the exclusive data of the regulatory approval holder. Combined, the data and market exclusivity frameworks provide exclusivity for eight plus two years. In certain circumstances, for example if the regulatory approval holder obtains approval for one or more therapeutic indications for the same active substance during the first eight years of data exclusivity, an additional year of market exclusivity may be granted.

European Commission press release, European Health Union: Commission proposes new pharmaceuticals reform for more accessible, affordable and innovative medicines, https://ec.europa.eu/commission/presscorner/detail/en/IP_23_1843.

The period of data exclusivity in the EU may, following a proposal by the European Commission, be reduced by up to two years, unless the drug in question is launched in all countries in the EU where market authorization is available within a certain period of time.[1)] In April 2023, the European Commission published a proposal for a new pharmaceutical legislation. The new legislation aims to ensure access to affordable medicines for patients, it addresses unmet medical needs and supports competitiveness and innovation. The proposal includes a change to the system of data protection and incentives for orphan and pediatric medicines and may have a negative impact on the protections and incentives currently associated with the development of innovative medicines.[2)] Furthermore, a system for joint clinical reviews at EU level for medicinal products authorized through the centralized procedure by Regulation (EU) 2021/2282 on health technology assessment will be introduced. The system will be phased in starting in 2025.[3)]

1) European Commission press release, European Health Union: Commission proposes new pharmaceuticals reform for more accessible, affordable and innovative medicines, https://ec.europa.eu/commission/presscorner/detail/en/IP_23_1843.
2) Based on current legislation under revision in the EU. According to a proposal from the European Commission, the data exclusivity period in the EU may be reduced by up to two years, unless the drug is launched in all EU countries where marketing authorization is available within a certain period of time. For further information, refer to the proposal for a Directive of the European Parliament and of the Council on the Union code relating to medicinal products for human use, and repealing Directive 2001/83/EC and Directive 2009/35/EC, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX-:52023PC0193.
3) Regulation (EU) 2021/2282 of the European Parliament and of the Council of 15 December 2021 on health technology assessment and amending Directive 2011/24/EU.

Selected financial information

The historical financial information presented below has been derived from the Group's audited financial statements for the three financial years ended 31 December 2023, 2022 and 2021, respectively, which have been prepared in accordance with the Swedish Annual Accounts Act (Sw. årsredovisningslagen (1995:1554)), RFR 1 – Supplementary Accounting Rules for Corporate Groups (Sw. RFR 1 – Kompletterande redovisningsregler för koncerner), IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC), as adopted by the EU and have been audited by the Company's auditor, Öhrlings PricewaterhouseCoopers AB, as set forth in their audit report included elsewhere in this Offering Circular (refer to "Independent auditor's report" on page F-31 in the section "Historical financial information"). The information has also been derived from the Company's unaudited interim consolidated financial statements for the three months ended 31 March 2024 (with comparative figures for the corresponding period in 2023), which has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. Unless expressly stated, no financial information in the Offering Circular has been audited or reviewed by the Company's auditor.

The information in this section should be read together with the sections "Operating and financial review", "Capitalization, indebtedness and other financial information", as well as the Company's audited consolidated financial statements as at and for the three financial years ended 31 December 2023, 2022 and 2021 and the unaudited interim consolidated financial statements for the three months ended 31 March 2024, which has been included in the Offering Circular and can be found in the section "Historical financial information".

Consolidated statement of profit or loss

	1 January – 31 December			1 January – 31 March	
	2023	2022	2021	2024	2023
SEK in thousands	Audited	Audited	Audited	Unaudited	Unaudited
Revenues					
Net sales	5,959	10,571	–	–	3,007
Operating cost and expenses					
Administrative expenses	–39,562	–64,115	–14,447	–5,588	–12,456
Research and development expenses	–166,678	–157,184	–69,821	–30,502	–39,675
Other operating income	77	786	–	191	76
Other operating expenses	–772	–2,614	–17	–375	–26
Operating income/expense	**–200,976**	**–212,556**	**–84,285**	**–36,273**	**–49,075**
Income from financial items					
Financial income	3,605	2,479	8,029	6,050	636
Financial expenses	–17,242	–20,933	–10	–6,455	–593
Net financial items	**–13,637**	**–18,454**	**8,019**	**–405**	**42**
Income before tax	**–214,613**	**–231,010**	**–76,266**	**–36,678**	**–49,032**
Income tax	–505	–18,064	–	–217	–152
Net income for the period attributable to the parent company shareholders	**–215,118**	**–249,074**	**–76,266**	**–36,895**	**–49,184**
Earnings per share, calculated on earnings attributable to the parent company's shareholders:					
Before and after dilution	–8.20	–10.81 [1]	–3.62 [2]	–1.41	–1.88 [3]

1) Number of shares recalculated due to the share split (1:80).
2) Number of shares recalculated due to the share split (1:80).
3) Number of shares recalculated due to the share split (1:80).

Consolidated statement of comprehensive income

	1 January – 31 December			1 January – 31 March	
	2023	2022	2021	2024	2023
SEK in thousands	Audited	Audited	Audited	Unaudited	Unaudited
Net income for the period	**–215,118**	**–249,074**	**–76,266**	**–36,895**	**–49,184**
Other comprehensive income					
Items that can later be reclassified to the income statement:					
Translation differences from operations abroad	9,167	21,657	–7,638	–2,446	422
Other comprehensive income, net after tax	**9,167**	**21,657**	**–7,638**	**–2,446**	**422**
Comprehensive income for the period	**–205,951**	**–227,417**	**–83,904**	**–39,341**	**–48,762**
Comprehensive income for the period, as a whole attributable to the parent company's shareholders	**–205,951**	**–227,417**	**–83,904**	**–39,341**	**–48,762**

Consolidated balance sheet

	31 December			31 March	
	2023	2022	2021	2024	2023
SEK in thousands	Audited	Audited	Audited	Unaudited	Unaudited
ASSETS					
Tangible assets					
Inventories	72	100	141	65	93
Right-of-use assets	249	786	1,679	549	500
Financial assets					
Financial fixed assets	1	1	1	1	1
Total fixed assets	**322**	**887**	**1,822**	**615**	**594**
Other current assets	3,870	5,099	1,381	2,242	4,584
Prepaid expenses and accrued income	2,249	6,238	5,774	2,641	2,625
Cash and cash equivalents	87,972	173,546	138,202	52,468	126,586
Total current assets	**94,091**	**184,883**	**145,356**	**57,351**	**133,795**
TOTAL ASSETS	**94,413**	**185,771**	**147,178**	**57,966**	**134,389**
EQUITY AND LIABILITIES					
Equity					
Share capital	509	509	264	509	509
Other contributed capital	503,524	503,691	276,741	503,524	503,691
Translation difference	26,004	16,837	–4,820	23,557	17,259
Retained earnings including net income for the period	–606,837	–394,163	–145,084	–643,123	–442,730
Equity attributable to the parent company's shareholders	**–76,800**	**126,874**	**127,101**	**–115,533**	**78,730**
Non-current liabilities					
Non-current lease liabilities	–	–	609	–	–
Non-current tax liabilities	6,790	12,797	–	6,687	12,833
Total non-current liabilities	**6,790**	**12,797**	**609**	**6,687**	**12,833**
Current liabilities					
Loan from shareholders	130,341	–	–	134,400	–
Derivatives	665	–	–	336	–
Trade payables	16,448	16,946	9,185	11,658	15,297
Lease liabilities	24	544	848	209	233
Current tax liabilities	7,216	6,401	–	7,321	6,571
Other liabilities	2,903	1,743	1,921	2,194	1,980
Accrued expenses	6,826	20,466	7,513	10,693	18,744
Total current liabilities	**164,422**	**46,099**	**19,468**	**166,812**	**42,826**
Total liabilities	**171,213**	**58,896**	**20,077**	**173,499**	**55,659**
TOTAL EQUITY AND LIABILITIES	**94,413**	**185,771**	**147,178**	**57,966**	**134,389**

Consolidated statement of cash flow

	1 January – 31 December			1 January – 31 March	
	2023	2022	2021	2024	2023
SEK in thousands	Audited	Audited	Audited	Unaudited	Unaudited
Operating activities					
Operating result	–200,976	–212,556	–84,285	–36,273	–49,075
Adjustment for non-cash items					
Depreciation and amortization	1,251	1,114	84	346	293
Exchange rate differences	25	2,591	–	–	–10
Qualified employee stock options	2,444	–	–	609	617
Other non-cash items	–	–29	–	–	–
	–197,256	**–208,881**	**–84,201**	**–35,318**	**–48,175**
Interest received	2,912	1,069	–	60	388
Interest paid	–453	–328	–320	–104	–135
Tax paid	–6,784	–55	–	–	–
Cash flow from operating activities before change in working capital	**–201,581**	**–208,194**	**–84,522**	**–35,362**	**–47,922**
Cash flow from change in working capital					
Increase/decrease in operating receivables	5,642	–3,318	–2,954	1,638	4,231
Increase/decrease in trade payables	–546	7,089	3,309	–4,789	–1,648
Increase/decrease in operating liabilities	–12,701	12,347	8,813	3,018	–1,484
Cash flow from operating activities	**–209,186**	**–192,076**	**–75,353**	**–35,495**	**–46,823**
Investing activities					
Investments in tangible fixed assets	–	–	–131	–	–
Cash flow from investing activities	**–**	**–**	**–131**	**–**	**–**
Financing activities					
New share issue	–	241,395	2,625	–	–
Received premium for warrant subscription	–	1,268	2,523	–	–
Re-purchase of warrants	–	–57	–	–	–
Issue expenses	–167	–15,416	–128	–	–
Received loan from shareholders	124,343	–	–	–	–
Amortization of lease liabilities	–1,284	–1,045	–67	–327	–311
Cash flow from financing activities	**122,892**	**226,146**	**4,953**	**–327**	**–311**
Cash flow for the period	**–86,294**	**34,069**	**–70,531**	**–35,822**	**–47,134**
Cash and cash equivalents at the beginning of the period	**173,546**	**138,202**	**208,501**	**87,972**	**173,546**
Exchange rate differences in cash and cash equivalents	720	1,275	232	318	173
Cash and cash equivalents at the end of the period	**87,972**	**173,546**	**138,202**	**52,468**	**126,586**

Definitions of performance measures and alternative performance measures

The Company applies the European Securities and Markets Authority's (ESMAs) guidelines on alternative performance measures in this Offering Circular. The guidelines aim to make alternative performance measures in financial statements more comprehensible, reliable and comparable, and thereby increase their usability. Under these guidelines, an alternative performance measure is a financial measure of historic or forecast earnings performance, financial position or cash flow that is neither defined nor specified in applicable rules on financial reporting: IFRS or the Swedish Annual Accounts Act. These guidelines are mandatory for financial statements published after 3 July 2016.

Cinclus Pharma believes that the alternative performance measures presented below, together with the measures defined under IFRS, provide better understanding of the Group's financial trends. Furthermore, these alternative performance measures are used by Cinclus Pharma's management team, investors, securities analysts and other stakeholders as supplementary measures of earnings performance, resource utilization, liquidity and solvency. However, the alternative performance measures as defined by Cinclus Pharma should not be compared with other performance measures of similar names used by other companies. This is because the below mentioned performance measures are not always defined in the same way and other companies may not calculate them in the same way that Cinclus Pharma does. See below for the definitions and the reasons that these financial alternative performance measures are used.

IFRS performance measure	Definition
Earnings per share for the period before and after dilution	Profit for the period divided by the weighted 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 performance measure	Definition	Reason for use of measure
Operating income (EBIT)	Profit before financial items and tax. The information is taken from the consolidated statement of profit or loss.	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 consolidated statement of profit or loss.	The key figure helps the reader understand the costs of the operational business.
Research and development expenses / Operating expenses, %[1)]	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, %[1)]	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 ratio, %[1)]	Current assets in relation to current liabilities.	The key figure shows the Group's short-term ability to pay.

1) For reconciliation of this performance measure to the nearest IFRS measure, refer to section "– *Reconciliation tables*" below.

Reconciliation tables

	1 January – 31 December			1 January – 31 March	
SEK in thousands	**2023**	**2022**	**2021**	**2024**	**2023**
Administrative expenses	–39,562	–64,115	–14,447	–5,588	–12,456
Research and development expenses	–166,678	–157,184	–69,821	–30,502	–39,675
Operating expenses	**–206,240**	**–221,299**	**–84,268**	**–36,090**	**–52,131**
Research and development expenses / Operating expenses, %	**81%**	**71%**	**83%**	**85%**	**76%**

	31 December			31 March	
SEK in thousands	**2023**	**2022**	**2021**	**2024**	**2023**
Equity	–76,800	126,874	127,101	–115,533	78,730
Total assets	94,413	185,771	147,178	57,966	134,389
Equity ratio, %	**–81%**	**68%**	**86%**	**–199%**	**59%**
Other receivables	3,870	5,099	1,381	2,242	4,584
Prepaid expenses and accrued income	2,249	6,238	5,774	2,641	2,625
Cash and cash equivalents	87,972	173,546	138,202	52,468	126,586
Total current receivables	**94,091**	**184,883**	**145,356**	**57,351**	**133,795**
Loan from shareholders	130,341	–	–	134,400	–
Derivatives	665	–	–	336	–
Accounts payable	16,448	16,946	9,185	11,658	15,297
Short term leasing liabilities	24	544	848	209	233
Tax liabilities	7,216	6,401	–	7,321	6,571
Other liabilities	2,903	1,743	1,921	2,194	1,980
Accrued expenses and deferred income	6,826	20,466	7,513	10,693	18,744
Total current liabilities	**164,422**	**46,099**	**19,468**	**166,812**	**42,826**
Quick ratio, %	**57%**	**401%**	**747%**	**34%**	**312%**

Operating and financial review

*The information and discussion presented below should be read in conjunction with the section "Selected financial information", the Company's audited consolidated financial statements for the financial years ended 31 December 2023, 2022 and 2021, respectively, and the unaudited interim consolidated financial statements for the three months ended 31 March 2024 (with comparative figures for the corresponding period in 2023) as well as the related notes included in the section "Historical financial information". The Company's audited financial statements have been prepared in accordance with the Swedish Annual Accounts Act (Sw. årsredovisningslagen (1995:1554)), RFR 1 – Supplementary Reporting Rules for Groups, IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC), as adopted by the EU, and have been audited by the Company's auditor, Öhrlings PricewaterhouseCoopers AB, as set forth in the auditor's report included elsewhere in this Offering Circular (refer to "Independent auditor's report" on page F-31 in the section "Historical financial information"). The Company's unaudited interim consolidated financial statements for the three months ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") and the Swedish Annual Accounts Act. Unless expressly stated, no financial information in the Offering Circular has been audited or reviewed by the Company's auditor.*

Certain of the information included below or set forth elsewhere in this Offering Circular, including statements of the Group's plans, objectives, expectations and intentions, contains forward-looking statements that are subject to various risks and uncertainties. The Group's future results of operations, financial position or cash flows may differ materially from those anticipated in these forward-looking statements as a result of many different factors, including, but not limited to, those described in this Offering Circular, including those in the section "Risk factors" and elsewhere in this Offering Circular.

Overview

Cinclus Pharma is a clinical stage pharmaceutical company. The Company has completed Phase I and II studies on its drug candidate linaprazan glurate and intends to initiate preparations for the eGERD healing study 1a in 2024 with expected patient enrollment in 2025 and preparations for the eGERD healing study 2a in 2026 with expected patient enrollment in 2026 or 2027. The financial results of Cinclus Pharma have been affected by, and are likely to be affected by, a number of factors, some of which, both currently and in the future, are beyond the Company's control. This section includes the key factors that Cinclus Pharma believes have affected the Company's operating and financial results during the period covered by the financial information in the Offering Circular and those factors that may continue to do so in the near future.

Since its establishment, the Group has devoted substantial efforts to build its organization by hiring skilled management and personnel, business planning, raising capital as well as establishing, maintaining and enforcing its intellectual property portfolio. The Group has also put substantial efforts into research and development activities for its current drug candidate, linaprazan glurate, establishing arrangements with third parties for the manufacture of its drug candidate and component materials, and administrative support for these operations, including preparing for the Offering and listing on Nasdaq Stockholm. Linaprazan glurate is in the development phase and has not yet been commercialized (through license or royalty arrangements or other sales). The Group has a license agreement with Sinorda, the Group's partner in Asia, for the exclusive, royalty bearing, license to develop, make, have made, use, sell, offer for sale, market and promote the pharmaceutical compounds X842 (the former in-house name of linaprazan glurate) and X383 (the Company's second molecule, which is a back-up molecule for linaprazan glurate) in China and other selected regions of Asia. Under the agreement, Sinorda may only under certain circumstances grant sublicenses to other

parties for the sale of these pharmaceutical compounds in those regions. Pursuant to the license agreement, the Group receives royalty payments on certain net sales and certain license income and milestone payments upon the successful achievement of certain development or regulatory events from Sinorda and its affiliates and Sinorda, in turn, is entitled to receive royalties on certain net sales and certain license income of Cinclus Pharma and its affiliates (for more information regarding the license agreement with Sinorda, see "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*"). In the financial year ended 31 December 2023, the Group recognized net sales of SEK 6.0 million, and in the financial year ended 31 December 2022, the Group recognized net sales of SEK 10.6 million, reflecting royalty on licensing revenue relating to milestone payments received by Sinorda from the sub-licensee SPH Sine Pharmaceutical Laboratories Co., Ltd. Outside of this arrangement, the Group has not yet generated revenue from license or royalty arrangements or other sales of linaprazan glurate. The Group's operations to date have been funded primarily with proceeds from issuances of the Company's ordinary shares, loans from the Company's shareholders and through the issuance of convertible promissory notes under the Swedish Companies Act (sw. *aktiebolagslagen*) (which as of the date of this Offering Circular are no longer outstanding). For example, in 2023, the Company entered into bridge loan agreements with a number of the Company's existing shareholders in the total amount of SEK 124.3 million, which include provisions for mandatory conversion of the principal amount and accrued interest into ordinary shares in the Company. As of 31 December 2023, the accrued interest on such bridge loans amounted to SEK 6.7 million. Provided that a decision by the Company's board of directors on the Set-off Issue is made on 19 June 2024, the total loan amount, including accrued interest which at that time is estimated to amount to approximately SEK 13.71 million, will amount to approximately SEK 138.05 million. In 2022, the Company carried out a private placement of ordinary shares that generated gross proceeds of SEK 241.4 million, and, in 2020, the Company carried out a private placement of ordinary shares that generated gross proceeds of SEK 250.0 million. As of 31 March 2024, the Group had cash and cash equivalents of SEK 52.5 million.

As a clinical stage pharmaceutical company, the Group has been, and continues to be, focused on the research and development and commercialization of linaprazan glurate, and has incurred associated expenses and recognized operating losses during the periods under review. The Group's ability to successfully develop and commercialize linaprazan glurate is of great importance to the Group's long-term results and ability to deliver returns to its shareholders. The Group's net losses were SEK 36.9 million in the three months ended 31 March 2024 and SEK 215.1 million, SEK 249.1 million and SEK 76.3 million for the financial years ended 31 December 2023, 2022, and 2021, respectively. As of 31 March 2024, the Group had negative retained earnings of SEK 643.1 million.

The Group's expenses are primarily associated with expenses for development, CMC as well as salaries for research and development personnel, administrative overhead as well as expenses for monitoring and managing the Group's patent portfolio.

The Group's expenses, including factors affecting those expenses, are primarily related to the following:

- the advancement of the development of linaprazan glurate, including clinical studies;
- obtaining, expanding, maintaining and defending the Group's intellectual property portfolio;
- seeking regulatory approval for linaprazan glurate;
- establishing a sales, marketing and distribution infrastructure to commercialize linaprazan glurate, if approved;
- hiring additional clinical, scientific and management personnel, as well as administrative staff to support the growth of the Group's business;
- adding operational, financial and management information systems and personnel;
- incurring additional legal, accounting and other expenses associated with operating as a publicly listed company following the completion of the Offering; and
- establishing licenses, collaborations or strategic partnerships.

Following a successful completion of the clinical development of linaprazan glurate, the Company intends to evaluate multiple options for the commercialization of linaprazan glurate with the aim of maximizing shareholder value. The Company's intention is to out-license or enter into other co-promotion partnerships for linaprazan glurate in all relevant markets worldwide. As such, the Group's revenues are expected to come from license or royalty arrangements or other revenues from partnership arrangements relating to the commercialization of linaprazan glurate. The Group expects to incur expenses, primarily related to any co-promotion, in connection with any commercialization partnerships it enters into.

The Group intends to use the proceeds from the Offering to initiate and complete Study 1a and 1b eGERD and finance regulatory activities and to conduct ongoing pre-clinical studies necessary for registration of the eGERD indication (for more information, refer to "*Background and reasons*"). Until the Group receives regulatory approval for linaprazan glurate and the Group, together with licensees or other co-promotion partners, starts generating revenues from the sale of linaprazan glurate, the Group will need additional funding

to support its continuing operations, including the registration and commercialization of linaprazan glurate. Until such time as the Group can generate revenue sufficient to achieve profitability, it expects to fund its operations through equity offerings, debt financings or other capital sources, which could include collaborations, strategic alliances or additional licensing arrangements.

Description of income statement line items

Net sales

Net sales comprise the Group's income in the form of licensing revenue from concluded licensing and partnership agreements. The Group recognized licensing revenue from the license agreement with Sinorda for the financial years ended 31 December 2023 and 2022, see "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*". The revenue in the financial years 2023 and 2022 relates to royalties received from Sinorda on their milestone payments received from the sub-licensee SPH Sine Pharmaceutical Laboratories Co., Ltd. The last development-related milestone payment is scheduled to be made when regulatory approval is obtained for linaprazan glurate in China. The Group expects that future royalty payment from sales of linaprazan glurate (if approved) under the license agreement with Sinorda will be limited in relation to income from sales of linaprazan glurate (if approved) in the U.S. and EU.

Administrative expenses

The Group's administrative expenses consist primarily of salaries and related benefits, including travel expenses, in relation to executive, finance and corporate development and other administrative functions. Other administrative expenses include insurance expenses and allocated facility-related expenses not otherwise included in research and development expenses, and fees for auditing, tax, and legal services, including legal fees in connection with disputes, such as the dispute between Sinorda and the Company's subsidiary in Switzerland settled in 2022 (for more information, see "*Legal considerations and supplementary information – Disputes – Dispute with Sinorda*"). Administrative expenses are expensed as incurred.

The Group expects that its administrative expenses will continue to increase in the foreseeable future as its business expands to support its continued research and development activities, including the Phase III study program. These increases in expenses will, *inter alia*, include expenses related to the hiring of additional personnel and fees to external consultants. The Group also expects to incur additional administrative expenses associated with being a publicly listed company, such as legal fees, accounting fees, directors' and officers' liability insurance premiums and investor relations related fees.

Research and development expenses

Research and development is an important strategic priority for the Group. The Group's long-term success is primarily dependent on continued innovation and development of new product or drug candidates. The Group's current drug candidate, linaprazan glurate, is expected to enter into Phase III study program later in 2024 following the positive results in the completed Phase II study. The total expenses for completing the clinical program for linaprazan glurate is dependent on several factors including, but not limited to, the Group's ability to progress the study program according to plan and to obtain necessary regulatory approvals.

The Group's research and development expenses have been, and are expected to continue to be related to the development of linaprazan glurate. Research and development expenses include:

- salaries, payroll taxes, employee benefits and other costs related to individuals involved in research and development efforts;
- external research and development expenses incurred under agreements with CROs and consultants to conduct and support the Group's planned clinical studies on linaprazan glurate and to navigate the regulatory environment, including reviewing the Group's strategies to obtain regulatory approval and to ensure compliance with quality and regulatory requirements;
- expenses, such as fees for consultants and attorneys as well as registration fees, in relation to obtaining, expanding and maintaining the Group's intellectual property portfolio, including the Group's patents; and
- expenses related to the manufacturing of clinical studies material.

Research and development expenses are expensed as incurred and payments made prior to the receipt of goods or services to be used in research and development are capitalized (before being expensed) until the goods or services are received.

The Group's research and development expenses are affected by a number of factors, including, but not limited to:

- the number of studies required for regulatory approval;
- the number of clinical sites included in the studies;
- the countries in which the studies are conducted;
- the number of patients that participate in the studies;
- the number of doses evaluated in the studies;
- the length of time required to enroll eligible patients;
- the number of screening failures, i.e., the number of individuals who have undergone a screening process to ensure they fit the inclusion criteria in a study that ultimately do not enroll in the study;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the studies;
- any patient access programs;
- the extent to which regulatory authorities, such as the FDA and EMA, require the Group to undertake additional studies (both pre-clinical and clinical);
- the cost and timing of manufacturing clinical trial material;
- the efficacy and safety profile of linaprazan glurate;
- the extent to which the Group establishes additional collaboration or license agreements; and
- the terms of any future partnership.

While the Group seeks quotes and estimates from third party providers and suppliers, including CROs, for the expenses associated with its clinical programs, these quotes and estimates are not fixed and changes in some of the factors described above, which may be outside the Group's control, will affect the Group's research and development expenses. For example, macroeconomic factors in the countries where the Group is conducting clinical studies have led to delays and additional expenses as the Group has had to temporarily stop or relocate clinical studies. Such events have included the COVID-19 pandemic in 2021, when the Phase II study was delayed for almost six months due to constraints on the healthcare system and personnel at CROs and other specialists hired by the Group being infected or otherwise affected by the COVID-19 pandemic. Another example is Russia's invasion of Ukraine in 2022, when the Group had to suspend clinical studies in Ukraine and relocate such studies to other countries.

The Group expects that its research and development expenses will continue to increase for the foreseeable future as it continues the development of linaprazan glurate, continues to discover and develop additional product or drug candidates, expands its headcount involved in research and development efforts and maintains and expands its intellectual property portfolio.

Other operating income
Other operating income is primarily attributable to unrealized transactional foreign exchange gains on operating receivables and payables.

Other operating expenses
Other operating expenses is primarily attributable to unrealized transactional foreign exchange losses on operating receivables and payables.

Net financial items
Net financial items is primarily attributable to unrealized foreign exchange losses or gains on revaluation of intra-group long-term receivables and payables. In addition, the Group holds cash in bank accounts in other currencies in addition to SEK, such as EUR, CHF, GBP and USD, and recognizes unrealized foreign exchange gains and losses in connection with fluctuations in these currencies against SEK, its reporting currency. These foreign exchange gains and losses are recognized as financial income or expense. The Group also incurs interest-related income on cash held in these bank accounts and interest-related expenses in the form of interest payments on the shareholder loans taken up during 2023.

Comparison of the three months ended 31 March 2024 and 2023

The following table summarizes the Group's results of operations for each of the periods presented (in SEK thousands):

	Three months ended 31 March	
	2024	**2023**
Net sales	–	3,007
Administrative expenses	–5,588	–12,456
Research and development expenses	–30,502	–39,675
Other operating income	191	76
Other operating expenses	–375	–26
Operating income/expenses	**–36,273**	**–49,075**
Income from financial items		
Financial income	6,050	636
Financial expenses	–6,455	–593
Net financial items	**–405**	**42**
Income/(loss) before taxes	**–36,678**	**–49,032**
Income tax	–217	–152
Net income/(loss) for the period	**–36,895**	**–49,184**

Net sales

The Group did not recognize any net sales for the three months ended 31 March 2024. The Group recognized net sales of SEK 3 million for the three months ended 31 March 2023, reflecting royalties on milestone payments under the license agreement with Sinorda.

Administrative expenses

Administrative expenses decreased by SEK 6.9 million, from SEK 12.5 million for the three months ended 31 March 2023, to SEK 5.6 million for the three months ended 31 March 2024. The decrease was due to lower expenses for the preparation of the Offering compared to the same period in 2023.

Research and development expenses

Research and development expenses decreased by SEK 9.2 million, from SEK 39.7 million for the three months ended 31 March 2023, to SEK 30.5 million for the three months ended 31 March 2024. This decrease was primarily attributable to lower expenses for clinical studies as all ongoing clinical studies are in the final phase.

Net financial items

The Group recognized net financial expenses of SEK 0.4 million for the three months ended 31 March 2024, primarily reflecting increased interest expenses in connection with the bridge loan agreements entered into in 2023. The Group recognized net financial income of SEK 0.04 million for the three months ended 31 March 2023, primarily reflecting lower unrealized foreign exchange rate losses on revaluation of intra-group long-term payables and interest earned on cash held in bank accounts.

Net loss for the period

For the reasons described above, net loss for the period decreased by SEK 12.3 million, from a loss of SEK 49.2 million in the three months ended 31 March 2023, to a loss of SEK 36.9 million in the three months ended 31 March 2024.

Comparison of the financial years 2023 and 2022

The following table summarizes the Group's results of operations for each of the periods presented (in SEK thousands):

	For the financial year ended 31 December	
	2023	**2022**
Net sales	5,959	10,571
Administrative expenses	–39,562	–64,115
Research and development expenses	–166,678	–157,184
Other operating income	77	–
Other operating expenses	–772	–1,828
Operating income/expenses	**–200,976**	**–212,556**
Income from financial items		
Financial income	3,605	1,178
Financial expenses	–17,242	–19,633
Net financial items	**–13,637**	**–18,454**
Income/(loss) before taxes	**–214,613**	**–231,010**
Income tax	–505	–18,064
Net income/(loss) for the period	**–215,118**	**–249,074**

Net sales

The Group recognized net sales of SEK 6.0 million and SEK 10.6 million for the financial years ended 31 December 2023 and 2022, respectively, reflecting royalties on milestone payments under the license agreement with Sinorda.

Administrative expenses

Administrative expenses decreased by SEK 24.5 million, from SEK 64.1 million for the financial year ended 31 December 2022, to SEK 39.6 million for the financial year ended 31 December 2023. The decrease was primarily due to lower legal fees in 2023 compared to the same period in 2022, when the Company incurred legal fees in connection with the dispute between Sinorda and the Company's subsidiary in Switzerland, which was settled in 2022 (for more information, refer to section "*Legal considerations and supplementary information – Disputes – Dispute with Sinorda*").

Research and development expenses

Research and development expenses increased by SEK 9.5 million, from SEK 157.2 million for the financial year ended 31 December 2022, to SEK 166.7 million for the financial year ended 31 December 2023. The increase was primarily attributable to expenses related to the Phase II study and additional Phase I studies and pre-clinical studies, including six- and nine-month toxicology studies, in preparation for the Phase III study program, regulatory work relating to, *inter alia*, preparations for the end of Phase II meeting and other meetings with the FDA, preparation for the pediatric investigation plan and pediatric study plan and expenses in relation to CMC activities.

Other operating expenses

Other operating net expenses decreased by SEK 1.1 million, from SEK 1.8 million for the year ended 31 December 2022, to SEK 0.7 million for the financial year ended 31 December 2023. The decrease was primarily attributable to lower unrealized transactional foreign exchange losses on operating receivables and payables in 2023 compared to the same period in 2022.

Net financial items

Net financial expense decreased by SEK 4.8 million, from SEK 18.5 million for the financial year ended 31 December 2022 to SEK 13.6 million for the financial year ended 31 December 2023. The decrease primarily reflected lower unrealized foreign exchange rate losses on revaluation of intra-group long-term payables in 2023 compared to 2022, partially offset by increased interest expenses in connection with the bridge loan agreements entered into in 2023.

Net loss for the period

For the reasons described above, net loss for the period decreased by SEK 34.0 million, from a loss of SEK 249.1 million for the financial year ended 31 December 2022, to a loss of SEK 215.1 million for the financial year ended 31 December 2023.

Comparison of the financial years 2022 and 2021

The following table summarizes the Group's results of operations for each of the periods presented (in SEK thousands):

	For the financial year ended 31 December	
	2022	**2021**
Net sales	10,571	–
Administrative expenses	–64,115	–14,447
Research and development expenses	–157,184	–69,821
Other operating income	–	–
Other operating expenses	–1,828	–17
Operating income/expenses	**–212,556**	**–84,285**
Income from financial items		
Financial income	1,178	8,404
Financial expenses	–19,633	–385
Net financial items	**–18,454**	**8,019**
Income before taxes	**–231,010**	**–76,266**
Income tax	–18,064	–
Net income for the period	**–249,074**	**–76,266**

Net sales

The Group recognized net sales of SEK 10.6 million for the financial year ended 31 December 2022, relating to royalty on license revenues from the license agreement with Sinorda. The Group did not recognize any net sales in the year ended 31 December 2021.

Administrative expenses

Administrative expenses increased by SEK 49.7 million, from SEK 14.4 million for the financial year ended 31 December 2021, to SEK 64.1 million for the financial year ended 31 December 2022. The increase was primarily due to an increase in headcount in the Group's management and administrative functions to support the Group's development and commercialization strategy, as well as other administrative expenses such as legal fees in connection with the dispute between Sinorda and the Company's subsidiary in Switzerland which was settled in 2022 (for more information, refer to section "*Legal considerations and supplementary information – Disputes – Dispute with Sinorda*") and expenses incurred in preparation for the Offering and listing on Nasdaq Stockholm.

Research and development expenses

Research and development expenses increased significantly by SEK 87.4 million, from SEK 69.8 million for the financial year ended 31 December 2021, to SEK 157.2 million for the financial year ended 31 December 2022. This increase was primarily attributable to expenses related to the Phase II study, additional Phase I studies and pre-clinical studies, including six- and nine-month toxicology studies, in preparation for the Phase III study program.

Net financial items

The Group recognized net financial expenses of SEK 18.5 million for the financial year ended 31 December 2022, primarily reflecting unrealized foreign exchange rate losses on revaluation of intra-group long-term payables. The Group recognized net financial income of SEK 8.0 million for the financial year ended 31 December 2021, primarily reflecting unrealized foreign exchange rate gains on revaluation of intra-group long-term receivables and payables as well as on cash held in bank accounts in currencies other than SEK.

Net loss for the period

For the reasons described above, net loss for the period increased by SEK 172.8 million, from a loss of SEK 76.3 million in the year ended 31 December 2021, to a loss of SEK 249.1 million in the year ended 31 December 2022.

Liquidity and capital resources

Overview

The Group's primary uses of liquidity are to fund nonclinical studies and clinical studies for linaprazan glurate, as well as toxicological studies, and to fund preparatory processes required for compliance with regulatory requirements and regulatory approvals and work in relation to commercializing linaprazan glurate and to fund other administrative expenses needed to support the Group's continued research and development activities. The Group's primary sources of liquidity and funding have historically been proceeds from the issuance of the Company's shares, loans from the Company's shareholders and convertible promissory notes issued under the Swedish Companies Act (which as of the date of this Offering Circular are no longer outstanding). For example, in 2023, the Company entered into bridge loan agreements with a number of the Company's existing shareholders in the total amount of SEK 124.3 million, which contain provisions for mandatory conversion of the principal amount and accrued interest into ordinary shares of the Company. As of 31 December 2023, the accrued interest on such bridge loans amounted to SEK 6.7 million.

Provided that a decision by the Company's board of directors on the Set-off Issue is made on 19 June 2024, the total loan amount, including accrued interest, which at that time is estimated to amount to approximately SEK 13.71 million, will amount to approximately SEK 138.05 million. The bridge loans will, in connection with the Offering, be converted into ordinary shares of the Company on the same terms as the ordinary shares offered in the Offering. For more information refer to sections "*Share capital and ownership structure – Changes in connection with the listing of the Company's ordinary shares – Conversion of bridge loans in connection with the Offering*" and "*Legal Considerations and Supplementary Information – Material agreements – Bridge loan agreements*". In 2022, the Company carried out a private placement of ordinary shares that generated gross proceeds of SEK 241.4 million, and, in 2020 the Company carried out a private placement of ordinary shares that generated gross proceeds of SEK 250.0 million. For further information on the Company's share issuances, see "*Business Overview – History*" and "*Share capital and ownership structure*".

Cash flows

The following table provides information regarding the Group's cash flows for each of the periods presented (in SEK thousands):

	For the three months ended 31 March		For the financial year ended 31 December		
	2024	2023	2023	2022	2021
Cash flow used in operating activities	–35,495	–46,823	–209,186	–192,076	–75,353
Cash flow used in investing activities	–	–	–	–	–131
Cash flow used in / from financing activities	–327	–311	122,892	226,146	4,953
Net increase (decrease) in cash and cash equivalents	–35,822	–47,134	–86,294	34,069	–70,531

Operating activities

Net cash used in operating activities for the three months ended 31 March 2024 was SEK –35.5 million, which primarily reflected payments for operating activities as to personnel and suppliers, including expenses for the completion of the Phase II study and additional Phase I studies and pre-clinical studies as well as personnel-related expenses. Net cash used in operating activities for the three months ended 31 March 2023 was SEK –46.8 million, which primarily reflected payments to suppliers and research and development personnel, including the funding of the Phase II study and additional Phase I studies and other pre-clinical studies, personnel-related expenses, but also legal fees and expenses in preparation for the Offering and listing on Nasdaq Stockholm.

Net cash used in operating activities for the financial year ended 31 December 2023 was SEK –209.2 million, which primarily reflected research and development related payments, including preparation for the Phase III study program, the final funding of the Phase II study, additional Phase I studies and pre-clinical studies, as well as payments related to personnel and legal counsel in preparation for the Offering and listing on Nasdaq Stockholm.

Net cash used in operating activities for the financial year ended 31 December 2022 was SEK –192.1 million, which primarily reflected research and development related payments, including the funding of the Phase II study, additional Phase I studies and pre-clinical studies in preparation for the Phase III study program, as well as payments related to personnel and legal counsel in preparation for the Offering and listing on Nasdaq Stockholm.

Net cash used in operating activities for the financial year ended 31 December 2021 was SEK –75.4 million, which primarily reflected payments related to research and development, including the funding of the Phase II study and pre-clinical studies, as well as personnel-related payments, such as in relation to the recruitment of the CEO and CFO.

Investing activities

No investment was carried out for the three months ended 31 March 2024 or the three months ended 31 March 2023.

No investment was carried out for the financial year ended 31 December 2023.

No investment was carried out for the financial year ended 31 December 2022.

Net cash used in investing activities for the financial year ended 31 December 2021 was SEK 0.1 million, consisting primarily of acquisitions of inventories and office equipment.

Financing activities

Net cash used in financing activities for the three months ended 31 March 2024 and for the three months ended 31 March 2023 was SEK –0.3 million, respectively, and was in both instances in its entirety related to the amortization of lease liabilities.

Net cash provided by financing activities for the financial year ended 31 December 2023 was SEK 122.9 million and was primarily related to the funds received from the bridge loans with shareholders.

Net cash provided by financing activities for the financial year ended 31 December 2022 was SEK 226.1 million. The outcome was attributable to cash received through the issuance of the Company's shares, providing gross proceeds of SEK 241.4 million.

Net cash provided by financing activities for the financial year ended 31 December 2021 was SEK 5.0 million and was primarily related to net proceeds received from the issuance of ordinary shares to the CEO and, to a lesser extent, premiums paid for warrants issued to the CEO as well as to other employees and advisors in the Company.

Financing arrangements and other commitments

For information on the bridge loan agreements that the Company has entered into with a number of the Company's existing shareholders in 2023, see "*Share capital and ownership structure – Changes in connection with the listing of the Company's ordinary shares – Conversion of bridge loans in connection with the Offering*" and "*Legal Considerations and Supplementary Information – Material agreements – Bridge loan agreements*".

Working capital statement

The board of directors regards the existing working capital, prior to implementation of the Offering, as being insufficient to cover the Group's needs over the coming twelve-month period given the Group's current business, research and development plan. Working capital, in this context, refers to the Group's ability to access liquid resources in order to meet its liabilities as they fall due.

Cinclus Pharma's working capital requirements mainly relate to the initiation and completion of Study 1a and 1b eGERD (for more information, refer to section "*Business overview – Overview of* Linaprazan glurate *– Cinclus Pharma's lead drug candidate – News flow ambition and planned studies – Phase III studies on eGERD and H. pylori*". Provided that Study 1a and 1b eGERD is initiated, the Company assesses that the working capital deficit for the next twelve month amounts to SEK 250 million.[1] The Company further assesses that the Group's cash and cash equivalents, which as of 31 March 2024 amounted to SEK 52,5 million, is sufficient to fund Cinclus Pharma's operations until June 2024. However, for ethical reasons, the Company will need to conduct its planned clinical studies up until clinical results have been achieved, which will be for a longer period than 12 months. Accordingly, the relevant funding period for the Company's clinical studies is longer than 12 months, such that the Company's working capital deficit in relation to its funding needs for its planned clinical studies is significantly greater than SEK 250 million, and Cinclus Pharma intends to fund the projected working capital deficit by the proceeds raised through the new share issue in connection with the listing of the Company on Nasdaq Stockholm. The Offering is expected to provide the Group with proceeds of approximately SEK 715 million, excluding the Over-allotment Option, before deduction of issue costs, and provided that the Offering is fully subscribed. The net proceeds from the Offering (with deduction of issue costs for the Offering) are expected to amount to approximately SEK 650 million excluding the Over-allotment Option.

Cinclus Pharma intends to use the proceeds from the Offering in the following order of priority, with the approximate portion of the issue proceeds stated in parenthesis:

i. Continue the preparations of, initiate and complete Study 1a and 1b eGERD and finance regulatory activities (interaction with authorities and external consultants) and the ongoing operations of the Company up to and including the conduct of of Study 1a and 1b eGERD (approximately 97 percent).

ii. Conduct ongoing pre-clinical studies necessary for registration of the eGERD indication (approximately 3 percent).

Assuming that the Offering is fully subscribed and the Over-allotment Option is exercised in full, the Group is expected to receive proceeds of approximately SEK 787 million before deduction of issue costs. The net proceeds from the Offering (with deduction of issue costs for the Offering and the Over-allotment Option) are expected to amount to approximately SEK 717 million if the Over-allotment Option is exercised in full. Depending on the outcome of the Over-allotment Option, Cinclus Pharma intends to use any additional net proceeds from the exercise of the Over-allotment Option to initiate and complete additional Phase I studies needed for registration of the eGERD indication.

With regard to the Company's working capital deficit in relation to its need for financing for its planned clinical studies, the Offering will be withdrawn and the subsequent listing on Nasdaq Stockholm will not take place in case the Offering does not reach a subscription level

1) Excluding bridge loan repayments, as the bridge loans will be mandatorily converted into ordinary shares in connection with the Offering, and excluding the proceeds from the Offering. For more information on the bridge loans, refer to section "*Legal considerations and supplementary information – Material agreements – Bridge loan agreements*".

corresponding to SEK 715 million, excluding the Over-allotment Option and before deduction of issue costs. The Company will then seek alternative sources of financing in order to secure its financial position.

Capital requirements for completion of studies for the medical indications eGERD and *H. pylori*

This information contains forward-looking statements that are based on estimates and assumptions that are subject to risks and uncertainties. Actual results could differ materially from those expressed or implied in these forward-looking statements as a result of many different factors, some of which are beyond the Company's control. Refer to section "Risk factors", in particular "Risk factors – Risks associated with negative operating results and continued financing needs", for more information.

Cinclus Pharma will need additional capital to complete Study 2a and 2b eGERD and the *H. pylori* study program consisting of a Phase I study and a subsequent Phase III study (for more information, refer to section "*Business overview – Overview of* Linaprazan glurate – *Cinclus Pharma's lead drug candidate – News flow ambition and planned studies – Phase III studies on eGERD and H. pylori*"). The Company's assessment, as of the date of the Offering Circular, is that the capital requirement for conducting Study 2a and 2b eGERD is approximately SEK 650 million and for conducting the *H. pylori* study program approximately SEK 525 million. The cost of employees, consultants and the operation of the Company is included in the calculation for each program. Depending on the extent to which the Over-allotment Option in the Offering is exercised, Cinclus Pharma may also need additional financing to initiate and complete additional Phase I studies needed for registration of the eGERD indication. The Company's assessment, as of the date of the Offering Circular, is that the capital requirement to initiate and conduct additional Phase I studies needed for the registration of the eGERD indication is approximately SEK 50 million. Additional funding for Study 2a and 2b eGERD, the *H. pylori* study program and additional Phase I studies could, for example, be obtained through new issues, debt financing or other sources of capital, such as collaborations, strategic partnerships or licensing arrangements.

Remarks and disclosures of particular importance in the Auditor's Report

In Cinclus Pharma's audited consolidated financial statements for the financial year ended 31 December 2023, Cinclus Pharma's auditor has, in connection with the auditor's recommendation that the annual general meeting should adopt the income statement and balance sheet, treat the loss in accordance with the proposal in the administration report and discharge the board members and the CEO from liability, made the following emphasis of matter:

"Material uncertainty related to the going concern assumption

Without it impacting our opinion above, we would like to draw attention to the administration report and the section regarding financing as well as note 3 of the annual report where it is stated that the company needs additional funding in the second quarter of 2024 in order to continue its operations. It is also stated that the company is pursuing several financing options, but that financing was not yet secured at the time of the issuance of the annual report. These circumstances indicate that there is significant uncertainty relating to the going concern assumption that may cast significant doubt on the company's ability to continue as a going concern."

Furthermore, the following emphasis of matter was made in Cinclus Pharma's reviewed interim report for the three months ended 31 March 2024.

"Material uncertainty related to the going concern assumption

Without it impacting our opinion above, we would like to draw attention to the section regarding financing on page 9 and note 5 of the interim report where it is stated that the company estimates that existing funding is sufficient until June 2024. It is also stated that the company is pursuing several financing options, but that financing had not yet been secured at the time of the issuance of the interim report. These circumstances indicate that there are material uncertainties that may cast significant doubt on the company's ability to continue as a going concern."

Off-balance sheet arrangements

Pursuant to the license agreement with Sinorda, the Group is obligated to make royalty payments at a low single-digit percentage of net sales and a mid-single-digit percentage on license income (for more information regarding the license agreement with Sinorda, see "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*").

Other than as described above, the Group is not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Group's financial condition, results of operations, liquidity, capital expenditure or capital resources.

Historical investments

The table below summarizes Cinclus Pharma's total investments for the financial years 2023, 2022 and 2021 as well as for the three months ended 31 March 2024 and 31 March 2023, respectively. The investments relate to acquisitions of office equipment.

	For the three months ended 31 March		For the financial year ended 31 December		
TSEK	**2024**	**2023**	**2023**	**2022**	**2021**
Tangible fixed assets	–	–	–	–	131
Financial fixed assets	–	–	–	–	–
Total investments	**–**	**–**	**–**	**–**	**131**

Ongoing and planned investments

Since 31 March 2024, up to and including the date of the Offering Circular, Cinclus Pharma has not made any investments in tangible or intangible fixed assets. As of the date of this Offering Circular, Cinclus Pharma has no material ongoing investments, and the Company has not made any material commitments regarding any investment in tangible or intangible assets.

Quantitative and qualitative disclosures about financial risk management

The business activities of the Group are affected by a number of financial risks and uncertainties. More detailed information relating to the Group's financial risks (including certain sensitivity analyses) can be found in Note 19 to the audited consolidated financial statements as at and for the financial year ended 31 December 2023. For further information on the risks relating to the industry and business in which the Group operates, refer to section "*Risk Factors*" of this Offering Circular.

Significant changes to the Group's financial position since 31 March 2024

Other than as set out below, there have been no significant changes to the Company's financial position or financial results since 31 March 2024.

- At Cinclus Pharma's annual general meeting on 8 April 2024, it was resolved to implement a new qualified employee stock option program for employees of the Company and to allocate a maximum of 51,737 qualified employee stock options and issue 51,737 warrants to ensure delivery of shares, refer to section "*Share capital and ownership structure – Incentive programs – Qualified employee stock option program 2024*"
- At Cinclus Pharma's extraordinary general meeting on 3 June 2024, it was resolved to implement a new performance share program and employee stock option program for employees and consultants in the Company, which are conditional upon the Company's ordinary shares being admitted to trading on Nasdaq Stockholm, and to authorize the board of directors to issue a maximum of 854,430 class C shares to ensure the delivery of ordinary shares and to cover any social security costs resulting from the programs, refer to sections "*Share capital and ownership structure – Incentive programs– Employee Stock Option Program 2024/2027*" and "*Share capital and ownership structure – Incentive programs – Performance Share Program 2024/2027*".

Trends

Below is a summary of recent key development trends relating to production, sales, storage, expenses, and prices, from the end of the financial year 2023 up to and including the date of the Offering Circular. Furthermore, all known trends, uncertainties, claims, commitments, or events that are reasonably likely to have a material impact on the Company's prospects for the current financial year and which are known to the Company are summarized.

Cinclus Pharma is a clinical stage pharmaceutical company. The Company has completed Phase I and II studies for its drug candidate linaprazan glurate and intends to initiate preparations for the first Phase III study pair in 2024 with the first patient enrolled in 2025 and the second Phase III study pair for eGERD in 2026 with the first patient enrolled in 2026 or 2027.

- The application for approval of linaprazan glurate to the FDA and EMA is intended to be submitted in 2028 or 2029 with the ambition of regulatory approval in 2029. The Company will incur significant costs to initiate and conduct the first of two pairs of Phase III clinical studies for the healing and maintenance treatment of eGERD, Study 1a and 1b eGERD, which are intended to be financed with part of the proceeds from the Offering. The expected expenses will mainly relate to the clinical sites and patient recruitments for the studies as well as expenses for outsourcing the conduct of the study program to the relevant CRO. The outsourcing expenses in connection with the study program may become higher than anticipated for various reasons, including if the start of the study program is delayed, if the study program is interrupted or if the study

program is not completed within the expected time-frame. A delay in the study program may be caused by, for example, delays in obtaining required approvals from relevant regulatory authorities in order to initiate the Phase III studies or difficulties in enrolling patients to participate in the studies, see further "*Risk Factors – Risks associated with pre-clinical and clinical studies*", "*Risk Factors – Risk associated with outsourcing clinical studies to CROs*" and "*Business Overview – Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – News flow ambition and planned studies – Phase III studies on eGERD and H. pylori*".

- The Company's partner in Asia, Sinorda, has in 2023 applied for registration of linaprazan glurate in China with a potential approval in the later part of 2024. If approved, the royalty payments that the Company receives from Sinorda in relation to certain net sales and certain license income that Sinorda receives from SPH Sine Pharmaceutical Laboratories Co, Ltd., could increase. For the financial year ended 31 December 2023, such amount amounted to SEK 6.0 million, see further "*Market overview – Potential market and market size for linaprazan glurate*", "*Business overview – Strategy*" and "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*".
- The Company has a contract with a global CDMO headquartered in Switzerland, for the manufacturing of the API in production facilities in China and the production of the potential drug that will be used in the Phase III study program in production facilities in the U.S. The commercial formulation is the same formulation which the Company has studied. This CDMO also has the capabilities and capacity for the potential commercial production of linaprazan glurate once approved. The Company is, however, observing a trend among other pharmaceutical companies to locate the production, both in-house and outsourced, closer to the region where the drug is expected to be sold, partly as a result of the extensive supply chain disruptions that followed the COVID-19 pandemic and due to overall geopolitical challenges. The Company is therefore currently considering alternative locations for the commercial production of both the API and the potential drug product in the event linaprazan glurate is approved and commercialized. There would be a significant one-off cost in connection with transfers to local CDMOs and there is a risk that such alternative locations for the commercial production could lead to increased expenses for the Company as the Company may need to engage more than one CDMO for the commercial production and local CDMOs could turn out to be more expensive than the Company's current CDMO. See "*Risk Factors – Risks associated with CMC and outsourcing to CMOs/CDMOs*" and "*Business overview – Overview of linaprazan glurate – Cinclus Pharma's lead drug candidate – Manufacturing*". However, the Company believes that the need to potentially relocate the commercial production could lead the Company to choose a larger CDMO for manufacturing, which would enable it to reduce manufacturing costs in the long term, as it would be able to benefit from such CDMO's operational efficiency and economies of scale.

Accounting policies

For information on changes in accounting policies and critical accounting policies, see Note 2 to the audited consolidated financial statements as at and for the financial year ended 31 December 2023.

Capitalization, indebtedness and other financial information

The tables in this section describe the Company's capitalization and indebtedness at group level as at 31 March 2024. Refer to section "*Share capital and ownership structure*" for further information about the Company's share capital and shares. The tables in this section should be read in conjunction with the section "*Operating and financial review*" and the Company's financial information, including the related notes, which may be found elsewhere in this Offering Circular.

Capitalization

SEK in thousands	31 March 2024
Current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	166,812
Total current debt	**166,812**
Non-current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	6,687
Total non-current debt (excluding the current debt as part of the non-current debt)	**6,687**
Shareholders' equity	
Share capital	509
Reserve(s)	–
Other reserves	–116,042
Total equity	**–115,533**

Net indebtedness

Cinclus Pharma's net indebtedness as at 31 March 2024 is presented in the table below. The table only includes interest bearing liabilities. As of 31 March 2024, the Company has no indirect indebtedness. As of 31 March 2024, the Company has contingent indebtedness related to the license agreement with Sinorda, see further "*Legal considerations and supplementary information – Significant agreements – License agreement with Sinorda*".

SEK in thousands		31 March 2024
(A)	Cash	52,468
(B)	Other current financial assets	1
(C)	**Liquidity (A+B)**	**52,469**
(D)	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[1)]	134,610
(E)	Current portion of non-current financial debt[2)]	7,321
(F)	**Current financial indebtedness (D+E)**	**141,931**
(G)	**Net current financial indebtedness (F-C)**	**89,462**
(H)	Non-current financial debt[3)] (excluding current portion and debt instruments)	6,687
(I)	Debt instruments	–
(J)	Non-current trade and other payables	–
(K)	Non-current financial indebtedness (H+I+J)	6,687
(L)	**Total financial indebtedness (G+K)**	**96,149**

1) Includes a lease liability of SEK 209 thousand.
2) Refers to the current portion of the Swiss tax liability payable in 2024. See note 7 in the section "*Historical financial information – Financial information for the period January–March 2024 – Notes*" for more information.
3) Refers to Swiss tax liability, excluding the current portion payable in 2024. See note 7 in the section "*Historical financial information – Financial information for the period January–March 2024 – Notes*" for more information.


ARTEZA 0.7

Board of directors, executive management and auditor

Board of directors

Cinclus Pharma's board of directors consists of seven ordinary members, including the chairman of the board, with no deputy board members, all of whom are elected for the period up until the end of the annual general meeting 2025. The table below shows the members of the board of directors, when they were first elected and whether they are considered to be independent of the Company and/or the major shareholders.

			Independent of	
Name	**Position**	**Member since[1)]**	**The Company and executive management**	**The major shareholders**
Lennart Hansson	Chairman	2014	Yes	Yes
Torbjörn Koivisto	Board member	2017	Yes	Yes
Helena Levander	Board member	2021	Yes	Yes
Nina Rawal	Board member	2022	Yes	Yes
Wenche Rolfsen	Board member	2016	Yes	Yes
Peter Unge	Board member	2014	No	Yes
Anders Öhberg	Board member	2016	Yes	Yes

1) Refers to the dates for board assignment within the Group.

Lennart Hansson

Born 1956. Chairman of the board since 2020, board member since 2014 and Co-founder.

Education: Ph.D. in Genetics from Umeå University.

Other current assignments: Chairman of Sixera Pharma AB, Ignitus Aktiebolag and Cinclus Pharma AB.
Board member of Medivir Aktiebolag, InDex Pharmaceuticals Holding AB, InDex Pharmaceuticals AB and QureTech Bio AB.

Previous assignments (last five years): Board member of Calliditas Therapeutics AB, Cinclus Pharma AG and InDex Diagnostics AB.

Shareholding in the Company: Lennart holds (indirectly through company) 1,024,000 ordinary shares in the Company.

Torbjörn Koivisto

Born 1969. Board member since 2017.

Education: LL.M. from Uppsala University.

Other current assignments: Board member of Xspray Pharma AB (publ), IARU Institutet för Affärsjuridisk Rådgivning i Uppsala AB and Cinclus Pharma AB.
Deputy board member of Virdings Allé Invest AB.

Previous assignments (last five years): Board member of Hemcheck Sweden AB and Bio Vitos Pharma AB.
Deputy board member of RJC Roger Johansson Consulting AB.

Shareholding in the Company: Torbjörn holds (indirectly through company) 79,440 ordinary shares in the Company.

Helena Levander

Born 1957. Board member since 2021

Education: Master in Finance and Business Administration from Stockholm School of Economics.

Other current assignments: Chairman of Factoringgruppen AB and CAROLINE SVEDBOM AB.
Board member of Pensare Grande AB, Stendörren Fastigheter AB, Occlutech International AG and Cinclus Pharma AB.
Deputy board member of Spalten Vin & Gastronomi AB.

Previous assignments (last five years): Chairman and board member of Medivir Aktiebolag and Nordic Investor Services Aktiebolag.
Board member of Concordia Maritime Aktiebolag, Recipharm AB, Rejlers AB (publ), Lannebo Fonder AB and Lannebo Holding AB.

Shareholding in the Company: Helena holds (indirectly through company) 28,480 ordinary shares in the Company.

Nina Rawal

Born 1979. Board member since 2022.

Education: Ph.D. in Molecular Neurobiology from Karolinska Institutet.

Other current assignments: Board member of Cinclus Pharma AB. Deputy board member of Emerging Health Ventures I AB.

Previous assignments (last five years): Chairman of the board of CytaCoat Aktiebolag.
Board member of CytaCoat Aktiebolag, Cirkör Aktiebolag, MedCap AB (publ), BONE SUPPORT AB, BONESUPPORT HOLDING AB, Emerging Health Ventures I AB, and Airsonett Holding AB.
Deputy board member of Airsonett AB and Airsonett Holding AB.

Shareholding in the Company: Nina holds no shares in the Company.

Wenche Rolfsen

Born 1952. Board member since 2016.

Education: Ph.D in Pharmacology and Adjunct Professor at Uppsala University.

Other current assignments: Chairman of, InDex Pharmaceuticals Holding AB, InDex Pharmaceuticals AB, and Rolfsen Consulting AB.
Board member of Cinclus Pharma AB.
CEO in Rolfsen Consulting AB. Partner in Serendipity Partners.

Previous assignments (last five years): Chairman of Cinclus Pharma Holding AB (publ), BioArctic AB, Sarsia Seed AS and InDex Diagnostics AB.
Board member of Cinclus Pharma AG, Swedish Match AB, Bluefish Pharmaceuticals AB (publ), Recipharm AB and Evondos AB.

Shareholding in the Company: Wenche holds 20,800 ordinary shares in the Company.

Peter Unge

Born 1951. Board member since 2014 and Co-founder.

Education: Education and professional MD. and Ph.D in Gastroenterologist and Internal Medicine from Karolinska Institutet.

Other current assignments: Chairman of Cinclus Pharma AG.
Board member of Cinclus Pharma AB and PetoMaj Invest AB.

Previous assignments (last five years): CMO in Cinclus Pharma Holding AB (publ).

Shareholding in the Company: Peter holds (indirectly through company) 2,008,000 ordinary shares in the Company.

Anders Öhberg

Born 1980. Board member since 2016.

Education: Master of Medical Sciences and Clinical Drug Development from Uppsala University.

Other current assignments: Board member of Regulus Pharma Fas I AB and Cinclus Pharma AB.

Previous assignments (last five years): Board member of Cinclus Pharma AG.

Shareholding in the Company: Anders holds 4,240 ordinary shares in the Company[1)]

1) In addition, Anders Öhberg holds 117 shares (corresponding to 1.6 percent) in Regulus Pharma Fas I AB, which in turn holds 915,120 ordinary shares in Cinclus Pharma as of 31 March 2024.

Executive management

Christer Ahlberg
Born 1971. CEO since 2021.

Education: BSc in Business Administration and Economics from Örebro University.

Other current assignments: Board member of FrostPharma AB, FrostPharma Holding AB and PMD Device Solutions AB. CEO of Cinclus Pharma AB. Deputy CEO and deputy board member of Waxholm by the sea aktiebolag. Partner in Quality of Life i Stockholm Handelsbolag.

Previous assignments (last five years): Board member of Glycorex Transplantation AB (publ) and ProoxPharma AB. CEO of Sedana Medical AB (publ) and Waxholm by the sea aktiebolag. Deputy board member of Sedana Medical Incentive AB.

Shareholding in the Company: Christer holds 80,000 ordinary shares and 8,225 warrants as well as 8,091 qualified employee stock options in the Company, entitling to a maximum of 721,391 ordinary shares in the Company.

Maria Engström
Born 1972. CFO since 2021.

Education: BSc in Business Administration and Economics from Stockholm University.

Other current assignments: Board member of FAYSIT – Finance At Your Service In Tyresö AB.

Previous assignments (last five years): Deputy board member of Ugglapraktiken Aktiebolag and UHT Förvaltning AB. CFO of Sedana Medical AB (publ). Member of the Advisory Board of Ugglapraktiken Aktiebolag.

Shareholding in the Company: Maria holds (directly and indirectly through company) 8,000 ordinary shares and 1,450 warrants as well as 8,091 qualified employee stock options in the Company, entitling to a maximum of 179,391 ordinary shares in the Company.

Bengt Erlandsson
Born 1966. Head of CMC since 2023

Education: MSc in Chemical Engineering, Ph.D. in Polymer Technology from Kungliga Tekniska Högskolan.

Other current assignments: –

Previous assignments (last five years): Senior Consultant Pharmaceutical Development at SDS Life Science AB. Project Manager at Recipharm Pharmaceutical Development AB.

Shareholding in the Company: Bengt holds no shares in the Company. Bengt holds 7,741 qualified employee stock options in the Company entitling to a maximum of 35,391 ordinary shares in the Company.

Gösta Hiller
Born 1968. COO since 2021.

Education: Ph.D. in Cell- and Molecular Biology from Lund University.

Other current assignments: Deputy board member of Tuppstugan Förvaltning AB.

Previous assignments (last five years): Board member of ARENDI AB, SDS Life Science AB and SDS MedteQ AB. CEO of SDS Life Science AB.

Shareholding in the Company: Gösta holds no shares in the Company. Gösta holds 1,450 warrants as well as 8,091 qualified employee stock options in the Company entitling to a maximum of 63,391 ordinary shares in the Company.

Kajsa Larsson
Born 1966. Chief Medical Officer since 2022.

Education: MD. and Ph.D in Hematologist and Internal Medicine from Karolinska Institutet.

Other current assignments: –

Previous assignments (last five years): –

Shareholding in the Company: Kajsa holds no shares in the Company. Kajsa holds 1,450 warrants as well as 8,091 qualified employee stock options in the Company entitling to a maximum of 63,391 ordinary shares in the Company.

Kjell Andersson
Born 1957. Chief Scientific Officer since 2014 and Co-founder.

Education: Ph.D. Pharmacologist from Lund University.

Other current assignments: Board member of OBX Invest AB. CEO of Cinclus Pharma AG.

Previous assignments (last five years): CEO of Cinclus Pharma Holding AB (publ).

Shareholding in the Company: Kjell holds (indirectly through company) 1,908,000 ordinary shares in the Company.

Malin Filler
Born 1968. Head of Regulatory Affairs since 2023.

Education: MSc in Pharmacy from Uppsala University.

Other current assignments:–

Previous assignments (last five years): Consultant and regulatory advisor at SDS Life Science.
Assessor at the Swedish Medical Products Agency Department of Efficacy and Safety.

Shareholding in the Company: Malin holds no shares in the Company. Malin holds 7,741 qualified employee stock options in the Company entitling to a maximum of 35,391 ordinary shares in the Company.

Peter Wallich
Born 1961. Commercial Director since 2022.

Education: BSc in biochemistry from Sydney University and a Master in marketing and business administration from NSW University.

Other current assignments: Board member of PCW Consultants AB.
Deputy board member of Wallich Composite AB and Wallich Holding AB.
Commercial consultant in IRLAB Therapeutics AB.
Consultant in COR2ED Switzerland AG.

Previous assignments (last five years): Commercial consultant in Ondosis AB and Cereno AB.

Shareholding in the Company: Peter holds no shares in the Company.

Other information about the board of directors and executive management

There are no family ties between any of the members of the board of directors or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management of the Company and their private interests and/or other undertakings.

No special agreement has been reached with major shareholders, customers, suppliers or other parties according to which any board member or executive management has been elected to the current position.

None of the members of the board of directors or the members of the executive management have, during the last five years, (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation, or been subject to administration under bankruptcy, (iii) incriminated and/or sanctioned for a crime by statutory or regulatory authorities (including designated professional bodies) or (iv) been prohibited by a court of law from being a member of any issuer's administrative, management or supervisory body or from holding a senior or overarching position of any issuer.

All members of the board of directors and the members of the executive management are available at the Company's main office at Kungsbron 1, SE-111 22 Stockholm, Sweden.

Auditor

The company's auditor since 2021 is Öhrlings PricewaterhouseCoopers AB ("**PwC**"), which at the annual general meeting 2024 was re-elected for the period until the end of the annual general meeting 2025. Leonard Daun (born 1964) is the auditor in charge. Leonard Daun is an authorised public accountant and a member of FAR (the trade association for authorised public accountants). PwC's office address is Torsgatan 21, SE-113 97 Stockholm, Sweden.

Corporate governance

Corporate governance

Cinclus Pharma is a Swedish public limited liability company. Prior to the listing on Nasdaq Stockholm, corporate governance in the Company was based on Swedish law and internal rules and instructions. Once the Company is listed on Nasdaq Stockholm, the Company will also comply with the Nasdaq Nordic Main Market Rulebook for Issuers of Shares and apply the Swedish Corporate Governance Code (the "**Code**"). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be fully applied in connection with the listing of a company. The Company is not obliged to comply with every rule in the Code as the Code itself provides for the possibility to deviate from the rules, provided that any such deviations and the chosen alternative solutions are described, and the reasons therefore are explained in the corporate governance report (according to the so-called "comply or explain principle").

The Company will apply the Code from the time of the listing of the ordinary shares on Nasdaq Stockholm. Any deviation from the Code will be reported in the Company's corporate governance report, which will be prepared for the first time for the 2024 financial year. However, in the first corporate governance report, the Company is not required to explain non-compliance with such rules that have not been relevant during the period covered by the corporate governance report. Currently, the Company does not expect to report any deviations from the Code in the corporate governance report.

General meeting

According to the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*), the general meeting is the Company's ultimate decision-making body. At the general meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and auditors and remuneration to the board of directors and the auditors.

The annual general meeting must be held within six months from the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the articles of association, general meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company's website. At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.

Right to participate in general meetings

Shareholders who wish to participate in a general meeting must be included in the general register maintained by Euroclear Sweden on the day falling six banking days prior to the meeting and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend general meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the general meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all Company shares owned or represented by the shareholder.

Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must beforehand submit a written request to the board of directors. Such request must normally be received by the board of directors no later than seven weeks prior to the general meeting.

Nomination committee

Companies applying the Code shall have a nomination committee. According to the Code, the general meeting shall appoint the members of the nomination committee or resolve on procedures for appointing the members. The nomination committee shall, pursuant to the Code, consist of at least three members of which a majority shall be independent in relation to the Company and the executive management. In addition, at least one member of the nomination committee shall be independent in relation to the largest shareholder in terms of voting rights or group of shareholders who cooperates in terms of the Company's management.

At the annual general meeting held on 8 April 2024 it was resolved to adopt the following principles for appointment of the nomination committee, conditional upon the Company's ordinary shares being listed on Nasdaq Stockholm.

The nomination committee shall be composed of the chairman of the board together with one representative of each of the three largest shareholders listed in the share register maintained by Euroclear Sweden as of the expiry of the third quarter of the financial year. Should any of the three largest shareholders renounce its right to appoint a representative to the nomination committee, such right shall transfer to the shareholder who then in turn, after these three, is the largest shareholder in the Company. The chairman of the board shall convene the nomination committee. The member representing the largest shareholder shall be appointed chairman of the nomination committee, unless the nomination committee unanimously appoints someone else.

Should a shareholder having appointed a representative to the nomination committee no longer be among the three largest shareholders at a point in time falling three months before the annual general meeting at the latest, the representative appointed by such shareholder shall resign and the shareholder who is then among the three largest shareholders shall have the right to appoint one representative to the nomination committee. Unless there are specific reasons otherwise, the already established composition of the nomination committee shall, however, remain unchanged in case such change in the ownership is only marginal or occurs during the three-month period prior to the annual general meeting. Where a shareholder has become one of the three largest shareholders due to a material change in the ownership at a point in time falling later than three months before the annual general meeting, such shareholder shall, however, in any event be entitled to appoint a representative who shall have the right to take part in the work of the nomination committee and participate in its meetings. Should a member resign from the nomination committee before the nomination committee's work is completed and the nomination committee considers it necessary to replace him or her, such substitute member is to represent the same shareholder, or, if the shareholder is no longer one of the largest shareholders, the largest shareholder in turn. Shareholders who have appointed a representative to be a member of the nomination committee shall have the right to dismiss such member and appoint a new representative of the nomination committee. Changes to 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 that meeting. Remuneration shall not be paid to the members of the nomination committee. The Company is to pay any necessary expenses that the nomination committee may incur in its work. The term of office for the nomination committee ends when the composition of the following nomination committee has been announced.

Board of directors

The board of directors is the second-highest decision-making body of the Company after the general meeting. According to the Swedish Companies Act, the board of directors is responsible for the organization of the Company and the management of the Company's affairs, which means that the board of directors is responsible for, *inter alia*, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the financial condition and profits as well as evaluating the operating management. The board of directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the board of directors appoints the CEO.

Members of the board of directors are normally appointed 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 members of the board of directors elected by the general meeting shall be not less than tree and not more than ten members with no deputy board members.

According to the Code, the chairman of the board of directors is to be elected by the general meeting and have a special responsibility for leading the work of the board of directors and for ensuring that the work of the board of directors is efficiently organized.

The board of directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. For example, the rules of procedure govern the practice of the board of directors, functions and the division of work between the members of the board of directors and the CEO. At the inaugural board meeting, the board of directors also adopts instructions for the CEO, including instructions for financial reporting.

The board of directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the board of directors and the CEO continuously discusses the management of the Company.

Currently, the Company's board of directors consists of seven ordinary members elected by the general meeting, who are presented in section "*Board of directors, executive management and auditor*".

Audit committee

Cinclus Pharma has an audit committee consisting of three members: Helena Levander (chairman), Wenche Rolfsen and Nina Rawal. The audit committee shall, without it affecting the responsibilities and tasks of the board of directors, monitor the Company's financial reporting,

monitor the efficiency of the Company's internal controls, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated accounts, review and monitor the impartiality and independence of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the Company, and assist in the preparation of proposals for the general meeting's decision on election of auditors.

Remuneration committee
Cinclus Pharma has a remuneration committee consisting of two members: Torbjörn Koivisto (chairman) and Lennart Hansson. The remuneration committee shall prepare matters concerning remuneration principles, remuneration and other employment terms for the CEO and the executive management.

The CEO and other executive management

The CEO is subordinated to the board of directors and is responsible for the everyday management and operations of the Company. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the board of directors receives adequate information for the board of directors to be able to evaluate the Company's financial condition.

The CEO must continuously keep the board of directors informed of developments in the Company's operations, the development of sales, the Company's net income and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

The CEO and executive management are presented in section "*Board of directors, executive management and auditor*".

Remuneration to the members of the board of directors, CEO and executive management

Guidelines for remuneration to senior executives and members of the board of directors
At the annual general meeting held on 8 April 2024 it was resolved to adopt the following guidelines for remuneration to the members of the board of directors, CEO and other senior executives, conditional upon the Company's ordinary shares being listed on Nasdaq Stockholm.

The board of directors, the CEO and other members of the executive management fall within the provisions of these guidelines. The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2024. The guidelines do not apply to any remuneration decided at the general meeting.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability
Cinclus Pharma is a Swedish clinical-stage pharmaceutical company developing a molecule for the treatment of, *inter alia*, gastroesophageal reflux disease. For further information on the Company's business strategy, refer to the Company's website www.cinclupharma.com/this-is-cinclus-pharma/company-strategy/.

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the members of the executive management a competitive total remuneration. The board of directors considers it to be of great importance that there is a strong correlation between the remuneration and the Group's values and financial targets, both in the short and long term, i.e., its business strategy and sustainability.

Long-term share-based incentive programs have been implemented in the Company in the form of warrant programs and a qualified employee stock option program. The programs include the CEO, other senior executives and employees of the Company and aim at equalizing the interests of key employees with those of shareholders.

Variable cash remuneration covered by these guidelines shall aim at promoting the Company's business strategy and long-term interests, including its sustainability.

Forms of remuneration etc.
The remuneration shall be on market terms and the criteria shall be based on the importance of the tasks, the requirements of competence, experience and performance. The remuneration may consist of the following components: basic pay, variable cash remuneration, pension benefits and other benefits as well as departure conditions. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration or market-based programs such as warrant programs.

The satisfaction of criteria for awarding variable cash remuneration shall be able to be measured over a period of one year. The variable cash remuneration may not exceed 50 percent of the basic pay for the CEO and not more than 30 percent of the basic pay of other senior executives. Variable cash remuneration shall be based on the Company's overall objectives. During the first year of employment at the Company, the employee may receive variable cash compensation for that year if employment commenced no later than 30 June. If the employment commences after 30 June, the employee cannot receive variable cash payment until the following year.

The CEO shall receive pension benefits amounting to 25 percent of the fixed annual basic pay. For other senior executives, pension premium in an amount calculated on the basis of a company-specific pension policy equivalent to the ITP1 plan shall be paid. Variable cash remuneration is not pensionable.

Other benefits may include, for example, life insurance, medical insurance (Sw. *Sjukvårdsförsäkring*) and company cars. Such benefits may amount to not more than 15 percent of the fixed annual basic pay.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment
If notice of termination of employment is given by the Company, the notice period may not exceed twelve months, without any right to severance pay. If the senior executive resigns, the notice period may not exceed six months without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for potential loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the average monthly remuneration (fixed and variable) of the executive during the twelve months preceding termination of employment, up to a maximum of 60 percent of the average remuneration of the executive and be paid during the time the non-compete undertaking applies, which may not exceed twelve months following termination of employment.

Criteria for awarding variable cash remuneration, etc.
The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. The criteria shall be designed so as to contribute to the Company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation and the decision is made by the board of directors. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

Remuneration to the members of the board of directors
The remuneration paid to members of the board of directors for their work on the board of directors of the Company is decided by the general meeting. Members of the board of directors are entitled to remuneration only as resolved by the general meeting. Any additional remuneration may, however, be paid for services provided by members of the board of directors to Cinclus Pharma within their respective areas of expertise outside their mandate as members of the board of directors. Such remuneration shall be market-based and regulated in a consultancy agreement approved by the board of directors.

Salary and employment conditions for employees
In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. Changes in the gap between the remuneration of senior executives and that of other employees will be reported in the remuneration report.

The decision-making process to determine, review and implement the guidelines
The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines to senior executives. The board of directors shall prepare a proposal for new guidelines at least every fourth year and present it to the annual general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the remuneration committee are independent of the Company and its executive management. The CEO and the other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters, including decisions on derogations from the guidelines.

Remuneration to members of the board of directors

Fees and other remuneration to the members of the board of directors, including the chairman, are resolved by the general meeting. At the annual general meeting, held on 8 April 2024, it was resolved that a fee of SEK 480,000 will be paid to the chairman of the board of directors and fees of SEK 240,000 to each of the external members of the board of directors. External members of the board of directors refer to members who do not take part in the Company's day-to-day management as a result of employment or consultancy assignment corresponding to more than 50 percent of fulltime. The members of the board of directors are not entitled to any benefits following termination of their assignments as directors of the board.

Remuneration to the board of directors during the 2023 financial year

The table below presents an overview of remuneration to the board of directors elected by the general meeting for the 2023 financial year (in SEK thousands).

Name	Function	Board fee	Consultancy fee
Lennart Hansson	Chairman	494	–
Torbjörn Koivisto	Board member	265	64
Helena Levander	Board member	290	–
Nina Rawal	Board member	265	–
Wenche Rolfsen	Board member	265	–
Peter Unge[1)]	Board member	–	2,280
Anders Öhberg	Board member	240	–
Total		**1,819**	**2,344**

1) As of the date of the Offering Circular, Peter Unge has an assignment as senior advisor to the Company, amounting to approximately 20 hours per week, and the remuneration paid for this role is included in the column relating to consultancy fees. The consultancy agreement between Peter Unge and the Company will expire on 30 June 2024.

Current employment and consultancy agreements for the CEO and other executive management

Decisions as to the current remuneration levels and other conditions for employment for the CEO and the other members of the executive management have been resolved by the board of directors.

The table below presents an overview of remuneration to the CEO and other members of executive management for the 2023 financial year (in SEK thousands).

Name	Basic salary	Pension expense	Variable remuneration[1)]	Consultancy fee	Share related remunerations	Total
Christer Ahlberg, CEO	3,477	874	490	–	341	5,181
Other members of the executive management (6)[2)]	6,786	1,407	355	794	1,023	10,364
Total	**10,263**	**2,281**	**845**	**794**	**1,364**	**15,545**

1) Variable remuneration refers to a variable bonus based on a fixed percentage of the base salary. The outcome is based on a vesting period of one year and is dependent on the fulfilment of a combination of pre-established individual and company targets. The maximum outcome for the CEO amounts to 50 percent of the fixed annual salary and for other senior executives the maximum variable remuneration amounts to a maximum of 30 percent of the fixed annual salary.
2) Other executive managers include other executive managers at the end of the financial year ending 31 December 2023 and include the Chief Financial Officer, Chief Operating Officer, Chief Medical Officer, Chief Scientific Officer, Chief Commercial Officer and Chief Business Development Officer.

The CEO is entitled to a fixed monthly remuneration of SEK 269,500 as of 31 December 2023. The CEO is also entitled to a variable remuneration which may amount to 50 percent of the annual fixed salary. In addition, the Company pays individual occupational pension insurance where the premium may amount to a total of 25 percent of the CEO's fixed monthly remuneration. The CEO is not entitled to severance pay if the employment is terminated. The Company shall observe a twelve-month period of notice and the CEO a six-month period of notice.

Other members of the executive management, save for two persons engaged as consultants (further described below), are entitled to customary conditions of employment and individual occupational pension insurance. Some senior executives are also entitled to a variable remuneration that may amount to a maximum of 30 percent of the fixed annual salary. Other members of the executive management are not entitled to severance pay if the employment is terminated. Members of the executive management domiciled in Sweden are entitled

to a mutual period of notice of three to six months. However, when applicable, the Company shall always apply the longer period of notice that follows from the Swedish Employment Protection Act (Sw. *lagen om anställningsskydd (1982:80)*).

The Company's pension plans for senior executives are defined-contribution plans and accordingly, there are no amounts accrued or payable for pensions and similar benefits after termination of employment.

Peter Wallich (Commercial Director) performs his duties on a consultancy basis through his own consultancy companies. Peter Wallich's consultancy agreement can be terminated with the observance of a mutual notice period of 180 days.

Incentive programs

For a description of the Company's incentive programs, refer to section "*Share capital and ownership structure – Incentive programs*".

Internal control

General

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 of directors. 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 the financial reporting is correct, reliable and in accordance with applicable laws and regulations.

The board of directors' responsibility regarding internal control is regulated in the Swedish Companies Act, the Annual Accounts Act and the Code. Within the Group, the structure for internal control must 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

The internal control is based on division of responsibilities and division and distribution of work through, among other things, the board of directors' rules of procedure, instructions for the board committees and the CEO and instructions for and the established financial reporting as well as Cinclus Pharma's code of conduct and other policies.

A financial policy has been adopted by the board of directors that sets out the framework for how financial risks are to be managed and the division of responsibilities between the board of directors, CEO and CFO. Cinclus Pharma also has a financial handbook, the purpose of which is to set guidelines and rules for how the financial control and reporting is to be carried out and complied with within Cinclus Pharma.

Compliance with these governing documents and policies is followed up at least annually by management and reported to the audit committee and board of directors.

Risk assessment

Cinclus Pharma's risk assessment aims to identify and evaluate risks for material errors in group-wide risks and the Group's financial reporting. The risk assessment is, among other things, the basis for the work to ensure that the financial reporting is reliable and how the risks in the reporting are to be handled through various control structures. Group management makes a risk assessment at least annually, which is reported to the audit committee and board of directors. The CFO is responsible for the risk assessment of the financial reporting and the work to ensure its reliability.

Control activities

Controls must be linked to each identified risk on a group-wide level and regarding the Group's financial reporting until the risk is considered eliminated or reduced to an acceptable level. Prepared measures and documented process maps and risk/control matrices are part of how control activities are handled within the Group.

Information and communication

Relevant information must be communicated in the right way, to the right recipient and at the right time. Communicating important information, both upwards and downwards in an organization and to external parties, is an important part of good internal control. Group management meetings is used as a forum for communication and information dissemination linked to risk management for the Group. It is also the responsibility of the Group's management team to ensure that the process owners connected to the financial reporting have sufficient knowledge of the essential 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 time. The board of directors and its audit committee regularly receive financial reports regarding the Group's position and earnings development. The routines for the provision of external information aim to provide the market with relevant, reliable and accurate 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 routines regarding the keeping of insider lists.

Governance and follow-up
Group management shall continuously evaluate that, the group-wide risk assessment and management as well as the specific control activities carried out in each material process linked to the financial reporting, are relevant to manage the material risks Cinclus Pharma faces. Control activities must be documented so that execution is traceable. Follow-up to ensure the effectiveness of the internal control is also done by the audit committee and the board of directors.

The system for group-wide risk management and financial reporting must be followed up continuously and aim to require that the system is maintained that changes take place when necessary and to evaluate changes in working methods. The audit committee must also review that internal control follows established routines and policies, and report to the board of directors at least once a year. The Company's CFO is responsible for maintaining internal control in accordance with what the board of directors has decided.

Auditor
As a public limited liability company, the Company is obliged to have at least one auditor to review the Company's and the Group's annual report and accounting, as well as the administration of the board of directors and the CEO. The review must be as thorough and comprehensive as good auditing practice requires. The Company's auditors are elected in accordance with the Swedish Companies Act by the annual general meeting. An auditor in a Swedish limited liability company thus has his or her assignment from and reports to the annual general meeting and must not allow him- or herself to be guided in his or her work by the board of directors or any senior executive.

Internal audit
The Group has chosen not to introduce an internal audit function as the organization and operations are not yet so extensive that this has been deemed necessary.

Auditing

The auditor shall review the Company's annual reports and accounting, as well as the management of the board of directors and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the annual general meeting. At least once a year, the board of directors meets the Company's auditor without the CEO or any other member of the executive management present.

Pursuant to the Company's articles of association, the Company shall have not less than one and not more than two auditors and not more than two deputy auditors. The Company's auditor is PwC, with Leonard Daun as auditor in charge. The Company's auditor is presented in more detail in section "*Board of directors, executive management and auditor*".

Share capital and ownership structure

General information

Pursuant to the Company's articles of association, the Company's share capital may not be less than SEK 500,000 and not more than SEK 2,000,000, and the number of shares may not be less than 25,000,000 and not more than 100,000,000. As of the date of this Offering Circular, the Company has issued a total of 26,227,040 ordinary shares. The shares are denominated in SEK and the quota value of each share is approximately SEK 0,019414. On 3 June 2024, an extraordinary general meeting adopted new articles of association under which the Company may also issue class C shares as part of the implementation of the Company's long-term incentive programs. At the date of the Offering Circular, no class C shares have been issued.

All shares in the Company have been issued pursuant to Swedish law. All issued shares have been fully paid and are freely transferrable. With exception of the undertakings not to transfer shares in the Company during a certain period of time from the first day of trading of the Company's ordinary shares on Nasdaq Stockholm from, the members of the board of directors and members of the executive management as well as certain other existing shareholders in Cinclus Pharma the shares in the Company are freely transferable in accordance with applicable law. Refer to section "*Share capital and ownership structure – Lock-up arrangements*".

The offered ordinary shares are not subject to a mandatory offering, redemption rights or sell-out obligation. No public takeover offer has been made for the offered ordinary shares during the current or preceding financial year.

Changes related to the listing of the Company's ordinary shares

Conversions of bridge loans in connection with the Offering

In connection with the Offering, outstanding bridge loans from a number of the Company's existing shareholders, including Trill Impact Ventures Pharma 1 AB, the Fourth Swedish National Pension Fund and Linc AB, as well as 34 other existing shareholders will be converted into ordinary shares in the Company, on the same terms as the ordinary shares offered in the Offering (the "**Set-off Issue**"). Provided that a decision by the Company's board of directors on the Set-off Issue is made on 19 June 2024, the total loan amount, including accrued interest which at the time is estimated to amount to approximately SEK 13.71 million, will amount to approximately SEK 138.05 million.

The newly issued ordinary shares will be issued by virtue of the authorization from the annual general meeting on 8 April 2024. The board of directors intends to use this authorization on 19 June 2024 to issue new ordinary shares in the Set-off Issue. The Set-off Issue will be carried out at a subscription price corresponding to the Offering Price. The ordinary shares that will be added in the Set-off Issue will amount to 3,286,939 entailing an increase of the Company's share capital by not more than SEK 63,810.357177. This corresponds to a dilution of 11.14 percent, based on the total number of shares following the completion of the Set-off Issue but before the Offering, and a dilution of 7.06 percent based on the total number of shares following the completion of the Set-off Issue and the Offering.

The Offering

The Offering includes a maximum of 17,023,810 newly issued ordinary shares. The Offering may include a further maximum of 1,702,381 newly issued ordinary shares if the Over-allotment Option is exercised in full. The newly issued ordinary shares are issued by virtue of an authorization from the annual general meeting on 8 April 2024. Resolution on the exercise of the authorization is intended to be made by the Company's board of directors on 19 June 2024. Through the new issue, the Company's share capital will be increased by a maximum of SEK 427,347.164564. This corresponds to a dilution of 45.63 percent, based on the total number of shares in the Company following the

completion of the Offering and the Set-off Issue, provided that the Offering is fully subscribed and the Over-allotment Option is fully exercised, and a dilution of 41.66 percent based on the total number of shares in the Company following the completion of the Offering but excluding the Set-off Issue, provided that the Offering is fully subscribed and the Over-allotment Option is fully exercised.

Assuming that the Set-off Issue is completed, that the Offering is fully subscribed and that the Over-allotment Option is exercised in full, the number of shares and votes in the Company will amount to 48,240,170 and the share capital will amount to 936,500.164564 SEK.

Certain rights associated with the shares

The offered ordinary shares are all of the same class. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act.

Voting rights

Each ordinary share in the Company entitles the holder to one vote and each C share entitles the holder to one tenth of a vote at general meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Preferential rights to new shares etc.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

Rights to dividends and balances in case of liquidation

All ordinary shares give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation. Class C shares carry no right to dividends. In the event of liquidation, shares of series C entitle the holder to an equal share in the Company's assets as other shares, but not to an amount exceeding the quota value of the share. The excess amount shall thereafter be distributed to the ordinary shareholders.

Resolutions regarding dividend are passed by general meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the general meeting shall be entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden but may also be paid out in a manner other than cash (in-kind dividend). If shareholders cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the period of limitations, the dividend amount shall pass to the Company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders not resident in Sweden for tax purposes must normally pay Swedish withholding tax, see also section "*Legal considerations and supplementary information – Important information on taxation*".

Information regarding mandatory bids and redemption of minority shares

Pursuant to the Swedish Takeovers Act (2006:451) any person who (i) does not hold any shares or holds shares representing less than three tenths of the voting rights in a Swedish limited liability company whose shares are admitted to trading on a regulated market (the "**Target Company**"), and (ii) who through the acquisition of shares in the Target Company, alone or together with a closely related party, holds shares representing three tenths or more of the voting rights for all of the shares in the Target Company is obliged to immediately disclose the size of his holding in the Target Company and, within four weeks thereafter, make an offer to acquire the remaining shares in the Target Company (mandatory offer requirement). A shareholder who personally, or through a subsidiary, holds more than 90 percent of the shares in a Swedish limited liability company has the right to redeem the rest of the shares in the company. The owners of the rest of the shares have a corresponding right to have their shares redeemed by the majority shareholder. The formal procedure for the redemption of minority shares is regulated in the Swedish Companies Act.

Dividend policy

Cinclus Pharma is in a phase that requires funding of pre-clinical and clinical development of its drug candidate to be prioritized. Cinclus Pharma has not paid any dividend in the past and does not intend to pay any dividend in the coming years. Any future dividend and the amount thereof will be determined based on Cinclus Pharma's growth, earnings development, and the Company's general capital requirements. The board of directors is of the opinion that the financial resources should be used for the development of its drug candidate. In light of the Company's financial position and negative results, the board of directors does not intend to propose any dividend to be distributed until Cinclus Pharma generates long-term sustainable earnings and has a positive cash flow. To the extent that dividends are proposed, they shall be appropriate to the objectives, scale and risk of the business of the Company.

Central securities register

The Company's shares are registered in a CSD register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). This register is managed by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. No share certificates have been issued for the Company's shares. The ISIN code for the ordinary shares is SE0020388577.

Share capital development

The below table shows historic changes in the Company's share capital since the Company's formation, and the changes in the number of shares and the share capital which will be made in connection with the listing of the Company's ordinary shares on Nasdaq Stockholm. At the beginning of the financial year 2023, the number of shares in the Company amounted to 327,838, and at the end of the financial year 2023, the number of shares in the Company amounted to 26,227,040. The increase in the number of outstanding shares is attributable to the share split carried out during the year.

				Share capital (SEK)	
Time[1]	Event	Change in number of shares and votes	Number of shares and votes after the transaction	Change	Total
2017-12-04	New formation	–	100,000	–	100,000
2018-02-16	New share issue[2]	23,385	123,385	23,385	123,385
2018-04-13	New share issue[3]	440	123,825	440	123,825
2019-05-07	New share issue[4]	31,883	155,708	31,883	155,708
2019-05-08	Convertible debenture conversion[5]	13,049	168,757	13,049	168,757
2020-02-18	New share issue[6]	94,446	263,203	94,446	263,203
2021-07-27	New share issue[7]	875	264,078	875	264,078
2022-04-28	New share issue[8]	18,305	282,383	18,305	282,383
2022-05-17	New share issue[9]	23,858	306,241	23,858	306,241
2022-05-20	New share issue[10]	21,252	327,493	21,252	327,493
2022-05-23	New share issue[11]	345	327,838	345	327,838
2022-06-20	Bonus issue[12]	–	327,838	181,315	509,153
2023-05-31	Share split[13]	25,899,202	26,227,040	–	509,153
2024-06-24	Conversion of bridge loans in connection with the Offer[14]	3,286,939	29,513,979	63,810	572,963
2024-06-24	New share issue in the Offer[15]	17,023,810	46,537,789	330,488	903,451

1) Refers to the date on which the change was registered, or is expected to be registered, with the Swedish Companies Registration Office.
2) Refers to a restructuring of the group structure in connection with the formation of the Group's parent company (common control transaction). The cash payment amounted to a total value of SEK 23,385, corresponding to a subscription price of SEK 1 per share in the Company.
3) The cash payment amounted to a total value of SEK 308,528, corresponding to a subscription price of SEK 701.20 per share in the Company.
4) The cash payment amounted to a total value of SEK 28,726,583, corresponding to a subscription price of SEK 900 per share in the Company.
5) The cash payment amounted to a total value of SEK 9,395,280, corresponding to a conversion rate of SEK 720 per share in the Company.
6) The cash payment amounted to a total value of SEK 94,446, corresponding to a subscription price of SEK 1 per share in the Company. For reasons related to technical aspects of the issue, the shares were subscribed for at a subscription price corresponding to the quota value at that time, and the underlying share price amounted to SEK 2,647 per share in the Company.
7) The cash payment amounted to a total value of SEK 2,625,000, corresponding to a subscription price of SEK 3,000 per share in the Company.
8) The cash payment amounted to a total value of SEK 18,305, corresponding to a subscription price of SEK 1 per share in the Company. For reasons related to technical aspects of the issue, the shares were subscribed for at a subscription price corresponding to the quota value at that time, and the underlying share price amounted to SEK 3,786 per share in the Company.
9) The cash payment amounted to a total value of SEK 90,326,388, corresponding to a subscription price of SEK 3,786 per share in the Company.
10) The cash payment amounted to a total value of SEK 21,252, corresponding to a subscription price of SEK 1 per share in the Company. For reasons related to technical aspects of the issue, the shares were subscribed for at a subscription price corresponding to the quota value at that time, and the underlying share price amounted to SEK 3,786 per share in the Company.
11) The cash payment amounted to a total value of SEK 345, corresponding to a subscription price of SEK 1 per share in the Company. For reasons related to technical aspects of the issue, the shares were subscribed for at a subscription price corresponding to the quota value at that time, and the underlying share price amounted to SEK 3,786 per share in the Company.
12) Relating to a restructuring of the Company's share capital structure.
13) Relating to a restructuring of the Company's share capital structure.
14) For more information, refer to section "*Legal considerations and supplementary information – Material contracts – Bridge loan agreements*".
15) Relating to the Offering. For reasons related to technical aspects of the issue, the ordinary shares will be issued to a subscription price corresponding to the quota value, and the underlying share price paid by investors as payment for the ordinary shares comprised by the Offering will amount to the Offering Price.

Net asset value per share compared to the Offering Price

The net asset value[1] per share as at 31 March 2024 amounted to SEK –4.41 per share. The Offering Price has been set to SEK 42 per ordinary share.

Convertibles, warrants, etc.

As of the date of this Offering Circular, other than what is stated in section "– *Incentive programs*", there are no outstanding warrants, convertibles within the meaning of the Swedish Companies Act or other share-related financial instruments in the Company.

Incentive programs

Warrant program 2021/2024, series 1

In June 2021, Cinclus Pharma implemented a warrant program for the CEO and certain KOLs in the Company ("**Warrant Program 2021/2024, series 1**"). In total, 8,960 warrants are outstanding under the program. The warrants in Warrant Program 2021/2024, series 1 may be exercised during the period 1 April 2024–30 June 2024 and each warrant will entitle the participant to subscribe for 80 new ordinary shares in the Company at a subscription price of SEK 75 per ordinary share.[2] The warrants have, at the time of issuance, been valued at market value calculated in accordance with the Black & Scholes valuation model.

1) The net asset value has been calculated as the sum of equity attributable to the parent company's shareholders divided by the number of shares as of 31 March 2024.
2) The number of ordinary shares which each warrant entitles the holder to subscribe for and the subscription price have been recalculated by the Company in accordance with the terms and conditions of the warrants due to a share split carried out (1:80).

At full exercise of the warrants in Warrant Program 2021/2024, series 1, the dilution would amount to 1.49 percent of the total number of shares in the Company after completion of the Offering and the Set-off Issue, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full.

As of the date of the Offering Circular, no warrants in Warrant Program 2021/2024, series 1, have been notified for exercise.

Warrant program 2021/2024, series 2
In September 2021, Cinclus Pharma implemented a warrant program for employees in the Company ("**Warrant Program 2021/2024, series 2**"). In total, 2,050 warrants are outstanding under the program. The warrants in Warrant Program 2021/2024, series 2 may be exercised during the period 1 July 2024–30 September 2024 and each warrant will entitle the participant to subscribe for 80 new ordinary shares in the Company at a subscription price of SEK 75 per ordinary share.[1)] The warrants have, at the time of issuance, been valued at market value calculated in accordance with the Black & Scholes valuation model.

At full exercise of the warrants in Warrant Program 2021/2024, series 2, the dilution would amount to 0.34 percent of the total number of shares in the Company after completion of the Offering, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full.

Warrant program 2022/2025, series 1
In February 2022, Cinclus Pharma implemented a warrant program for employees in the Company ("**Warrant Program 2022/2025, series 1**"). In total 3,500 warrants are outstanding under the program. The warrants in Warrant Program 2022/2025, series 1 may be exercised during the period 25 November 2024–25 February 2025 and each warrant will entitle the participant to subscribe for 80 new ordinary shares in the Company at a subscription price of SEK 85 per ordinary share.[2)] The warrants have, at the time of issuance, been valued at market value calculated in accordance with the Black & Scholes valuation model.

At full exercise of the warrants in Warrant Program 2022/2025, series 1, the dilution would amount to 0.58 percent of the total number of shares in the Company after completion of the Offering and the Set-off Issue, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full.

Warrant program 2022/2025, series 2
In March 2022, Cinclus Pharma implemented a warrant program for employees in the Company ("**Warrant Program 2022/2025, series 2**"). In total 27 warrants are outstanding under the program. The warrants in Warrant Program 2022/2025, series 2 may be exercised during the period 25 November 2024–25 February 2025 and each warrant will entitle the participant to subscribe for 80 new ordinary shares in the Company at a subscription price of SEK 85 per ordinary share.[3)] The warrants have, at the time of issuance, been valued at market value calculated in accordance with the Black & Scholes valuation model.

At full exercise of the warrants in Warrant Program 2022/2025, series 2, the dilution would amount to 0.004 percent of the total number of shares in the Company after completion of the Offering and the Set-off Issue, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full.

Warrant program 2022/2025, series 3
In May 2022, Cinclus Pharma implemented a warrant program for certain KOLs in the Company ("**Warrant Program 2022/2025, series 3**"). In total 900 warrants are outstanding under the program. The warrants in Warrant Program 2022/2025, series 3 may be exercised during the period 1 June 2025–1 September 2025 and each warrant will entitle the participant to subscribe for 80 new ordinary shares in the Company at a subscription price of SEK 94.65 per ordinary share.[4)] The warrants have, at the time of issuance, been valued at market value calculated in accordance with the Black & Scholes valuation model.

At full exercise of the warrants in Warrant Program 2022/2025, series 3, the dilution would amount to 0.15 percent of the total number of shares in the Company after completion of the Offering and the Set-off Issue, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full.

Qualified employee stock option program 2022
In December 2022, Cinclus Pharma implemented a qualified employee stock option program for employees in the Company ("**QESO 2022**"). In total 4,650 qualified employee stock options are outstanding under the program. The purpose of QESO 2022 is to create conditions for retaining and increasing the motivation of employees in Cinclus Pharma. The board of directors believes that it is in the interest of all shareholders that employees have a long-term interest in a positive development in the value of the Company's share.

1) The number of ordinary shares which each warrant entitles the holder to subscribe for and the subscription price have been recalculated by the Company in accordance with the terms and conditions of the warrants due to a share split carried out (1:80).
2) The number of ordinary shares which each warrant entitles the holder to subscribe for and the subscription price have been recalculated by the Company in accordance with the terms and conditions of the warrants due to a share split carried out (1:80).
3) The number of ordinary shares which each warrant entitles the holder to subscribe for and the subscription price have been recalculated by the Company in accordance with the terms and conditions of the warrants due to a share split carried out (1:80).
4) The number of ordinary shares which each warrant entitles the holder to subscribe for and the subscription price have been recalculated by the Company in accordance with the terms and conditions of the warrants due to a share split carried out (1:80).

The allotted employee stock options vest during 36 months from 31 December 2022 and may only be exercised for the acquisition of new shares, provided that the participant is still employed and the other prerequisites for qualified employee stock options under the Income Tax Act (Sw. *Inkomstskattelagen*) are fulfilled.

The employee stock options in QESO 2022 may be exercised during the period 1 January 2026–31 December 2027 and each qualified employee stock option will entitle the participant to acquire 80 new ordinary shares in the Company at a price of SEK 47.325 per ordinary share.

To secure delivery of ordinary shares in QESO 2022, the Company has issued 4,650 warrants. Each warrant entitles the holder to subscribe for 80 new ordinary shares in the Company at a subscription price of SEK 47.325 per ordinary share.[1)] The warrants are held by the Company for transfer to the participants in connection with the exercise of the employee stock options in QESO 2022.

Upon maximum allotment under QESO 2022 and full exercise of the warrants, a maximum of 372,000 shares will be allotted to the participants under the program, representing a dilution of 0.77 percent of the total number of shares in the Company after completion of the Offering and the Set-off Issue, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full.

QESO 2022 is accounted for in accordance with "IFRS 2 – Share-based Payment". IFRS 2 requires that employee stock options are expensed as personnel expenses over the vesting period. Personnel expenses in accordance with IFRS 2 do not affect the Company's cash flow. Cinclus Pharma's average monthly expenses for QESO 2022 under IFRS 2 are estimated to amount to approximately SEK 178,579 before tax as of the date of the Offering Circular and the total expenses to approximately SEK 6.8 million (excluding fees to external advisors). According to Cinclus Pharma's assessment, Cinclus Pharma will not be charged with any expenses for social security contributions in relation to QESO 2022.

Qualified employee stock option program 2024
In April 2024, Cinclus Pharma implemented a qualified employee stock option program for employees in the Company ("**QESO 2024**"). In total 51,737 qualified employee stock options are outstanding under the program. The purpose of QESO 2024 is to create conditions for retaining and increasing the motivation of employees in Cinclus Pharma. The board of directors believes that it is in the interest of all shareholders that employees have a long-term interest in a positive development in the value of the Company's share.

The allotted employee stock options vest during 36 months from 9 April 2024 and may only be exercised for the acquisition of new shares provided that the participant is still employed and the other prerequisites for qualified employee stock options under the Income Tax Act (Sw. *Inkomstskattelagen*) are fulfilled.

The employee stock options in QESO 2024 may be exercised during the period 10 April 2027 to 9 April 2029 and each qualified employee stock option will entitle the participant to acquire one new ordinary share in the Company at a price of SEK 47.325 per ordinary share.

To secure delivery of ordinary shares in QESO 2024, the Company has issued 51,737 warrants. Each warrant entitles the holder to subscribe for one new ordinary share in the Company at a subscription price of SEK 47.325 per ordinary share. The warrants are held by the Company for transfer to the participants in connection with the exercise of the employee stock options in QESO 2024.

Upon maximum allotment under QESO 2024 and full exercise of the warrants, a maximum of 51,737 shares will be allotted to the participants under the program, representing a dilution of 0.11 percent of the total number of shares in the Company after completion of the Offering and the Set-off Issue, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full.

QESO 2024 is accounted for in accordance with "IFRS 2 – Share-based Payment". IFRS 2 requires that employee stock options are expensed as personnel expenses over the vesting period. Personnel expenses in accordance with IFRS 2 do not affect the Company's cash flow. Cinclus Pharma's average monthly expenses for QESO 2024 under IFRS 2 are estimated to amount to approximately SEK 23,670 before tax and the total expenses to approximately SEK 852,108 million (excluding fees to external advisors). According to Cinclus Pharma's assessment, Cinclus Pharma will not be charged with any expenses for social security contributions in relation to QESO 2024.

Performance Share Program 2024/2027
On 3 June 2024, an extraordinary general meeting of Cinclus Pharma resolved to adopt a long-term incentive program in the form of a performance share program for employees of Cinclus Pharma ("**Performance Share Program 2024/2027**"). The implementation of the Performance Share Program 2024/2027 is conditional upon the Company's ordinary shares being listed on Nasdaq Stockholm. The purpose of the Performance Share Program 2024/2027 is to create conditions for motivating and retaining competent employees in the Group and to increase the alignment between the employees' and the Company's objectives and increase the motivation to achieve and exceed the Company's

1) The number of ordinary shares that each employee stock option and warrant entitle the holder to subscribe for and the subscription price has been recalculated by the Company in accordance with the terms and conditions of the employee stock options and warrants, respectively, due to completed share split (1:80).

financial targets. The Performance Share Program 2024/2027 has been designed on the basis that it is desirable that employees within the Group are shareholders in the Company.

The Performance Share Program 2024/2027 comprises a maximum of 21 current and future employees of the Group. The participants in the Performance Share Program 2024/2027 must, in close connection with the participant joining the program, invest in the Group by acquiring ordinary shares in Cinclus Pharma ("**Investment Shares**"). Participants may recognize ordinary shares already held as Investment Shares. The CEO may allocate up to 11,600 Investment Shares, members of the Company's executive management may allocate up to 5,375 Investment Shares, members of the Company's R&D management may allocate up to 3,325 Investment Shares, employees level 2 may allocate up to 1,775 Investment Shares and employees level 1 may allocate up to 1,025 Investment Shares in the Performance Share Program 2024/2027.

For each Investment Share held under the Performance Share Program 2024/2027 the Company will allot participants a right to one Matching Share, meaning the right to receive one Matching Share ("**Matching Rights**") free of charge and in addition, subject to certain performance conditions, the CEO is entitled to a maximum of eight additional rights to eight Performance Shares and other participants are entitled to four additional rights to four Performance Shares ("**Performance Rights**") free of charge in accordance with the terms and conditions set out below (Matching Rights and Performance Rights together constitute "**Rights**").

The last day for allotment of the Rights shall be 30 November 2024. Newly employed persons in Cinclus Pharma, including persons who have entered into an employment agreement with Cinclus Pharma but who have not yet taken their position, may until 30 November 2024 be invited to participate in the Performance Share Program 2024/2027, and shall then invest in Investment Shares in close connection with the entering into of the employment agreement. The Matching Shares will be received after the end of the Vesting Period (as defined below).

The Matching Rights may be exercised provided that the participant, with certain exceptions, from around the start of the Performance Share Program 2024/2027 for each participant up to and including the date of publication of the Company's Q2 report 2027 (however no later than 31 August 2027), for those participants who have commenced their employment prior to the admission to trading of the Company's ordinary shares on Nasdaq Stockholm, and the Company's Q3 report 2027 (but no later than 30 November 2027), for participants who have commenced employment after the admission to trading of the Company's ordinary shares on Nasdaq Stockholm, (the "**Vesting Period**") have retained their original Investment Shares and that the participant, with certain exceptions, is still employed within the Group.

To exercise the Performance Rights, certain performance conditions are imposed, in addition to the requirement of the participant's continued employment and an intact holding of Investment Shares as set out above. A participant's Performance Rights entitle the CEO to a maximum of six Performance Shares per Investment Share and other participants to four per Investment Share if the total shareholder return (return to shareholders in the form of share price appreciation and reinvestment of any dividends during the performance period) ("**TSR**")[1] on Cinclus Pharma's ordinary share during the period from the first day of trading in the Company's ordinary share on Nasdaq Stockholm up to and including June 2027 (the "**Performance Period**") amounts to or exceeds 60 percent. For allotment to occur under the performance condition, the TSR for Cinclus Pharma's ordinary shares must at least correspond to 20 percent during the Performance Period, which entitles the participant to one Performance Share per Investment Share. Between these levels, Performance Shares will vest linearly. The Performance Shares are received after the end of the Vesting Period. In addition to being entitled to Performance Shares upon fulfillment of established targets related to TSR, the CEO is also entitled to two additional Performance Shares per Investment Share if the average share price of the Company's ordinary share on Nasdaq Stockholm during June 2027 amounts to or exceeds SEK 75[2].

The Company's commitment to allot shares to participants in the Performance Share Program 2024/2027 is intended to be secured by class C shares, which are issued to the participating bank and subsequently repurchased by the Company at quota value, which, after conversion into ordinary shares, delivers them to eligible participants at the end of the program.

Upon maximum allotment of all Matching Shares and Performance Shares, a maximum of 360,150 ordinary shares will be allotted to participants under Performance Share Program 2024/2027, and 113,160 ordinary shares will be used to cover any social security contributions resulting from Performance Share Program 2024/2027, entailing a dilution of 0.98 percent of the total number of shares in the Company after completion of the Offering and the Set-off Issue, provided that the Offering is fully subscribed and the Over-allotment Option is exercised in full.

1) TSR is calculated by comparing the price determined for Cinclus Pharma's ordinary share in connection with the admission to trading of the ordinary share on Nasdaq Stockholm with the average price of the Company's ordinary share during June 2027 (including any reinvested dividends during the performance period).
2) Corresponding subscription price in the Warrant program 2021/2024, series 1, in which the CEO is already a participant, and which expires in June 2024.

The maximum value for each Matching Right and Performance Right is limited to SEK 252, i.e., six times the Offering Price. In the event that the value of such a Right exceeds this ceiling, the number of Matching Shares and Performance Shares will be reduced proportionally.

Performance Share Program 2024/2027 will be accounted for in accordance with IFRS 2, entailing that the Rights shall be expensed as a non-cash personnel expenses over the period of the Performance Share Program 2024/2027. The expenses for Performance Share Program 2024/2027 is assumed to amount to approximately SEK 6.8 million, excluding social security expenses, calculated in accordance with IFRS 2 based on the following assumptions: (i) that all Matching Rights and Performance Rights are granted, (ii) an estimated annual employee turnover of 10 percent and (iii) a price of SEK 76 per ordinary share at the end of the Vesting Period. The social security expenses are estimated to approximately SEK 6.2 million based on the assumptions above and that the social security contributions amount to 31.42 percent. Together with the IFRS 2 expenses, this results in estimated expenses of SEK 13 million. In addition to the above, the expenses for the Performance Share Program 2024/2027 have been calculated on the basis that the Performance Share Program 2024/2027 comprises a maximum of 21 participants and that each participant utilizes the maximum investment.

Employee Stock Option Program 2024/2027

On 3 June 2024, an extraordinary general meeting of Cinclus Pharma resolved to adopt a long-term incentive program in the form of an employee stock option program for the CEO and certain KOLs of the Company ("**Employee Stock Option Program 2024/2027**"). The implementation of the Employee Stock Option Program 2024/2027 is conditional upon Cinclus Pharma's ordinary shares being listed on Nasdaq Stockholm. The board of directors of Cinclus Pharma believes that a share-based incentive program in the form of stock options is an important part of a competitive remuneration package to retain and motivate key competence within Cinclus Pharma's operations and to stimulate these individuals to perform to the best of their ability, which contributes to value creation for all shareholders.

Employee Stock Option Program 2024/2027 is a program under which participants will be allotted, free of charge, options to acquire ordinary shares in Cinclus Pharma ("**Options**"), which are subject to vesting over a period of approximately three years.

The board of directors may allot Options, on one or more occasions, between 3 June 2024 and 30 November 2024. The total number of Options that may be granted to participants under the Employee Stock Option Program 2024/2027 amounts to a maximum of 290,000. The maximum allotment per individual in each category is 200,000 Options for the CEO and 90,000 Options for the KOLs.

Each Option entitles the holder to acquire one ordinary share in Cinclus Pharma at a price of SEK 54.60 (130 percent of the Offering Price).

The participants also have the right to request that an alternative exercise model be applied, at no cost to the participant, when subscribing for shares by exercising the Options, a so-called net share settlement method ("**Net Share Settlement**"). Net Share Settlement means that Options are settled through a free transfer of the number of ordinary shares corresponding to the Option Value (as defined below) to the participants without payment of the exercise price. The number of ordinary shares transferred is calculated by subtracting the exercise price of exercised Options from the average share price of the Company's ordinary shares during a period of the first five trading days of the exercise period (the "**Market Price**") (the "**Option Value**") and dividing the Option Value by the Market Price. Any fractions of ordinary shares that cannot be delivered to the participant shall instead be paid in cash.

The Options vest approximately three years after allotment. Vesting requires that the participant, with certain exceptions, is still employed by Cinclus Pharma (or, in the case of consultants, is still providing services to Cinclus Pharma). In the event that the holder terminates his/her own employment before the Options can be exercised, no Options shall vest.

After the expiration of the vesting period, the Options shall be exercisable during a two-week period, calculated from the date of the publication of the Company's Q2 report 2027, but no later than during a two-week period from 31 August 2027.

The Company's commitment to allot shares to participants in the Employee Stock Option Program 2024/2027 is intended to be secured by class C shares, which are issued to the participating bank and subsequently repurchased by the Company at quota value, which, after conversion into ordinary shares, delivers these to eligible participants at the end of the program.

At maximum allotment of Options, no more than 290,000 ordinary shares are expected to be allotted under the Employee Stock Option Program 2024/2027 and no more than 91,120 ordinary shares are expected to be used to hedge expenses arising from the Employee Stock Option Program 2024/2027, resulting in a dilution of 0.79 percent of the total number of shares in the Company after completion of the Offering and the Set-off Issue, provided that the Offering is fully subscribed and the Over-allotment Option is exercised in full.

The maximum value per Option is capped if the share price of the Company's ordinary share at the time of exercise of the Option amounts to SEK 252, i.e., six times the Offering Price. In the event that the value of the

ordinary share exceeds this ceiling, the number of shares to which the Options entitle will be reduced proportionally (alternatively, the exercise price will be increased to maintain the maximum value of each Option).

The Employee Stock Option Program 2024/2027 will be accounted for in accordance with "IFRS 2 – Share related remunerations". IFRS 2 requires that the Options are recognised as a personnel expense over the vesting period. Personnel expenses in accordance with IFRS 2 do not affect the Company's cash flow. Social security expenses will be expensed in the income statement in accordance with UFR 7 during the vesting period. Assuming (i) an estimated annual employee turnover of 10 percent, (ii) a price of SEK 76 per ordinary share at the end of the vesting period and (iii) average social security expenses of 31.42 percent, the expenses of the Employee Stock Option Program 2024/2027 in accordance with IFRS 2 is estimated to amount to SEK 1.5 million and social security expenses to SEK 1.4 million. The total expenses of the Employee Stock Option Program 2024/2027, assuming full participation, is thus estimated to amount to approximately SEK 2.9 million over a three-year period.

Ownership structure

The table below sets forth Cinclus Pharma's ownership structure as at 31 March 2024, taking into account changes known to the Company thereafter up to and including the date of this Offering Circular, as well as changes following completion of the Offering. As of the date of this Offering Circular and as far as the Company is aware, the Company is not directly or indirectly controlled by any individual shareholder or group of shareholders.

	Shareholding before the Offering		Shareholding after the Set-off Issue (but before the Offering)		Ownership after the Offering and the Set-Off Issue (if the Offering is fully subscribed and the Over-allotment Option is not exercised)		Ownership after the Offering and the Set-off Issue (if the Offering is fully subscribed and the Over-allotment Option is exercised in full)	
Shareholder	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Shareholders with holdings exceeding 5 percent of the shares (excluding Cornerstone Investors)								
Peter Unge[1]	2,008,000	7.66%	2,021,075	6.85%	2,021,075	4.34%	2,021,075	4.19%
Kjell Andersson[2]	1,908,000	7.27%	1,908,000	6.46%	1,908,000	4.10%	1,908,000	3.96%
Estate of Mikael Dahlström	1,881,520	7.17%	1,881,520	6.38%	1,881,520	4.04%	1,881,520	3.90%
Cornerstone Investors								
Trill Impact Ventures Pharma 1 AB	1,479,120	5.64%	2,411,697	8.17%	3,483,125	7.48%	3,483,125	7.22%
The Fourth Swedish National Pension Fund	1,454,560	5.55%	2,377,140	8.05%	3,448,568	7.41%	3,448,568	7.15%
Linc AB	1,079,520	4.12%	1,344,837	4.56%	2,059,122	4.42%	2,059,122	4.27%
Eir Ventures I AB	422,560	1.61%	422,560	1.43%	898,750	1.93%	898,750	1.86%
The Regulus Shareholders[3]	–	–	–	–	623,809	1.34%	623,809	1.29%
Irrus Investments Nominee Ltd	–	–	519,120	1.76%	876,262	1.88%	876,262	1.82%
Shareholdings of board members and members of the executive management (other than the above)								
Lennart Hansson[4]	1,024,000	3.90%	1,037,071	3.51%	1,037,071	2.23%	1,037,071	2.15%
Christer Ahlberg	80,000	0.31%	80,000	0.27%	80,000	0.17%	80,000	0.17%
Torbjörn Koivisto[5]	79,440	0.30%	87,285	0.30%	87,285	0.19%	87,285	0.18%
Helena Levander[6]	28,480	0.11%	46,780	0.16%	46,780	0.10%	46,780	0.10%
Wenche Rolfsen	20,800	0.08%	20,800	0.07%	20,800	0.04%	20,800	0.04%
Maria Engström	8,000	0.03%	8,000	0.03%	8,000	0.02%	8,000	0.02%
Anders Öhberg	4,240	0.02%	6,875	0.02%	6,875	0.01%	6,875	0.01%
Other existing shareholders	14,748,800	56.24%	15,341,219	51.98%	23,983,617	51.54%	23,983,617	49.72%
Total	**26,227,040**	**100%**	**29,513,979**	**100%**	**42,470,659**	**91.26%**	**42,470,659**	**88.04%**
Other new shareholders	–	–	–	–	4,067,130	8.74%	5,769,511	11.96%
Total	**26,227,040**	**100%**	**29,513,979**	**100%**	**46,537,789**	**100%**	**48,240,170**	**100%**

1) Indirectly through PetoMaj Invest AB.
2) Indirectly through OBX Invest AB.
3) Refers to a number of investors who are shareholders in Regulus Pharma Fas I AB, who are shareholders in Cinclus Pharma as of the date of the Offering Circular, refer to section "*Legal considerations and supplementary information – Cornerstone investors*", which are partly included in the category Other existing shareholders.
4) Indirectly through Ignitus Aktiebolag.
5) Indirectly through IARU Institutet för Affärsjuridisk Rådgivning i Uppsala AB.
6) Indirectly through Pensare Grande AB.

Shareholders' agreement

As of the date of the Offering Circular, there are shareholders agreements regarding the financial instruments in the Company, which will be terminated in connection with the listing of the Company's ordinary shares on Nasdaq Stockholm.

Other than the above-mentioned agreements, the Company is not aware of any shareholders' agreement, other agreements or the like which could cause a change of the control of the Company.

Lock-up arrangements

Under the Placing Agreement (as defined below) which is expected to be entered into on or around 19 June 2024, all members of the board of directors and members of the executive management as well as certain other existing shareholders in Cinclus Pharma will undertake, with certain exceptions, not to sell their respective holdings for a certain period after trading on Nasdaq Stockholm has commenced (the "**Lock-up period**").

For board members and senior executives of the Company the Lock-up period will be 360 days and the commitment to refrain from selling shares will relate both to securities held by the holder prior to the listing of the Company's ordinary shares on Nasdaq Stockholm and securities acquired during the Lock-up period. For other shareholders the Lock-up period will be 180 days and the commitment to refrain from selling shares will relate to securities held by the holder prior to the listing of the Company's ordinary shares on Nasdaq Stockholm. As at the date of the Offering Circular, shareholders holding in total approximately 90 percent of the total number of shares and votes outstanding in the Company prior to the Offering have undertaken not to sell their shares during the Lock-up period.

The transfer restrictions described above are subject to customary restrictions and exceptions, such as intra-group transfers, sales in connection with public takeover bids or sales of allocated subscription rights, or where the transfer of the shares is required by administrative or legal requirements. Carnegie may make exceptions from these undertakings. Exceptions to the lock-up undertakings are determined on a case-by-case basis and can be of both a personal and commercial nature.

Pursuant to the Placing Agreement, the Company will undertake, with certain exceptions, towards the Managers not to, e.g., resolve upon or propose to the general meeting an increase of the share capital through issuance of shares or other financial instruments for a period of 360 days from the first day of trading of the Company's ordinary shares on Nasdaq Stockholm without a written consent from the Managers. Refer to section "*Legal considerations and supplementary information – Placing Agreement*".

Articles of association

Articles of association for Cinclus Pharma Holding AB (publ), registration number 559136-8765, adopted by an extraordinary general meeting on 3 June 2024.

1 § Company name
The company's name is Cinclus Pharma Holding AB (publ).

2 § Registered office
The registered office of the board of directors shall be Stockholm.

3 § Object of the company
The company shall, directly or indirectly, through wholly or partly owned companies, conduct research, development and commercialization of pharmaceuticals and acquisition and exploitation of intellectual property rights, in Sweden as well as in other countries, and any other activities compatible therewith.

4 § Share capital and shares
The share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000.

The number of shares shall be not less than 25,000,000 and not more than 100,000,000.

Two classes of shares may be issued, ordinary shares and class C shares. Ordinary shares shall entitle the holder to one (1) vote per share, whereas class C shares shall entitle the holder to one tenth (1/10) vote per share. Shares of each class may be issued in a quantity not exceeding the total number of shares in the company.

Class C shares held by the company may, upon decision of the board of directors be reclassified into ordinary shares. Immediately thereafter, the board of directors shall register the reclassification with the Swedish Companies Registration Office. The reclassification is effected when it has been registered and the reclassification has been reflected in the central securities depository register.

Holders of class C shares are not entitled to dividends. Upon the company's liquidation, class C shares carry equivalent right to the company's assets as other shares, however not to an amount exceeding the quota value of the share.

If the company resolves to issue new shares of two classes, ordinary shares and class C shares, through a cash issue or offset issue, holders of ordinary shares and series C shares shall have a pre-emptive right to subscribe for new shares of the same class in proportion to the number of shares already owned by the shareholders (primary pre-emptive right). Shares not subscribed for on the basis of a primary pre-emptive right shall be offered for subscription to all shareholders (subsidiary pre-emptive right). If the number of shares offered in this way is insufficient to meet the demand from holders of a subsidiary pre-emptive right, the shares shall be allocated among the subscribers in proportion to the number of shares already held by them and, to the extent that this is not possible, through the drawing of lots.

If the company resolves to issue new shares of only one class through a cash issue or an offset issue, all shareholders, irrespective of the class of share they hold, shall have a pre-emptive right of subscription to the new shares in proportion to the number of shares already held by them.

If the company decides to issue warrants or convertibles through a cash issue or an offset issue, the shareholders shall have a pre-emptive right to subscribe for warrants as if the issue concerned the shares which may be subscribed for on the basis of the options, or a pre-emptive right to subscribe for convertibles as if the issue concerned the shares for which the convertibles may be exchanged.

The above provisions shall not restrict the company's right to resolve on a cash issue or an offset issue which is not based on shareholders' pre-emptive rights.

If the share capital is increased through a bonus issue, new shares of each class will be issued in proportion to the number of shares of the same class already exist. Earlier shares of a specific class shall then entitle the shareholder to new shares of the same class. The foregoing shall not restrict the company's right to issue shares of a new class through a bonus issue, following the requisite amendments to the articles of association.

Reduction of share capital, which in any case shall not fall below the minimum share capital, may, upon the request of an owner of class C shares and a resolution by the

company's board of directors or the general meeting, take place through redemption of class C shares. A request from a shareholder shall be made in writing. When a resolution on reduction has been passed, an amount corresponding to the reduction amount shall be transferred to the company's reserve fund, if required funds are available. The redemption amount class C share shall correspond to the quota value of such share.

Following notice of the redemption resolution, holders of shares shall promptly receive payment for the shares, or, if authorization from the Swedish Companies Registration Office or a court is required, following notice that the final decision has been registered.

5 § CSD clause
The company's shares shall be registered in a CSD (central securities depository) register in accordance with the Financial Instruments Accounts Act (1998:1479).

6 § Board of directors
The board of directors shall consist of not less than three (3) and not more than ten (10) board members without deputy board members.

7 § Auditor
The company shall have not less than one (1) auditor and not more than two (2) auditors with not more than two (2) deputy auditors. As auditor and, when applicable, deputy auditor, an authorized public accountant or a registered public accounting firm shall be elected.

8 § Notice of general meeting
Notice of general meetings shall be published in the Swedish Official Gazette and be kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

9 § Participation at general meeting
A shareholder, who wants to participate in a general meeting must notify the company not later than on the day specified in the notice of the meeting. The aforementioned day must not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth weekday prior to the meeting

A shareholder may at a general meeting bring not more than two (2) advisors, provided that the shareholder has given the company notice in accordance with the previous paragraph.

10 § Business at annual general meeting
The following matters shall be addressed at an annual general meeting:

1. Election of a chairman at the meeting
2. Preparation and approval of the voting list
3. Approval of the agenda
4. Election of one (1) or two (2) persons to verify the minutes
5. Determination of whether the meeting has been duly convened
6. Submission of the annual report and the auditor's report, and if applicable, the group accounts and the auditor's report for the group
7. Resolutions
   a. regarding the adoption of the income statement and balance sheet
   b. regarding allocation of profit or loss in accordance with the adopted balance sheet
   c. regarding the discharge from liability of the board members and of the managing director
8. Determination of the number of board members and auditors and, where applicable, the number of deputy auditors
9. Determination of fees to the board of directors and the auditors
10. Election of board members
11. Election of auditors and, where applicable, deputy auditors
12. Any other matter which rests upon the meeting according to the Swedish Companies Act or the company's articles of association

11 § Collection of powers of attorneys and postal voting
The board of directors may collect powers of attorney in accordance with the procedure described in Chapter 7, section 4, second paragraph of the Companies Act (2005:551).

The board of directors has the right before a general meeting to decide that shareholders shall be able to exercise their right to vote by post before the general meeting.

12 § The right for persons not being shareholders to attend a general meeting
The board of directors may decide that individuals who are not shareholders in the company shall, in accordance with conditions defined by the board of directors, be entitled to attend or otherwise participate in a general meeting.

13 § Financial year
The company's financial year shall be calendar year.

Legal considerations and supplementary information

Approval from the SFSA

The Swedish Prospectus has been approved by the SFSA as competent authority under the Prospectus Regulation. The SFSA only approves the Swedish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of the Swedish Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The Swedish Prospectus was approved by the SFSA on 10 June 2024. The Swedish Prospectus is valid for up to twelve months following the date of the approval of the Swedish Prospectus, provided that it is completed by any supplement required pursuant to Article 23 of the Prospectus Regulation. Any supplements will be published on Cinclus Pharma's website. The obligation to supplement the Swedish Prospectus in the event of significant new circumstances, factual errors or material inaccuracies does not apply after the closing of the application period or the time when trading on Nasdaq Stockholm begins, whichever occurs later.

Legal group structure

The Company's business is conducted in accordance with the Swedish Companies Act. The parent company, Cinclus Pharma Holding AB (publ), which is the Company's business name (registration number 559136-8765) is a Swedish public limited liability company which was founded on 4 October 2017 and registered with the Swedish Companies Registration Office on 4 December 2017. The Company's registered office is in Stockholm, Sweden. The Company's LEI code is 549300TJBPSN-Z3DO6B42.

The Company is as at the date of the Offering Circular the parent company of two subsidiaries, Cinclus Pharma AB, Reg. No. 559375-7684, established in Sweden, and Cinclus Pharma AG, Reg. No. CHE.203.595.588, established in Switzerland[1]. Both subsidiaries are wholly owned by Cinclus Pharma Holding AB (publ).

Material agreements

The following agreements (excluding agreements entered into in the ordinary course of business) have been entered into by a company within the Group within two years immediately prior to the date of this Offering Circular and are, or may become, material or have been entered into by a company within the Group at any time and contain conditions under which a company within the Group has an obligation or right that is, or may become, material to the Group as at the date of this Offering Circular.

License agreement with Sinorda

On 17 March 2014, Cinclus Pharma's Swiss subsidiary, Cinclus Pharma AG (the "**Swiss Subsidiary**"), entered into a license agreement with Jiangsu Sinorda Biomedicine Co. Ltd ("**Sinorda**") (the "**License Agreement**"). The License Agreement has subsequently been amended through a settlement and amendment agreement that was entered into when the parties reached a settlement regarding a dispute (refer to section "*– Dispute with Sinorda*" below for a description of the dispute and the settlement and amendment agreement). The License Agreement has subsequently been assigned by the Swiss Subsidiary to Cinclus Pharma's Swedish subsidiary, Cinclus Pharma AB.

Pursuant to the License Agreement, Sinorda has received an exclusive, royalty bearing, license to X842 (the former in-house name of linaprazan glurate) and X383 (the in-house name of the Company's second molecule, being a back-up molecule for linaprazan glurate) for use in certain countries in the Asian market (the "**Territory**"). The License Agreement also includes provisions on rights and obligations of the parties with respect to, *inter alia*, the development and commercialization of the products, as well as the rights and licenses to the related intangible assets.

Under the agreement, Sinorda may, provided that certain conditions are met, sublicense, *inter alia*, the sale of the pharmaceutical substances to other parties in the Territory. Sinorda has exclusively sub-licensed the manufacturing and industrial sales rights for linaprazan glurate in China, Hong Kong, Macao and Taiwan to SPH Sine Pharmaceutical Laboratories Co., Ltd, a company within the Shanghai Pharmaceuticals group.

1) The Swiss Subsidiary is intended to be liquidated after the completion of the Offering and listing of the Company's ordinary shares on Nasdaq Stockholm.

Under the License Agreement, Cinclus Pharma is entitled to royalty payments from Sinorda at a low single-digit percentage of net sales, and Sinorda is entitled to royalty payments from Cinclus Pharma at a lower single-digit percentage of net sales. Furthermore, Cinclus Pharma is entitled to royalty payments from Sinorda at a low double-digit percentage on license income, and Sinorda is entitled to royalty payments from Cinclus Pharma at a mid-single-digit percentage of license income.[1] The License Agreement contains a cap on the royalty payments to be paid under the agreement for each party. However, there is no such limit on royalty payments on net sales. Furthermore, two countries in the Territory reserved for Sinorda and two countries in Oceania reserved for Cinclus Pharma are excluded from the royalty payment provisions. Instead, a profit split with certain percentages is applied for these regions. For the financial years 2023 and 2022, the Group has received royalties on licence revenues related to milestone payments from Sinorda, amounting to SEK 6 million and SEK 10.6 million, respectively.

Royalties for both parties shall be payable on a product-by-product and country-by-country basis for the longer of the following time periods: (a) ten years after the date of the first commercial sale of a product in such country, (b) the expiration of all patents containing one or more valid claims that claim the manufacture, sale, use, marketing or importation of such product in such country or (c) the expiration of any regulatory data protection or market exclusivity conferred by any directives, laws, etc. The license is in force until the expiration of all royalty terms. After expiration, Sinorda has a royalty-free, non-exclusive, license for the pharmaceutical compounds X842 and X383 (or such products) in each of the above-mentioned countries.

The License Agreement contains provisions on the right to terminate the agreement in the event of breach by the other party and the right to terminate the agreement early. The License Agreement includes provisions regarding consequences of termination on, *inter alia*, the results, rights and licenses granted under the License Agreement. Sinorda may, for example, upon its termination of the License Agreement due to a material breach by Cinclus Pharma exercise an option under which, *inter alia*, licenses granted to Sinorda will continue in force, subject to the continued payment of royalties.

The License Agreement contains, *inter alia*, a commitment that Cinclus Pharma shall indemnify Sinorda against any losses incurred by Sinorda due to a third-party claim to the extent arising out of or caused by the breach of one or more of Cinclus Pharma's undertakings, warranties or other obligations under the agreement.

The License Agreement includes no general cap on liability but includes a limitation of liability for consequential damages (which, however, does not apply to the commitment of indemnity).

Service agreement with Parexel regarding services for clinical trials

On 19 June 2020, the Swiss Subsidiary entered into an agreement with Parexel International Limited ("**Parexel**"). The agreement has subsequently been assigned by the Swiss Subsidiary to the parent company, Cinclus Pharma Holding AB (publ). The agreement covers services in relation to clinical trials (a Phase II study) with respect to linaprazan glurate and the service fees and expenses amounts to substantial payments, exceeding EUR 6 million. Parexel is currently the largest supplier of the Group.

The agreement will continue in force until the completion and delivery of the services by Parexel to the Company. Parexel's work with respect to the Phase II study is expected to be completed during 2024. In any case, the Company is entitled to terminate the agreement without cause upon 90 days written notice. Either party may terminate the agreement if the continuation of the services would pose an undue risk to the health and/or wellbeing of a patient.

Under the agreement, the Company is under an obligation to maintain insurance coverage for all subjects who have been enrolled into the study but can request that Parexel obtains such insurance on behalf of the Company. Parexel has obtained relevant insurances in all countries where the study is carried out.

The parties' aggregate liability under the agreement is limited to direct damages, which shall not exceed two times the total amount paid or payable to Parexel under the agreement.

Agreements with CTC regarding clinical development

The Company has entered into a master services agreement with CTC Clinical Trial Consultants AB ("**CTC**") for certain services related to clinical development. The services will be provided under specific work orders to be entered into for each project. Previously, the Company engaged CTC for services through work orders under a master services agreement dated 4 April 2020. There are two remaining studies still ongoing under such work orders (QT (CX842A2104) and DDI (CX842A2105) Phase I studies). Payment to CTC is made in accordance with payment schedules described in each individual work order and is typically linked to CTC's fulfilment of defined milestones, with limited payments when each work order is entered into. CTC is one of the Company's largest suppliers of services.

1) The basis for royalty payments from Cinclus Pharma to Sinorda is that the License Agreement includes a commitment for Sinorda to perform pre-clinical work on linaprazan glurate and that the License Agreement includes a license from Sinorda to Cinclus Pharma of such data and intellectual property that Sinorda has developed and may develop.

The agreement was entered into on 31 January 2023 and remains in effect for a period of two years, with automatic one-year renewal periods (termination at least 60 days prior to renewal). Irrespective of termination, the agreement will continue to apply for any outstanding work order. In addition, the Company has a right to terminate the agreement or any work order without cause upon 60 days' notice (subject to an obligation to compensate CTC for already provided services and costs incurred). Further, the agreement provides for standard termination rights due to material breach not cured within 30 days or due to e.g., insolvency.

CTC has an obligation to perform the services in accordance with ICH-GCP. The Company has a right, upon notice, to audit the facilities where the services are being conducted and any related study documentation. Further, CTC shall permit regulatory authorities to inspect such facilities, study documentation and other relevant information.

Any defects or other problems with any deliverables under the agreement must be notified within 90 days of receipt for defects that should have been discovered on reasonable inspection or within 6 months in any other case.

The Company shall indemnify CTC from any claims by a third-party that CTC may suffer in relation to (i) the services and other work conducted under the agreement, (ii) the Company's material, (iii) use of CTC's background intellectual property by the Company, (iv) bodily injury, disease or death attributable to the study, (v) breach of the agreement on the part of the Company or (vi) negligence or willful misconduct or violation of applicable laws.

CTC's liability for damages under the agreement is limited to the amount of SEK 5 million or the total amount of the fees paid to CTC under an applicable work order (whichever is the lower).

Development and clinical manufacturing services agreement with Lonza

The Swiss Subsidiary has entered into a development and clinical manufacturing services agreement with Lonza Sales Ltd ("**Lonza**"). The agreement has subsequently been assigned by the Swiss Subsidiary to the parent company, Cinclus Pharma Holding AB (publ). The agreement covers manufacturing of linaprazan glurate for Phase III clinical studies, including certain process development, method validation and optimization and stability studies.

The agreement was entered into on 2 February 2021 and expires on the fifth anniversary of the effective date. However, the agreement and any project plan may be terminated with immediate effect if the other party commits a material breach that is not rectified within 60 days or if the other party is declared bankrupt or becomes insolvent. The Company may cancel services, including production of a batch to be manufactured, subject to the Company's obligation to pay for all services and costs rendered up to the date of cancelation, plus a cancellation fee (unless services are cancelled more than three months from the agreed commencement date or manufacturing is cancelled more than seven months from the agreed commencement date). The cancellation fee for services corresponds to 60 percent of the order value if cancellation is made within two months from the agreed commencement date, or 30 percent of the value if cancellation is made within two to three months from the agreed commencement date. The cancellation fee for manufacturing corresponds to 85 percent of the order value if cancellation is made within four months from the agreed commencement date, or 50 percent of the value if cancellation is made within four to seven months from the agreed commencement date.

Lonza is entitled to adjust the prices, once per calendar year, for the services performed in relation to the change of the Swiss Producer Prices Index. In addition, Lonza may adjust the prices to reflect an increase in variable costs by more than five percent.

The Company shall indemnify Lonza from any loss, damage and costs that Lonza may suffer as a result of any third-party claim arising directly out of i) any material breach of warranties given by the Company, ii) any claim alleging that the use by Lonza of the Company's intellectual property infringes any intellectual property rights of third parties or iii) the manufacture, use, sale or distribution of any products (including product liability), except in each case to the extent that such claims are resulted from negligence or breach by Lonza.

Each party's liability under the agreement is limited to one and a half times the total amounts payable by the Company to Lonza. With respect to indemnification obligations under the agreement, the liability is limited to two times the total amounts.

Master services agreement with SDS for services within the field of regulatory affairs, non-clinical development, clinical development and biostatistics

The Company has entered into a master services agreement with SDS Life Science AB ("**SDS**") for consultative and advisory services, within the field of regulatory affairs, non-clinical development, clinical development, and biostatistics, to be delivered pursuant to work orders.

The agreement was entered into on 25 July 2022 and will continue in force until terminated by either party with at least one month's prior notices (with the exception that agreed work orders may only be cancelled if and as expressly set out in the agreement). However, the agreement and any work order may be terminated with immediate effect if the other party commits a material breach, is declared bankrupt or becomes insolvent.

Under the current master services agreement, the parties have issued several work orders for consultancy services, including the ongoing Phase I/II studies and the planned Phase III studies. The work orders can be terminated with one month's notice. Payment to SDS is made monthly for time spent and costs incurred during the previous month.

SDS' liability is limited to an amount corresponding to the total fees for the services invoiced by the Company during six months preceding the incident. Further, any claims must be brought by the Company within three months from the incident giving rise to the claim. In addition, SDS' liability shall be reduced by any amount which the Company may receive under any insurance policy.

Master services agreement with CRS for services within clinical research and bioanalytical studies
The Company has entered into a master services agreement under which CRS Klinične raziskave in storitve d.o.o. ("**CRS**") is engaged for clinical research services and bioanalytical studies for clinical Phase I. In addition, the parties have agreed on two work orders. Payment to CRS is made in accordance with the payment schedules described in each individual work order and is linked to CRS fulfilling defined milestones, of which 30 percent of the order value has been paid upon the conclusion of the two respective work orders.

The agreement entered into effect on 25 July 2022 and remains in force until termination by either party upon 30 days' notice, or until termination of all agreed work orders. The Company may terminate any work order at any time with immediate effect, without cause (with the obligation to compensate CRS for services already rendered and costs incurred and for loss of profit). Further, the agreement may be terminated by either party with immediate effect if, *inter alia*, i) the other party commits a material breach that is not rectified within 30 business days, ii) if it can be reasonably concluded that the services must be terminated in interest of the subjects participating in the study or iii) if the other party is declared bankrupt or becomes insolvent.

The Company shall indemnify CRS from any losses that CRS may suffer as a result of, *inter alia*, i) any breach of the agreement or applicable laws by the Company, ii) failure of the Company to perform its obligations under the agreement, iii) product liability claims with respect to the study drug and iv) patent infringement related to the study drug, except in each case to the extent that such claims are resulted from negligence, actions or breach by CRS.

Each party's liability under the agreement is limited to direct damages, not exceeding the aggregate amount of fees payable pursuant to a work order.

During the course of the work, some deficiencies have been identified in the documentation of one of the studies, a bioavailability study, conducted by CRS.

The review of these deficiencies revealed deficiencies with CRS in Cinclus Pharma's quality management system, which have now been corrected. The Company intends to repeat the evaluation of the food effect of the drug in the part of the study conducted by CRS that was not considered reliable, which will lead to some additional costs. However, the Company believes that the development program and regulatory approval of linaprazan glurate will not be delayed or prevented due to the deficiencies in the CRS study.

On 19 December 2023, the parties agreed on a financial settlement to clear all outstanding costs in relation to the two studies conducted by CRS. Following payment in accordance with the agreed payment plan, with the final payment due upon approval of the CTA by the regulatory authorities, the Company no longer has any payment obligations towards CRS.

Services provided by Labcorp
The Company has ordered services from Labcorp Drug Development Inc. ("**Labcorp**") in relation to certain toxicology and pharmacokinetic studies in animals. The services are ordered under work orders, which are supplemented by Labcorp's general terms under which Labcorp will perform the studies for the Company, as attached to a work order signed by the parties on 12 May 2022. Payment to Labcorp is made in accordance with payment schedules described in each individual work order, with payment typically linked to Labcorp fulfilling defined milestones, with limited payments when each work order is entered into. The work orders can only be cancelled if the other party commits a material breach of contract that is not remedied within 30 working days or if the other party becomes bankrupt or insolvent.

Under the terms of the agreement, the Company is responsible for the study protocol. Labcorp does not warrant that the study protocol or design will satisfy the requirements of any regulatory authority. Labcorp has an obligation to perform the services with due skill and care, according to generally accepted industry standard, and shall comply in all material respects with all applicable and current regulatory requirements. The Company may conduct visits to observe the progress of the services.

Labcorp's total liability under the agreement is limited to direct damages and to the amount paid for the affected services performed by Labcorp in the twelve months preceding the claim.

The Company shall indemnify Labcorp from any third-party claims arising from, *inter alia*, (i) Labcorp's execution or performance of its obligations under the agreement, (ii) the Company's use of the results or deliveries, or any sale or marketing of the substances tested by Labcorp or (iii) any third-party intellectual property infringement, except in each case to the extent that such claims are resulted from negligence or intentional misconduct by Labcorp.

Collaboration agreement with Recipharm (exclusivity undertakings)

Under the collaboration agreement entered into with Recipharm Venture Fund AB ("**RVF**"), the Swiss Subsidiary has undertaken to use RVF as its exclusive supplier and manufacturer of its and its future licensees' clinical and commercial requirements of the drug, provided that RVF's terms for such development and manufacturing are competitive. This exclusivity undertaking is thus conditional upon RVF being able to offer competitive conditions in comparison with other companies in the pharmaceutical industry for the same services, taking into account all commercially relevant factors such as price, quality, lead times and distribution conditions. In the agreement, the drug is defined as the proprietary pharmaceutical compound X842 (i.e., linaprazan glurate) in all formulations and presentations as the sole active ingredient including all dosage strengths thereof. The agreement was later transferred by the Swiss Subsidiary to the parent company, Cinclus Pharma Holding AB (publ). The existing license agreement with Sinorda is exempt from the above exclusivity undertaking.

According to the collaboration agreement, Cinclus Pharma is obligated to enter into a development agreement and a manufacturing and supply agreement with RVF, provided that RVF's terms are competitive. An agreement regarding the manufacturing and supply of the commercialized drug shall be entered into not later than one month after the drug has received its first regulatory approval. The collaboration agreement imposes an obligation on Cinclus Pharma to purchase the drug exclusively from RVF (or its subsidiary), except for purposes of securing a second source of supply from a third-party provider.

In case Cinclus Pharma would license or otherwise transfer the drug to a third-party and such transfer includes the right to manufacture the drug, the Company is obligated to use commercially reasonable efforts to assign all its rights and obligations under the collaboration agreement to such third-party transferee, procure that such transferee agrees to assume all rights and obligations and procure that an assignment and assignment agreement is entered into between with such party and RVF.

According to the agreement, RVF is entitled to USD 1 million should Cinclus Pharma act in breach of the exclusivity given to RVF under the agreement if the Company would terminate the future manufacturing and supply agreement without cause.

The exclusivity undertaking will terminate on the 5th anniversary of the first commercial sale of the drug in a key market.

Service agreement with PSI

The Company has entered into a services agreement with PSI CRO AG ("**PSI**"), with effective date 15 November 2023, pursuant to which PSI shall provide development safety update reports for the Company's eGERD study of the drug linaprazan glurate. The services agreement entered into force on 15 November 2023 and will continue until final payment following completion of the services. The agreement includes customary termination rights, entitling either party to terminate the agreement e.g., in case of the other party's non-remedied breach or insolvency. Further, the Company may terminate the agreement at any time and for any reason upon 90 days' prior written notice to PSI. If the Company terminate the agreement for any reason other than PSI's breach of contract, the Company must compensate PSI for, *inter alia*, work performed and certain other costs and expenses to which PSI is entitled in such case. The maximum service fee value of the agreement is (in addition to compensation for expenses etc.) EUR 45,000.

The parties shall perform their obligations under the services agreement pursuant to and in accordance with all applicable laws, GCP, and the terms and conditions of the agreement. Further, PSI specifically undertakes to perform the services in a timely and professional manner, with the level of care and skill ordinarily exercised by other professionals in similar circumstances.

The Company undertakes to indemnify PSI (and its subsidiaries, etc.) from eventual third-party claims resulting from, *inter alia*, (i) the material breach of the agreement by the Company, (ii) the provision of services under the agreement, or (iii) the infringement of third-party's intellectual property rights due to the performance of services in accordance terms of the agreement.

PSI shall in turn indemnify the Company (and its affiliates, etc.) from eventual third-party claims incurred by the Company resulting from or arising out of, *inter alia*, (i) the material breach of the agreement by PSI, (ii) a violation of applicable law, or (iii) an infringement of third-party IP rights in connection with the services or deliveries provided by PSI under the agreement (i.e., not products provided by the Company or third parties).

Neither party is liable for indirect or consequential damages. However, no such limitation of liability applies to the respective party's indemnification obligations under the agreement.

Agreement with Fisher Clinical Services Inc,

The Company has entered into a master service agreement with Fisher Clinical Services Inc, part of Thermo Fisher Scientific ("**Patheon**") with an effective date of 25 May 2023, for services in connection with certain Company projects. The terms and conditions for each project will be set forth in a project agreement to be issued under the master services agreement. There are

supplemental terms and conditions that apply to services for investigational products up to and including completion of process validation, referred to as development services. The master service agreement is valid for three years following the effective date (*i.e.*, until 25 May 2026) and will be automatically renewed for three additional one-year periods, unless either party terminates the agreement by providing more than six months' notice before the end of the then-existing term. However, even if a party has provided notice, the master services agreement will automatically extend to allow for the completion of services under any active project agreement. The master services agreement includes customary provisions entitling each party to terminate the agreement in case of the other party's insolvency or non-remedied material breach.

The Company is responsible for vendor qualification of any materials provided by the Company under the agreement to be used for cGMP purposes, and for providing (upon request) a certificate of compliance with the requirements of cGMP, applicable laws, and any applicable quality agreements between the parties.

The Company warrants, *inter alia*, that any materials supplied by the Company to Patheon will, (i) conform to the specifications, (ii) be adequately contained, packaged, and labelled in accordance with applicable law, and (iii) be suitable for the intended use, not adulterated and free of contaminants.

Patheon warrants in turn, *inter alia*, that the services will be performed in accordance with the performance standards, including applicable laws and cGMP as applicable. However, unless otherwise agreed between the parties, Patheon makes no warranty of any kind that the services are non-infringing or fit for a particular purpose, nor any warranty or condition of merchantability of a product. Furthermore, as it pertains to development services, Patheon does not warrant any particular results. Under the supplemental terms for development services, the Company acknowledges and agrees that Patheon disclaims any warranties that the development services will be completed within any agreed timelines.

The Company undertakes to indemnify Patheon (and its subsidiaries, etc.) for all third-party claims, costs etc., relating to or arising from, *inter alia*, (i) the sale, distribution, or use of product, clinical trial drug product or client-supplied materials whether as part of any clinical trial or for commercial sale, (ii) personal injury to any Patheon employee directly or indirectly caused by product, clinical trial drug product or client-supplied materials despite full compliance with the master service agreement or a project agreement, or (iii) any claim of infringement of (a) any third-party's intellectual property rights in or by product, clinical trial drug or client-supplied materials or process or (b) that is related to Patheon's use of Company's intellectual property rights as required to perform the services.

Patheon shall in turn indemnify the Company (and its subsidiaries, etc.) for all third-party claims, costs, etc. incurred by the Company relating to, *inter alia*, (i) any misrepresentation, negligence or wilful misconduct by the Patheon (or its subsidiaries, etc.) in performance of the services, (ii) breach by Patheon of any warranties, and (iii) any claim for infringement of third-party intellectual property rights related to the use of Patheon's intellectual property rights in performance of the services, but solely relating to certain specified services.

If the services provided by Patheon do not meet the agreed standards the Company has the right to require Patheon to (i) at its own expense, redeliver the deficient service or part thereof, (ii) reprocess the drug so that the services can be deemed in compliance with the performance standards, or (iii) credit the Company with any fees paid for the deficient services.

Patheon's total liability under any project agreement is limited to 100 percent of the fees paid under the applicable project agreement during the one-year period immediately preceding the date of the action or omission alleged to have caused the liability. This limit does not apply if and to the extent the liability arises from the gross negligence or wilful misconduct of Patheon. Except for a breach of the confidentiality agreement separately entered into by the parties, neither party is liable for any direct or indirect delay, penalty, loss of profits, wasted expenditure, etc. or for any liability, damage, cost, etc. of an indirect or consequential nature.

In addition to the master service agreement, the Company and Patheon have entered into a project agreement for development services with an effective date of 27 November 2023. The relevant project agreement contains five signed quotes, for which the total estimated price amounts to approximately USD 2.78 million. Two of the signed quotes are related to development services for *H. pylori* infection. The signed quotes relating to development services for eGERD amount to approximately USD 2.37 million.

The project agreement for the development services is valid from signing until completion of the services or termination pursuant to the terms of the master service agreement. The Company may terminate the project agreement by giving 30 days prior written notice for business reason, subject to the Company compensating Patheon, for any non-refundable costs and expenses already incurred and a cancellation fee, in accordance with a cancellation fee tablet set out in the supplemental terms for development services (unless the project agreement is terminated by the Company due to a material breach of the master services agreement by Patheon).

Patheon may terminate the project agreement for development services if Patheon reasonably determines that it is unable to perform the services or manufacture the drug in a safe and effective way in accordance with applicable regulatory requirements or applicable specifications.

Agreement with Effimed

Pursuant to a proposal signed by the Company on 19 December 2023, the Company purchased ad-board management and support services, as well as twelve months of monitoring services from Effimed for the year 2024 at a total value of USD 85,680 (subject to any changes in scope which may impact the price). Aside from the payment provisions, the proposal does not include any proper general terms and conditions.

Bridge loan agreements

In June 2023, the Company entered into bridge loan agreements, which includes provisions for mandatory conversion of the principal amount into the Company's ordinary shares, with a number of the Company's existing shareholders including Trill Impact Ventures Pharma 1 AB, the Fourth Swedish National Pension Fund and Linc AB, in the total amount of SEK 79.7 million, a rate per annum of 12 percent and a term of approximately twelve months. In August 2023, the Company entered into bridge loan agreements, on materially equal terms with an additional 34 of the Company's other existing shareholders in the total amount of SEK 44.6 million.

Assuming that the listing of the Company's ordinary shares takes place no later than 30 June 2024, the bridge loans, including accrued interest, will be repaid in connection with the listing by way of conversion into new ordinary shares in the Company on the same terms as the ordinary shares offered in the Offering. Provided that a decision by the Company's board of directors on the Set-off Issue is made on 19 June 2024, the total loan amount, including accrued interest, that will be converted into ordinary shares in connection with the Offering will amount to approximately SEK 138.05 million.

The bridge loans are classified as loans and derivatives[1] in the consolidated and parent company balance sheet for the financial year ended 31 December 2023. For more information on the bridge loans, see note 25 on page F-29.

Intellectual property

Trademarks and domain names

The Group is the holder of the trademarks CINCLUS (wordmark), Cinclus and (figurative marks), which are registered in several jurisdictions, including Canada, the EU, Japan, Norway, Switzerland, the United Kingdom and the U.S. within relevant classes, in addition to the protection of Cinclus Pharma Holding AB (publ) and Cinclus Pharma AB as company names in Sweden.

The Company is the holder of the following registered domain names: *cinclupharma.com; cinclus.co.uk; egerd.co.uk; cinclupharma.co.uk; cinclupharma.se; egerd.se; egerd.jp; cinclupharma.jp; cinclus.jp; cinclupharma.de*.

Patent protection

The Company possesses a patent portfolio currently comprising seven (7) patent families relating to the pharmaceutical molecule *linaprazan glurate* in the field of treatment of gastrointestinal inflammatory diseases or gastric acid related diseases. The Company's success is partly dependent on the Company's ability to obtain and maintain intellectual property protection of the patents relating to the pharmaceutical product.

The *linaprazan glurate* molecule is protected through one patent family with granted protection in several jurisdictions, including in Europe, the U.S., Canada, China, Japan and Israel. In addition to linaprazan glurate, the Company has also a second molecule in the portfolio as a back-up compound, which is protected by the same intellectual property rights as *linaprazan glurate*. The registered patents expire in 2029 and in 2030. However, the Company's assessment is that an extension of the patent term in the U.S. and Europe by up to five years is probable due to the long duration between patent application and market access.

In addition, *linaprazan glurate* is subject to several pending applications protecting different aspects of the drug. One patent application relating to the formulation of the drug has been filed in several jurisdictions, including in the U.S., Canada, China, Japan and Israel. Further, two patent applications relating to polymorphs of the HCl salt and the mesylate salt of *linaprazan glurate* are in the PCT phase, although the territories for the two applications have not yet been designated. However, one patent for polymorphs of the HCl salt has already been granted in the U.S. The Company also has three additional, unpublished, applications, all of which are in the PCT phase.

If the patent applications are approved, the expiry dates of the pending patent applications could potentially be extended to 2042. The patents are wholly owned by the Company as rights to the various patent families have been transferred from the inventors to the Company through assignment agreements.

Accordingly, Cinclus Pharma is in control of all patents/patent applications of the intellectual property rights portfolio. No third-party patents or licenses are necessary for the commercialization of linaprazan glurate.

Data and market exclusivity

Linaprazan glurate will also have up to ten years of data and market exclusivity (eight years of data exclusivity, and two years of market exclusivity) with the possibility of one

1) The terms of the bridge loan agreements include a right for the lenders to receive certain compensation in the event that the Company is acquired before a listing takes place. This consideration is accounted for as a derivative in the Group's and parent company's balance sheets.
2) Based on current legislation under revision in the EU. According to a proposal from the European Commission, the data exclusivity period in the EU may be reduced by up to two years, unless the drug is launched in all EU countries where marketing authorization is available within a certain period of time. For further information, refer to the proposal for a Directive of the European Parliament and of the Council on the Union code relating to medicinal products for human use, and repealing Directive 2001/83/EC and Directive 2009/35/EC, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX-:52023PC0193.

additional year of market exclusivity if the Company obtains approval for a new medical indication with significant clinical benefit, compared to existing therapies.[2] In the U.S., the molecule will have up to five years exclusivity from the date of the market approval. Furthermore, the FDA has granted a QIDP designation for linaprazan glurate for the treatment of *H. pylori* infection, providing an additional five-year extension of data exclusivity in the U.S. subject to approval of linaprazan glurate for the *H. pylori* indication first.

Legal and arbitration proceedings

Apart from the information presented below, the Group has not been part to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) that recently had or could have material effects on the Company's financial position or profitability during the last twelve months.

From time to time, Cinclus Pharma may be involved in legal proceedings or subject to claims incident to the ordinary course of business. Regardless of the outcome, such proceedings or claims can have an adverse impact due to defense and settlement costs, diversion of resources and other factors and there can be no assurances that favorable outcomes will be obtained.

Dispute with Sinorda

The Swiss Subsidiary has been involved in a dispute regarding the License Agreement (refer to section "*– License agreement with Sinorda*" above for a description of the License Agreement).

On 7 December 2020, the Swiss Subsidiary terminated the License Agreement, due to an alleged breach of contract by Sinorda. Sinorda gave notice and argued that the termination constituted a material breach of contract. Since the Swiss Subsidiary did not withdraw its termination, Sinorda terminated the License Agreement on 15 March 2021 and invoked an option in the License Agreement. On 7 March 2022, Cinclus Pharma terminated the License Agreement as it applied if Sinorda validly terminated the License Agreement and exercised the aforementioned option. Each party disputed the other party's termination. Both parties also reserved the right to claim damages and other remedies.

In August 2021, Cinclus Pharma filed a request for arbitration with the Arbitration Institute of the Stockholm Chamber of Commerce. In the arbitration, Cinclus Pharma requested that the arbitral tribunal declare (i) that the License Agreement had been validly terminated by Cinclus Pharma or in alternative that the License Agreement, as it applied following Sinorda's termination letter dated 15 March 2021, had been validly terminated by Cinclus Pharma, through Cinclus Pharma's termination letter dated 7 March 2022; and (ii) that all licenses granted by Cinclus Pharma to Sinorda had terminated. Sinorda disputed Cinclus Pharma's request and requested that the arbitral tribunal declared that the License Agreement was validly terminated by Sinorda in accordance with the aforementioned option, and that all licenses granted by Cinclus Pharma to Sinorda were in full force and effect. Cinclus Pharma disputed Sinorda's request.

On 22 August 2022 (the "**Settlement Effective Date**"), Cinclus Pharma and Sinorda agreed to settle the dispute by entering into a settlement and amendment agreement (the "**Settlement Agreement**"). In the Settlement Agreement, the parties agreed, *inter alia*, that the License Agreement would continue in full force and effect as if none of the terminations described above had been made, subject to the amendments and provisions set out in the Settlement Agreement. The amendments and provisions set out in the Settlement Agreement include, *inter alia*, that the parties' respective royalty obligations were reduced, that the parties shall share certain information with each other, and that Sinorda shall pay royalties to Cinclus Pharma in accordance with the renegotiated royalty rates for license income that was received by Sinorda under a sublicense agreement prior to the Settlement Effective Date. Cinclus Pharma has invoiced accrued royalties in accordance with the agreement, which Sinorda has paid.

Further, the parties agreed to release and discharge each other from any and all claims etc. based on breach of the License Agreement committed prior to the Settlement Effective Date. As for breaches of contract etc. which are continuing or repeated after the Settlement Effective Date, the release and discharge are limited to what occurred prior to the Settlement Effective Date. The Settlement Agreement also stipulates that if a party within three years after the Settlement Effective Date terminates the License Agreement due to the material breach(es) of the other party, the release and discharge shall become null and void for the other party.

Insurance

Cinclus Pharma believes that the Group's insurance coverage is appropriate for the operations of the Group. There is, however, no guarantee that the Group will not incur any losses or become the subject of claims that exceed the scope of the relevant insurance coverage.

Placing Agreement

According to the terms of an agreement on placing of ordinary shares which is intended to be signed around 19 June 2024 between the Company and the Managers (the "**Placing Agreement**"), the Company undertakes to issue the ordinary shares comprised by the Offering to the purchasers indicated by the Managers, or if the Managers fail to indicate purchasers, they have undertaken to themselves acquire the ordinary shares comprised by the Offering. The Company also intends to grant an Over-allotment Option, whereby it pledges, at the request of the Managers at the latest 30 days from the first day of trading

in the Company's ordinary shares to issue an additional maximum of 10 percent of the maximum total amount of ordinary shares that are included in the Offering, corresponding to approximately 3.53 percent of the total number of shares in the Company after the Offering and the Set-off Issue, under the assumption that the Offering is fully subscribed and that the Over-allotment Option is exercised in full. The Over-allotment Option may only be exercised in order to cover possible over-allotment within the framework of the Offering.

Through the Placing Agreement, the Company makes customary representations and warranties to the Managers, primarily in relation to the information in the Offering Circular being correct, the Offering Circular and the Offering fulfilling requirements in laws and regulation and that there are no legal, or other, hindrances for the Company to enter into the Placing Agreement or for the completion of the Offering. Pursuant to the Placing Agreement, the Managers' commitment to indicate purchasers to or, if the Managers fail to do so, themselves acquire the ordinary shares comprised by the Offering is conditional upon, among other things, that the representations and warranties granted by the Company are correct. Under the Placing Agreement, the Company will, subject to customary qualifications, undertake to indemnify the Managers against certain claims under certain conditions.

Through the Placing Agreement, all members of the board of directors and members of the executive management as well as certain other existing shareholders in Cinclus Pharma undertakes, with customary conditions, not to sell its shares during the lock-up period (refer to section "*Share capital and ownership structure – Lock-up arrangements*"). Under the Placing Agreement, the Company also undertakes, not to (i) issue, offer, pledge, sell, undertake to sell or otherwise transfer or divest, directly or indirectly, any shares in the Company or any other securities which are convertible to or can be exercised or exchanged for such shares, or (ii) purchase or sell options or other instruments or enter into swap agreements or other arrangements which wholly or partly assign financial risk associated with ownership of shares in the Company to another party prior to 360 days at the earliest after the date when trading starts on Nasdaq Stockholm. The Managers may, however, grant exemptions from these limitations.

Stabilization

In connection with the Offering, Carnegie may effect transactions aimed at supporting the market price of the ordinary shares at levels above those which might otherwise prevail in the open market. Such stabilization transactions may be effected on Nasdaq Stockholm, in the over-the-counter market or otherwise, at any time during the period starting on the date of commencement of trading in the ordinary shares on Nasdaq Stockholm and ending not later than 30 calendar days thereafter. Carnegie is, however, not required to undertake any stabilization and hence it is not certain that stabilization will be undertaken. The Company intends to grant an Over-allotment Option to the Managers, entailing that the Managers, at the latest 30 days from the first day of trading in the Company's ordinary shares on Nasdaq Stockholm, have the right to request that a maximum of 1,702,381 additional shares are issued by the Company, corresponding to a maximum of 10 percent of the total number of ordinary shares in the Offering at a price corresponding to the price in the Offering, in order to cover possible over-allotment within the framework of the Offering.

Stabilization, if undertaken, may terminate at any time without prior notice. In no event will transactions be effected at levels above the price in the Offering. No later than by the end of the seventh trading day after stabilization transactions have been undertaken, Carnegie shall disclose that stabilization transactions have been undertaken in accordance with article 5(4) in the Market Abuse Regulation 596/2014. Within one week of the end of the stabilization period, Carnegie will make public whether or not stabilization was undertaken, the date at which stabilization started, the date at which stabilization last occurred and the price range within which stabilization was carried out, for each of the dates during which stabilization transactions were carried out.

Cornerstone Investors

The Cornerstone Investors have undertaken towards the Managers and the Company to subscribe for ordinary shares in the Offering, corresponding to approximately SEK 181 million. Following completion of the Offering and the Set-off Issue, the Cornerstone Investors will hold approximately 23.61 percent of the number of shares and votes in the Company, assuming that the Offering is fully subscribed, and the Over-allotment Option is exercised in full. The Cornerstone Investors will not receive any compensation for their respective undertakings and their investments are made on the same terms and conditions as those applicable for other investors in the Offering. The Managers and the board of directors of the Company are of the opinion that the Cornerstone Investors' creditworthiness is sound and thus that they will be able to meet their respective undertakings. The Cornerstone Investors' undertakings are however not secured through any bank guarantee, blocked funds or pledge of collateral or similar arrangements. The Cornerstone Investors' undertakings are accompanied by certain conditions relating to, *inter alia*, a distribution of the Company's ordinary shares being achieved in conjunction with the Offering as well as the Offering being completed within a certain time.

Cornerstone Investors	Undertaking (amount in SEK)	Address
Trill Impact Ventures Pharma 1 AB	45,000,000	Sveavägen 17, SE-111 57 Stockholm, Sweden, Sweden
Fjärde AP-fonden	45,000,000	Jakobsbergsgatan 16, SE-111 44 Stockholm, Sweden
Linc AB	30,000,000	Vasagatan 28, SE-111 20 Stockholm, Sweden
Eir Ventures I AB	20,000,000	Nybrogatan 6, SE-114 34 Stockholm, Sweden
Irrus Investments Nominee Ltd	15,000,000	No.1 Grant's Row, Second Floor, Mount Street Lower Dublin 2, Dublin 2, Dublin, Ireland
The Regulus Shareholders		
Utbildningsinstitutet i Sverige AB	7,000,000	C/O Thomas Holm Box 5050, SE-102 41 Stockholm, Sweden
Postamentet Holding AB	6,000,000	C/O Postamentet Förvaltning AB Box 172, SE-432 42 Varberg, Sweden
Zoft Capital AB	2,500,000	C/O Unge Tjärnstigen 15, SE-135 61 Tyresö, Sweden
Aerix Family Offices AB	2,000,000	Disavägen 7, SE-182 63 Djursholm, Sweden
Behrad Samadi	2,000,000	Ältavägen 165 B, SE-138 37 Älta, Sweden
Tradite Invest AB	1,500,000	C/O Initium Gruppen AB Vanadisvägen 3, SE-113 46 Stockholm, Sweden
Attendium AB	1,300,000	Kivra: 556864-9999, SE-106 31 Stockholm, Sweden
Jonas Andersson	1,300,000	Solvägen 8A, SE-183 52 Täby, Sweden
LoWil Invest AB	1,300,000	C/O Per Gebenius Södra Kungsvägen 216a, SE-181 62 Lidingö, Sweden
Philip Löchen	1,300,000	Ordensbacken 7, SE-181 51 Lidingö, Sweden

Related party transactions

For information regarding related party transactions, please see note 27 in the section "*Historical financial information – Financial information for the financial years 2021–2023 – Notes*" and note 8 in the section "*Historical financial information – Financial information for the period January–March 2024 – Notes*". Transactions with related parties are also described in note 7 and 8, section "*Historical financial information – Financial information for the financial years 2021–2023 – Notes*", regarding remuneration to executive management.

Since 31 March 2024 up to and including the date of the Offering Circular, there have been no related party transactions that, separately or jointly, can be considered significant to the Group, other than SEK 630,475 paid in consultancy fees to Peter Unge and Peter Wallich.

Interests of advisors

The Managers provide financial advisory and other services to the Company in connection with the Offering, for which they will receive customary remuneration with respect to the sale of the newly issued ordinary shares. The Managers have in the ordinary course of business, from time to time, provided, and may in the future provide, various banking, financial, investment, commercial and other services to the Company.

Advokatfirman Vinge KB and Cleary Gottlieb Steen & Hamilton LLP have been legal counsels to the Company in connection with the Offering and may provide additional legal services to the Company.

Costs related to the Offering

As consideration for the Managers' assistance in connection with the Offering and the listing of the ordinary shares on Nasdaq Stockholm, the Managers will, subject to certain reservations, be reimbursed by the Company for external expenses incurred by them.

Cinclus Pharma's costs associated with the listing on Nasdaq Stockholm and the Offering are expected to amount to approximately SEK 65 million. Such costs primarily relate to costs for the services provided by the Managers, auditors, attorneys, printing of the Offering Circular, costs related to management presentations, etc.

The net proceeds from the Offering are expected to amount to SEK 650 million (excluding the Over-allotment Option), based on the Offering Price of SEK 42. If the Over-allotment Option is exercised in full, the new share issue is expected to provide Cinclus Pharma with net proceeds of an additional SEK 67 million, in addition to the above stated proceeds.

Documents available for inspection

Cinclus Pharma's articles of association and certificate of registration are available for inspection during the validity period of the Offering Circular during office hours at the Company's head office at Kungsbron 1, SE-111 22 Stockholm, Sweden. These documents are also available in electronic form on Cinclus Pharma's website, www.cinclus-pharma.com. The information on the Company's website, or on any other referred website, does not form part of the Offering Circular, unless this information is incorporated by reference in the Offering Circular.

Important information on taxation

The tax legislation in the investor's home country and in Sweden may affect any income received from shares in Cinclus Pharma.

The taxation of any dividend as well as capital gains taxation and rules concerning capital losses in connection with disposal of securities, depends on each shareholder's particular circumstances. Special tax rules apply to certain categories of taxpayer and certain type of investment forms. Each shareholder should therefore consult a tax advisor for information on the specific implications that may arise in an individual case, including the application and effect of foreign tax rules and tax treaties.

Swedish tax considerations

The following is a general summary of certain Swedish income tax consequences of the purchase, ownership and disposition of the shares by non-resident individuals and non-Swedish corporations ("**Non-Residents**") that do not hold shares through a permanent establishment in Sweden for tax purposes, to which the ownership of, and income under, the shares attributable. The summary is based upon tax laws and practice of Sweden in effect on the date of this Offering Circular, which may be subject to change. Prospective investors should consult their own advisors as to the Swedish tax consequences of the purchase, ownership and disposition of the shares.

For Non-Residents that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld. The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30 percent. The withholding tax rate is, however, generally reduced under an applicable tax treaty. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30 percent has been withheld.

Non-Residents are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence. According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if at any time during the calendar year in which the disposal takes place or during the preceding ten calendar years, they have been resident in Sweden or have stayed permanently in Sweden. In a number of cases though, the applicability of this rule is limited by tax treaties.

Certain U.S. federal income tax considerations

The following is a summary of certain U.S. federal income tax considerations that are likely to be relevant to the purchase, ownership and disposition of Cinclus Pharma's ordinary shares by a U.S. Holder (as defined below).

This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the "**U.S. Code**"), and regulations, rulings and judicial interpretations thereof, in force as of the date hereof, and the U.S.–Sweden Income Tax Convention signed September 1, 1994 (as amended by any subsequent protocols, including the protocol of September 30, 2005) (the "**Treaty**"). Those authorities may change at any time, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary is not a comprehensive discussion of all of the tax considerations that may be relevant to a particular investor's decision to purchase, hold, or dispose of ordinary shares. In particular, this summary is directed only to U.S. Holders that hold ordinary shares as capital assets and does not address particular tax consequences that may be applicable to U.S. Holders who may be subject to special tax rules, such as banks, brokers or dealers in securities or currencies, traders in securities electing to mark to market, financial institutions, life insurance companies, tax-exempt entities, regulated investment companies, entities or arrangements that are treated as partnerships for U.S. federal income tax purposes (or partners therein), shareholders that own or are treated as owning 10 percent or more of Cinclus Pharma's ordinary shares by vote or value, persons holding ordinary shares as part of a hedging or conversion transaction or a straddle, or persons whose functional currency is not the U.S. Dollar. Moreover, this summary does not address state, local or foreign taxes, the U.S. federal estate and gift taxes, the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. Holders, or any alternative minimum tax consequences of acquiring, holding or disposing of ordinary shares.

For purposes of this summary, a "**U.S. Holder**" is a beneficial owner of ordinary shares that is a citizen or resident of the U.S. or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such ordinary shares and that is fully eligible for benefits under the Treaty.

Investors should consult their own tax advisors about the consequences of the acquisition, ownership, and disposition of the shares, including the relevance to the investor's particular situation of the considerations discussed below and any consequences arising under foreign, state, local or other tax laws.

Taxation of dividends

Subject to the discussion below under "*– Passive foreign investment company rules*", the gross amount of any distribution of cash or property with respect to Cinclus Pharma's ordinary shares (including any amount withheld in respect of Swedish taxes) that is paid out of the Company's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be includible in a shareholder's taxable income as ordinary dividend income on the day on which the shareholder receives the dividend and will not be eligible for the dividends-received deduction allowed to corporations under the U.S. Code.

Cinclus Pharma does not expect to maintain calculations of its earnings and profits in accordance with U.S. federal income tax principles. U.S. Holders therefore should expect that distributions generally will be treated as dividends for U.S. federal income tax purposes.

Dividends paid in a currency other than U.S. Dollars generally will be includible in a U.S. Holder's income in a U.S. Dollar amount calculated by reference to the exchange rate in effect on the day the shareholder receives the dividends. Any gain or loss on a subsequent sale, conversion or other disposition of such non-U.S. currency by such U.S. Holder generally will be treated as ordinary income or loss and generally will be income or loss from sources within the U.S.

Subject to certain exceptions for short-term positions, the U.S. Dollar amount of dividends received by a non-corporate U.S. Holder with respect to the ordinary shares will be subject to taxation at a preferential rate if the dividends are "qualified dividends". Dividends paid on the shares will be treated as qualified dividends if:

- Cinclus Pharma is eligible for the benefits of a comprehensive tax treaty with the U.S. that the U.S. Treasury determines is satisfactory for purposes of this provision and that includes an exchange of information program; and
- Cinclus Pharma was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company (a "**PFIC**").

The U.S. Treasury has determined that the Treaty meets the requirements for reduced rates of taxation. Provided its ordinary shares are regularly traded (within the meaning of the Treaty) on Nasdaq Stockholm, Cinclus Pharma expects to be eligible for the benefits of the Treaty.

Subject to generally applicable limitations and conditions, Swedish dividend withholding tax paid at the appropriate rate applicable to the U.S. Holder may be eligible for a credit against such U.S. Holder's U.S. federal income tax liability. These generally applicable limitations and conditions include new requirements adopted by the U.S. Internal Revenue Service ("**IRS**") in regulations promulgated in December 2021 and any Swedish tax will need to satisfy these requirements in order to be eligible to be a creditable tax for a U.S. Holder. In the case of a U.S. Holder that either (i) is eligible for, and properly elects, the benefits of the Treaty, or (ii) consistently elects to apply a modified version of these rules under recently issued temporary guidance and complies with specific requirements set forth in such guidance, the Swedish tax on dividends generally will be treated as meeting the new requirements and therefore as a creditable tax. In the case of all other U.S. Holders, the application of these requirements to the Swedish tax on dividends is uncertain and Cinclus Pharma has not determined whether these requirements have been met. If the Swedish dividend tax is not a creditable tax for a U.S. Holder or the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year, the U.S. Holder may be able to deduct the Swedish tax in computing such U.S. Holder's taxable income for U.S. federal income tax purposes. Dividend distributions will constitute income from sources without the U.S. and, for U.S. Holders that elect to claim foreign tax credits, generally will constitute "passive category income" for foreign tax credit purposes. The availability and calculation of foreign tax credits and deductions for foreign taxes depend on a U.S. Holder's particular circumstances and involve the application of complex rules to those circumstances. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. U.S. Holders should consult their own tax advisors regarding the application of these rules to their particular situations.

Taxation of dispositions of ordinary shares

Subject to the discussion below under "*– Passive foreign investment company rules*", upon a sale, exchange or other taxable disposition of the ordinary shares, U.S. Holders will realize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the disposition and the U.S. Holder's adjusted tax basis in the ordinary shares, as determined in U.S. Dollars as discussed below. Such gain or loss will be capital gain or loss and will generally be long-term capital gain or loss if the ordinary shares have been held for more than one year. Long-term capital gain realized by a U.S. Holder that is an individual generally is subject to taxation at a preferential rate. The deductibility of capital losses is subject to limitations.

If a U.S. Holder sells or otherwise disposes of Cinclus Pharma's ordinary shares in exchange for currency other than U.S. Dollars, the amount realized generally will be the U.S. Dollar value of the currency received at the spot rate in effect on the date of sale or other disposition (or, if the ordinary shares are traded on an established securities market at such time, in the case of cash basis and electing accrual basis U.S. holders, the settlement date). An accrual basis U.S. Holder that does not elect to determine the amount realized using the spot exchange rate on the settlement date will recognize foreign currency gain or loss equal to the difference between the U.S. Dollar value of the amount received based on the spot exchange rates in effect on the date of the sale or other disposition and the settlement date. A U.S. Holder generally will have a tax basis in the currency received equal to the U.S. Dollar value of the currency received at the spot rate in effect on the settlement date. Any currency gain or loss realized on the settlement date, or the subsequent sale, conversion, or other disposition of the non-U.S. currency generally will be U.S.-source ordinary income or loss and will not be eligible for the reduced tax rate applicable to long-term capital gains. If an accrual basis U.S. Holder makes the election described in the first sentence of this paragraph, it must be applied consistently from year to year and cannot be revoked without the consent of the IRS. A U.S. Holder should consult its own tax advisors regarding the treatment of any foreign currency gain or loss realized with respect to any currency received on a sale or other disposition of the ordinary shares.

Passive foreign investment company rules

Special U.S. tax rules apply to non-U.S. companies that are considered to be passive foreign investment companies. Cinclus Pharma will be classified as a PFIC in a particular taxable year if, either:

- 75 percent or more of its gross income for the taxable year is passive income; or
- 50 percent or more of the value of its assets (generally determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income.

For purposes of the above calculations, a non-U.S. corporation that owns, directly or indirectly, at least 25 percent by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, certain royalties (other than those derived in the active conduct of a trade or business) and certain gains. Cash is generally a passive asset for these purposes. The value of a company's goodwill is an active asset under the PFIC rules to the extent attributable to activities that produce active income.

The determination of whether Cinclus Pharma may be classified as a PFIC for the current taxable year cannot be made until after the end of the taxable year and will depend on all of the relevant facts and circumstances at that time, some of which may be beyond its control, such as the trading price of Cinclus Pharma's ordinary shares and the value of its assets, including goodwill and other intangible assets. Additionally, because Cinclus Pharma has limited income from operations, the determination of whether Cinclus Pharma may be a PFIC may also on the depend on the timing and amount, if any, of revenue from license and royalty arrangements or other revenues relating to the commercialization of linaprazan glurate. See "*Operating and financial review*" and "*Legal considerations and supplementary information – Material agreements – License agreement with Sinorda*". The value of Cinclus Pharma's assets for purposes of the asset test may be determined by reference to the market price of the Company's ordinary shares, and fluctuations in the market price of the Company's ordinary shares may cause Cinclus Pharma to become a PFIC for the current or subsequent taxable years. Furthermore, this analysis may also be affected by how, and how quickly, Cinclus Pharma uses the cash raised in the Offering and other cash on hand. As the PFIC tests must be applied at the end of each year, and the composition of Cinclus Pharma's income and assets and the value of its assets may change over time, it is possible that Cinclus Pharma may become a PFIC in the current or a future taxable year. Accordingly, there can be no assurance that Cinclus Pharma will not be a PFIC for any year in which a U.S. Holder holds its stock. U.S. Holders are urged to consult their own tax advisors about the application of the PFIC rules to Cinclus Pharma.

In the event that Cinclus Pharma is classified as a PFIC in any year during which a U.S. Holder holds the Company's ordinary shares and such U.S. Holder does not make a mark-to-market election, as described in the following paragraph, the U.S. Holder will be subject to a special tax at ordinary income tax rates on "excess distributions", including certain distributions by Cinclus Pharma (generally, distributions that are greater than 125 percent of the average annual distributions received during the shorter of the three preceding taxable years or the U.S. Holder's holding period for the ordinary shares) and gain that the U.S. Holder recognizes on the sale or other disposition of Cinclus Pharma's ordinary shares. The amount of income tax on any excess distributions will be increased by an interest charge to compensate for tax deferral, calculated as if the excess distributions were earned ratably over the period that the U.S. Holder holds its ordinary shares. Further, if Cinclus Pharma is a PFIC for any year during which a U.S. Holder holds the Company's ordinary shares, the Company generally will continue to be treated as a PFIC for all subsequent years during which such U.S. Holder holds ordinary shares in the Company unless Cinclus Pharma ceases to be a PFIC and the U.S. Holder makes a special "purging" election on IRS Form 8621.

If Cinclus Pharma is a PFIC for any taxable year during which a U.S. Holder holds the Company's ordinary shares and any of its non-U.S. subsidiaries is also a PFIC, such U.S. Holder will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. U.S. Holders should consult their own tax advisors about the possible application of the PFIC rules to any of Cinclus Pharma's subsidiaries.

A U.S. Holder may be subject to an alternative treatment to the rules described in the preceding paragraph by electing to mark its ordinary shares to market, provided the ordinary shares are treated as "marketable stock". The ordinary shares generally will be treated as marketable stock if the ordinary shares are "regularly traded" on a "qualified exchange or other market" which includes a non-U.S. stock exchange if (i) the exchange is regulated or supervised by a governmental authority in the country in which the exchange is located, (ii) the exchange has trading volume, listing, financial disclosure, surveillance and other requirements designed to prevent fraudulent and manipulative acts and practices, remove impediments to, and perfect the mechanism of, a free and open, fair and orderly, market and to protect investors, (iii) the laws of the country in which the exchange is located and the rules of the exchange ensure that these requirements are actually enforced, and (iv) the rules of the exchange ensure active trading during any calendar year during which they are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter.

If a U.S. Holder makes a mark-to-market election, (i) the U.S. Holder will be required in any year in which Cinclus Pharma is a PFIC to include as ordinary income the excess of the fair market value of its ordinary shares at year-end over the U.S. Holder's basis in those ordinary shares and (ii) the U.S. Holder will be entitled to deduct as an ordinary loss in each such year the excess of the U.S. Holder's basis in its ordinary shares over their fair market value at year-end, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's adjusted tax basis in its ordinary shares will be increased by the amount of any income

inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, any gain the U.S. Holder recognizes upon the sale of the U.S. Holder's ordinary shares in a year in which Cinclus Pharma is a PFIC will be taxed as ordinary income in the year of sale, and any loss the U.S. Holder recognizes upon the sale will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-mark election. However, a U.S. Holder will not be able to make a mark-to-market election with respect to the stock of any subsidiary PFIC. Therefore, if Cinclus Pharma is a PFIC, the mark-to-market election will not be available to mitigate the adverse tax consequences attributable to any subsidiary PFIC.

The unfavorable rules described above may also be avoided if a U.S. Holder is eligible for and makes a valid qualified electing fund election, or QEF election. If a QEF election is made, such U.S. Holder generally will be required to include in income on a current basis its pro rata share of the PFIC's ordinary income and net capital gains. Cinclus Pharma does not intend, however, to prepare or provide the information that would enable U.S. Holders to make QEF elections.

A U.S. Holder that owns an equity interest in a PFIC must annually file IRS Form 8621. A failure to file the form as required may toll the running of the statute of limitations in respect of each of the U.S. Holder's taxable years for which such form is required to be filed. As a result, the taxable years with respect to which the U.S. Holder fails to file the form may remain open to assessment by the IRS indefinitely, until the form is filed.

Prospective investors should consult their own tax advisors regarding the U.S. federal income tax considerations regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime to their investment in the Company.

Foreign financial asset reporting

Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of USD 50,000 on the last day of the taxable year or USD 75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on IRS Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. The understatement of income attributable to "specified foreign financial assets" in excess of USD 5,000 extends the statute of limitations with respect to the tax return to six years after the return was filed. U.S. Holders who fail to report the required information could be subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible application of these rules, including the application of the rules to their particular circumstances.

Backup withholding and information reporting

Dividends paid on, and proceeds from the sale or other disposition of, the ordinary shares to a holder that is a United States person (as defined in the Code) generally may be subject to the information reporting requirements of the U.S. Code and may be subject to backup withholding unless such holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption.

A holder that is not a United States person may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a holder will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner.

Selling and transfer restrictions

Selling restrictions

United States

The shares in the Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any U.S. state for offer or sale as part of their distribution and may not be offered or sold except: (i) in the U.S. to qualified institutional buyers ("**QIBs**") in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the Securities Act; or (ii) outside the U.S. to certain persons in compliance with Regulation S under the Securities Act, and in accordance with any applicable securities laws of any state or territory of the U.S. or any other jurisdiction. The Placing Agreement provides that the Managers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of shares within the U.S. only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act.

Any offer or sale of shares in the Offering in the U.S. will be made by broker-dealers who are registered as such under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of shares in the Offering within the U.S. by a dealer, whether or not participating in the Offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from the registration requirements of the Securities Act and in connection with any applicable state securities laws. The terms used above have the meanings given to them by Regulation S and Rule 144A.

European Economic Area

In relation to each Member State of the European Economic Area (with the exception of Sweden) (each a "**Relevant State**"), no shares in the Offering have been offered or will be offered to the public in that Relevant State, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Regulation:

- to any legal entity that is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation, subject to obtaining the prior consent of the Managers for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Group or any Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation or of a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase or subscribe for any shares in the Offering.

Each person in a Relevant State who receives any communication in respect of, or who acquires any shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Group and the Managers that it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation.

The Group, the Managers and their respective affiliates and its and their respective directors, employees, agents, advisers, subsidiaries and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

United Kingdom

No shares in the Offering have been offered or will be offered to the public in the United Kingdom, except that offers of the shares in the Offering may be made under the following exemptions under the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**"):

- to any legal entity that is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation), in the United Kingdom, subject to obtaining the prior consent of the Managers for any such offer; or
- in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of shares in the Offering shall result in a requirement for the publication by the Group or any Manager of a prospectus pursuant to section 85 of the FSMA or of a supplement to a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "offered to the public" in relation to any shares in the Offering means the communication in any form and by any means of sufficient information on the terms of the Offering and the shares in the Offering so as to enable an investor to decide to purchase or subscribe for any shares in the Offering.

Each person in the United Kingdom who receives any communication in respect of, or who acquires any shares under, the Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Group and the Managers that it is a qualified investor within the meaning of Article 2(e) of the UK Prospectus Regulation.

The Group, the Managers and their respective affiliates and its and their respective directors, employees, agents, advisers, subsidiaries and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Other regulatory restrictions

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any shares in the Offering in circumstances in which Section 21(1) of the FSMA does not apply to the Group; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in the Offering in, from or otherwise involving the United Kingdom.

General

No action has been or will be taken in any country or jurisdiction other than Sweden that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Circular comes are required by the Group and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense. None of the Group or the Managers accept any legal responsibility for any violation by any person, whether or not a prospective subscriber or purchaser of any of the shares in the Offering, of any such restrictions.

Transfer restrictions

No action has been or will be taken in any country or jurisdiction other than Sweden by it that would, or is intended to, permit a public offering of the shares in the Offering, or the possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Offering Circular comes are required by the Group and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver shares in the Offering or have in their possession or distribute such offering material, in all cases at their own expense.

The shares in the Offering have not been and will not be registered under the Securities Act and the shares in the Offering may not be offered or sold, directly or indirectly, within or into the U.S. or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in a transaction not subject to the registration requirements of, the Securities Act.

Each purchaser of the shares in the Offering in the U.S. purchasing pursuant to Rule 144A or another exemption from the registration requirements of the Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

(a) the purchaser is authorized to consummate the purchase of the shares in the Offering in compliance with all applicable laws and regulations;

(b) the purchaser acknowledges that the shares in the Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the U.S., are subject to significant restrictions on transfer and may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(c) the purchaser is (i) a QIB, (ii) aware that the sale to it is being made in reliance on Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (iii) acquiring such shares in the Offering for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the shares, as the case may be;

(d) the purchaser is aware that the shares in the Offering are being offered in the U.S. in a transaction not involving any public offering in the U.S. within the meaning of the Securities Act;

(e) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such shares in the Offering, or any economic interest therein, as the case may be, such shares in the Offering or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the U.S. in accordance with Regulation S, (iii) in accordance with Rule 144 under the Securities Act (if available), (iv) pursuant to any other exemption from the registration requirements of the Securities Act, subject to receipt by the Group of an opinion of counsel or such other evidence that the Group may reasonably require that such sale or transfer is in compliance with the Securities Act, or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the U.S. and any other jurisdiction;

(f) the purchaser is not an affiliate of the Group or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the shares from the Group or an affiliate thereof in the initial distribution of such shares;

(g) the shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of any shares in the Offering;

(h) the purchaser will not deposit or cause to be deposited any shares in the Offering into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such shares in the Offering are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(i) if the purchaser is acquiring any of the shares in the Offering as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(j) the Group will not recognize any offer, sale, pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions; and

(k) the purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the U.S. and the Group, the Managers and their respective affiliates and advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the shares in the Offering in compliance with Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Offering Circular and such other information as it deems necessary to make an informed investment decision and that:

(a) the purchaser is authorized to consummate the purchase of the shares in the Offering in compliance with all applicable laws and regulations;

(b) the purchaser acknowledges that the shares of the Group have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the U.S., are subject to significant restrictions on transfer and, subject to certain exceptions, may not be offered or sold within the U.S.;

(c) the purchaser is, and the person, if any, for whose account or benefit the purchaser acquired the shares in the Offering, was located outside the U.S. at the time the buy order for the shares in the Offering was originated and continues to be

located outside the U.S. and has not purchased the shares for the account or benefit of any person in the U.S. or entered into any arrangement for the transfer of the shares or any economic interest therein to any person in the U.S.;

(d) the purchaser is not an affiliate of the Group or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the shares in the Offering from the Group or an affiliate thereof in the initial distribution of such shares;

(e) the purchaser is aware of the restrictions on the offer and sale of the shares in the Offering pursuant to Regulation S described in this Offering Circular;

(f) the shares in the Offering have not been offered to it by means of any "directed selling efforts" as defined under Regulation S and the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined under Regulation S in the U.S. with respect to the shares in the Offering;

(g) the Group will not recognize any offer, sale, pledge or other transfer of the shares in the Offering made other than in compliance with the above stated restrictions;

(h) if the purchaser is acquiring any of the shares in the Offering as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(i) the purchaser acknowledges that these representations and undertakings are required in connection with the securities laws of the U.S. and that the Group, the Managers and their respective affiliates and advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Definitions and glossary

The terms defined and described below are used in relation to the Company's operations:

CDMO or CMO	Contract Development and Manufacturing Organization or Contract Manufacturing Organization. The difference between a CDMO and a CMO is development. CMOs are companies that take a pre-formulated drug and manufacture it, while CDMOs are companies that do both the development and manufacturing of a drug.
Clinical studies	Studies performed in humans.
C_{max}	The peak concentration that a drug achieves in the blood, cerebrospinal fluid, or target organ after the drug has been administrated and before administration of a second dose.
CMC	Chemistry, Manufacturing and Control. The term covers the various procedures used to assess the physical and chemical characteristics of drug products, and to ensure their quality and consistency during manufacturing.
CRO	Clinical Research Organizations. Companies that carry out the clinical studies that pharmaceutical and MedTech companies need to conduct in order to get their products approved to be sold.
CTA	Clinical Trial Application. Application for authorization to perform clinical trial in Europe.
eGERD	Erosive gastroesophageal reflux disease. If tissue damage is present, the individual is said to have esophagitis or erosive GERD (eGERD).
EMA	European Medicines Agency, being the pharmaceutical regulatory authority in the EU.
FDA	U.S. Food and Drug Administration, being the pharmaceutical regulatory authority in the U.S.
GCP	Good Clinical Practice. Internationally recognized ethical and scientific quality requirements that shall be observed with regard to design, performance, registration and reporting of clinical pharmaceutical studies where humans are involved as study subjects.
GERD	GERD stands for Gastroesophageal reflux disease and is a collective term 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 of the stomach. GERD can be classified as either sGERD or eGERD.
GMP	Good Manufacturing Practice. The part of the quality assurance process intended to assure that the products are manufactured and inspected in a homogenous manner, so that the quality requirements suitable for the drug intended use are fulfilled.
H. pylori	*Helicobacter pylori*, a chronic active gastrointestinal infection in the gastric and duodenal mucosa, which may cause peptic ulcer disease, gastrointestinal bleeding, dyspepsia, gastric cancer and mucosa-associated lymphoid tissue lymphoma.
H2RA	Histamine-2 receptor antagonists. Such compound inhibits one part of the stimulants of acid secretion.
Incidence	The number of newly identified cases of a disease or condition per risk population over a given period of time.
IND	Investigational New Drug. An application that must be submitted to a regulatory agency before a drug can be studied in humans. This application includes results of previous experiments, how, where, and by whom the new studies will be conducted, the chemical structure of the compound, how it is thought to work in the body, any toxic effects found in animal studies, and how the compound is manufactured.

In vitro	Biological process that has taken place outside of living cells or organisms.
In vivo	Biological process that has taken place inside living cells and tissues in entire organisms.
Linaprazan	The main metabolite of linaprazan glurate.
Linaprazan glurate	Cinclus Pharma's drug candidate. A prodrug of the molecule linaprazan.
MAA	Marketing Authorization Application. A formal application to a regulatory authority for approval to market a drug after clinical trials. EMA is responsible for centralized marketing authorization applications in the EU. Once an authorisation has been granted by the European Commission under the centralized procedure, it is valid in all EU member states and Iceland, Liechtenstein and Norway. MAA can also be submitted to national regulatory authorities under a decentralized or mutual recognition procedure, if the applicant only wants an authorisation to market the medicine in a selection of EU member states.
NDA	New drug application. A formal request to FDA regarding marketing of a new drug after clinical trials. The NDA is the vehicle through which drug sponsors formally propose that the FDA approve a new pharmaceutical for sale and marketing in the U.S. This application includes all clinical trial data that has been collected through the completed phases carried out following acceptance of the IND.
PCAB	Potassium-Competitive Acid Blocker. A new class of medications that produce stronger and longer-lasting suppression of gastric acid compared with PPIs.
Pharmacodynamics	The study of the biochemical and physiologic effects of a drug and its organ-specific mechanism of action, including effects on the cellular level (i.e., what the drug does to the body).
Pharmacokinetics	The theory of the administration of substances in the body, i.e., regarding how the contents of a compound changes through absorption, distribution, metabolism and excretion (i.e., what the body does to the drug).
Pivotal study	A study, required for registration, which is performed in order to achieve regulatory approval.
PPI	Proton pump inhibitor. A group of drugs whose main effect is a clear and long-term reduction in the production of stomach acid. This type of drug has for a very long time been the most potent acid secretion inhibitors available and is still available today.
Pre-clinical studies	Experimental studies that are not performed in humans, e.g., in cell lines or animals. In the pre-clinical phase, various tests and experiments are performed in a laboratory environment. These tests take place before a drug project enters the clinical phase.
Prodrug	A prodrug is a drug substance that is inactive in its intended pharmacological action and must be converted into the pharmacological active substance by metabolic or physico-chemical transformation.
QIDP	Qualified infectious disease product. An FDA program designed to promote the development of antibacterial and antifungal drugs to treat serious or life-threatening infections.
sGERD	Symptomatic non-erosive gastroesophageal reflux disease.
Sponsor	The accountable person, company or institution initiating, organizing or financing clinical studies.
Toxicological studies	Studies on the toxicology of a drug candidate in living organisms, to evaluate the safety for use in humans.

The terms defined below are used in relation to the Offering:

ABG	ABG Sundal Collier AB
Bryan Garnier	Bryan, Garnier & Co Limited and/or Bryan Garnier Securities SAS
Carnegie	Carnegie Investment Bank AB (publ).
Cinclus Pharma, the Company or the Group	Cinclus Pharma Holding AB (publ), the group in which Cinclus Pharma Holding AB (publ) is the parent company or a subsidiary of the group, as the context may require.
CHF	Swiss franc.
Code	The Swedish Code of Corporate Governance.
Cornerstone Investors	Trill Impact Ventures Pharma 1 AB, the Fourth Swedish National Pension Fund, Linc AB, the Regulus Shareholders, Eir Ventures I AB and Irrus Investments Nominee Ltd.
EUR	Euro.
Euroclear Sweden	Euroclear Sweden AB.
GBP	British pound sterling.
Joint Bookrunners or Managers	Carnegie, Bryan Garnier and ABG.
Joint Global Coordinators	Carnegie and Bryan Garnier.
Nasdaq Stockholm	The regulated market operated by Nasdaq Stockholm AB.
Offering	The offer of ordinary shares as set out in the Offering Circular.
Offering Circular	This Offering Circular.
Offering Price	SEK 42 per ordinary share.
Placing Agreement	The agreement regarding placing of ordinary shares described in section "*Legal considerations and supplementary information – Placing Agreement*".
SEK	Swedish krona.
TSEK	Thousand Swedish kronor.
USD	US Dollar.

Historical financial information

Financial information for the period January–March 2024

Consolidated income statement in summary

(TSEK)	Note	1 January–31 March 2024	1 January–31 March 2023	1 January–31 December 2023
Revenues				
Net sales	6	–	3,007	5,959
Operating expenses				
Administrative expenses		–5,588	–12,456	–39,562
Research and development expenses		–30,502	–39,675	–166,678
Other operating income		191	76	77
Other operating expenses		–375	–26	–772
Operating income		**–36,273**	**–49,075**	**–200,976**
Income from financial items				
Financial income		6,050	636	3,605
Financial expenses		–6,455	–593	–17,242
Net financial items		**–405**	**42**	**–13,637**
Income before taxes		**–36,678**	**–49,032**	**–214,613**
Income tax	7	–217	–152	–505
Net income for the period attibutable to parent company shareholders		**–36,895**	**–49,184**	**–215,118**
Earnings per share, calculated on earnings attributable to the parent company ordinary shareholders (SEK)[1]:				
Basic and diluted		–1.41	–1.88	–8.20

1) 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 29 May 2023.

Consolidated statement of comprehensive income in summary

(TSEK)	Note	1 January–31 March 2024	1 January–31 March 2023	1 January–31 December 2023
Net income for the period		**–36,895**	**–49,184**	**–215,118**
Other comprehensive income				
Items that can later be reclassified to the income statement:				
Translation differences from operations abroad		–2,446	422	9,167
Other comprehensive income, net after tax		**–2,446**	**422**	**9,167**
Comprehensive income for the period		**–39,341**	**–48,762**	**–205,951**
Comprehensive income for the year as a whole attributable to the parent company shareholders		**–39,341**	**–48,762**	**–205,951**

Consolidated statement of financial position in summary

(TSEK)	Note	2024-03-31	2023-03-31	2023-12-31
ASSETS				
Property, plant and equipment				
Equipment, tools, fixtures and fittings		65	93	72
Right-of-use assets		549	500	249
Financial assets				
Other non-current assets		1	1	1
Total fixed assets		**615**	**594**	**322**
Other receivables		2,242	4,584	3,870
Prepaid expenses and accrued income		2,641	2,625	2,249
Cash and cash equivalents		52,468	126,586	87,972
Total current assets		**57,351**	**133,795**	**94,091**
TOTAL ASSETS		**57,966**	**134,389**	**94,413**

(TSEK)	Note	2024-03-31	2023-03-31	2023-12-31
EQUITY ALD LIABILITIES				
Equity				
Share capital		509	509	509
Other contributed capital		503,524	503,691	503,524
Translation difference		23,557	17,259	26,004
Retained earnings including profit for the period		–643,123	–442,730	–606,837
Equity attributable to the parent company shareholders		**–115,533**	**78,730**	**–76,800**
Non-current liabilities				
Non-current tax liabilities	7	6,687	12,833	6,790
Total non-current liabilities		**6,687**	**12,833**	**6,790**
Current liabilities				
Loan from shareholders	11	134,400	–	130,341
Derivates	11	336	–	665
Trade payables		11,658	15,297	16,448
Contractual debts		209	233	24
Current tax liabilities	7	7,321	6,571	7,216
Other liabilities		2,194	1,980	2,903
Accrued expenses		10,693	18,744	6,826
Total current liabilities		**166,812**	**42,826**	**164,422**
Total liabilities		**173,499**	**55,659**	**171,213**
TOTAL EQUITY AND LIABILITIES		**57,966**	**134,389**	**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 period	Total
Opening balance 1 January 2023	509	503,691	16,837	–394,163	126,874
Profit for the period	–	–	–	–49,184	–49,184
Other comprehensive income for the period	–	–	422	–	422
Comprehensive income for the period	**–**	**–**	**422**	**–49,184**	**–48,762**
Transactions with the Group's owners					
Share-related remuneration, staff vested value	–	–	–	617	617
Total transactions with the Group's owners	**–**	**–**	**–**	**617**	**617**
Closing balance 31 March 2023	**509**	**503,691**	**17,259**	**–442,730**	**78,730**

	Equity attributable to parent company's shareholders				
(TSEK)	Share capital	Other equity	Translation difference	Retained earnings including profit for the period	Total
Opening balance 1 January 2024	509	503,524	26,004	–606,837	–76,800
Profit for the period	–	–	–	–36,895	–36,895
Other comprehensive income for the period	–	–	–2,446	–	–2,446
Comprehensive income for the period	**–**	**–**	**–2,446**	**–36,895**	**–39,341**
Transactions with the Group's owners					
Share-related remuneration, staff vested value	–	–	–	609	609
Total transactions with the Group's owners	**–**	**–**	**–**	**609**	**609**
Closing balance 31 March 2024	**509**	**503,524**	**23,557**	**–643,123**	**–115,533**

Consolidated statment of cash flow in summary

(TSEK)	Note	1 January–31 March 2024	1 January–31 March 2023	1 January–31 December 2023
Operating activities				
Operating income		–36,273	–49,075	–200,976
Adjustments for items not included in the cash flow				
Depreciations		346	293	1,251
Exchange rate differences		–	–10	25
Qualified employee stock options		609	617	2,444
Interest received		60	388	2,912
Interest paid		–104	–135	–453
Taxes paid		–	–	–6,784
Cash flow from operating activities before change in working capital		**–35,362**	**–47,922**	**–201,581**
Cash flow from change in working capital				
Increase(–)/Decrease (+) of operating receivables		1,638	4,231	5,642
Increase(+)/Decrease (–) of account payables		–4,789	–1,648	–546
Increase(+)/Decrease (–) of other operating liabilities		3,018	–1,484	–12,701
Cash flow from operating activities		**–35,495**	**–46,823**	**–209,186**
Financing activities				
Issue expenses		–	–	–167
Loan from shareholders	11	–	–	124,343
Amortisation of lease liabilities		–327	–311	–1,284
Cash flow from financing activities		**–327**	**–311**	**122,892**
Cash flow for the period		**–35,822**	**–47,134**	**–86,294**
Cash and cash equivalents at the beginning of the period		**87,972**	**173,546**	**173,546**
Exchange rate differences in cash and cash equivalents		318	173	720
Cash and cash equivalents at the end of the period		**52,468**	**126,586**	**87,972**

Notes to the financial information

Note 1 General information

This financial report has been prepared for the specific purpose of being published in the Offering Circular. The report covers the Swedish parent company Cinclus Pharma Holding AB (publ) ("the parent company"), corporate number 559136–8765 and its subsidiaries (collectively the "Group"). The Group's main business is developing pharmaceuticals.

The parent company is a limited company registered in and with its registered office in Stockholm, Sweden. The address of the head office is Kungsbron 1, floor 3, elevator G, SE-111 22 Stockholm, Sweden.

Unless otherwise specifically stated, all amounts are reported in thousands of SEK (TSEK). All amounts are, unless otherwise stated, rounded to the nearest thousand. Information in parentheses refers 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) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as established by the European Union. In addition, the consolidated financial statements follow the recommendation from the Swedish Financial Reporting Board RFR 1 "Supplementary accounting rules for groups".

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.

EARNINGS PER SHARE
Earnings per share for comparison periods have been retroactively adjusted due to the fact that an extraordinary general meeting in Cinclus Pharma on 29 May 2023 decided on a split, whereby each share was divided into 80 shares (1:80).

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 financial report has been prepared with the assumption of continued operations. The basis for this assumption is the ongoing capital raising process. This process has not been completed and at the time of the preparation of this interim report, the result of the process has not been completed. If sufficient capital cannot be raised or is not raised at all in this process, it has been assessed that the current owners can, in the form of an interim solution, provide capital while waiting for a larger capital raise. See further on financing, risks and risk management, note 5.

Note 3 Significant events during the period January–March 2024

- The strategy for the phase III program has been reworked so that full funding for the entire study program is not required initially, which gives the Company greater opportunities to be able to start the phase III program.

Note 4 Significant events after the reporting period

- The annual general meeting took place on 8 April 2024. All board members were re-elected.
- A new qualified employee stock option program was approved at the annual general meeting. On 9 April 2024, a total of 51,737 qualified stock options were awarded to the CEO, other senior executives and specialists, see table below.

	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
Total	**51,737**			

- On 3 June 2024, the extraordinary general meeting adopted new articles of association, 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.
- On 3 June 2024, the extraordinary general meeting approved a new employee stock option program. The employee stock option program is conditional upon Cinclus Pharma's ordinary shares being admitted to trading on Nasdaq Stockholm. In total, 290,000 employee stock options may be allocated to the CEO and one of Cinclus Pharma's KOLs, see the table below.

	Allocated options	Terms	Exercise price	Period
CEO	200,000	1:1	54.6	2406–2709
KOL	90,000	1:1	54.6	2406–2709
Total	**290,000**			

- On 3 June 2024, the extraordinary general meeting approved a new performance share program. The performance share program is conditional upon Cinclus Pharma's ordinary shares being admitted to trading on Nasdaq Stockholm. In total, 360,150 share rights may be allocated to the CEO and other employees of Cinclus Pharma, refer to the table below.

	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	2406-2711
Executive management (maximum 3 persons)	26,875	80,625	2406-2711
R&D-management (maximum 7 persons)	16,625	116,375	2406-2711
Employees level 2 (maximum 2 persons)	8,875	17,750	2406-2711
Employees level 1 (maximum 8 persons)	5,125	41,000	2406-2711
Total		**360,150**	

Note 5 Risks and risk management

Cinclus Pharma's operations, results and position are affected by a number of risk factors. These are mainly related to the demand and market acceptance of new medicines including the possibility of being covered by price reimbursement systems, regulations in drug development, the conduct of clinical studies, protection of intellectual property rights, competition, fluctuating exchange rates, access to financing, exposure to tax requirements and changed tax rules.

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 and borrowed capital at a fixed interest rate. The Group is in need of more extensive financing and thus cannot rule out being exposed to risks related to external loan financing in the future.

As there is no secured future financing as of the date of this Offering Circular, there is a significant factor of uncertainty surrounding the Company's financing situation, which may lead to significant doubts about the Company's ability to continue its operations.

The risks and associated risk management considered in the preparation of this Offering Circular apply to all periods and are consistent with what is presented in the Risk factors section in the section Financial information for the financial years 2023, 2022 and 2021, note 19.

Note 6 Net sales

The net sales of TSEK 0 (3 007) are based on the agreement between Cinclus Pharma's Swiss subsidiary 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. As of 1 January 2023, the above agreement was transferred from Cinclus Pharma's Swiss subsidiary to Cinclus Pharma's Swedish subsidiary.

Note 7 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 31 March, this liability amounted to a total of TSEK 14,009 (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 8 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)	1 January – 31 March		1 January – 31 December
Supplier/related to	2024	2023	2023
PetoMaj Invest AB Peter Unge, Board member	640	611	2,365
PCW Consultants AB Peter Wallich, Chief Commercial Officer	230	171	603
IARU Institutet för Affärsjuridisk Rådgivning i Uppsala AB Torbjörn Koivisto, Board member	–	–	64
Brera Life Sciences Consultancy Ltd Andrew Thompson, Business Development manager	304	–	289

For further information about transactions with related parties, see the Group's annual report for 2023.

Note 9 Contingent liabilities

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 contracted 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 10 Incentive programs

No new programs have been added during the period. For details, refer to the annual report for 2023, note 8. In the overview table below, current programs as of the balance date, the total number of options/shares per program and the total for all programs are indicated.

Current incentive programs

Program	Opening balance Jan 2024	Expired options	Closing balance Mar 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	–	5,000	1:80	47.33
Number of outstanding options			20,437		

* Each option has conversion terms 80 ordinary shares.
** The exercise price is recalculated in accordance with the split of the Company's shares, which was resolved upon the extraordinary general meeting on 29 May 2023.

Note 11 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 carries an interest rate of 12% per annum. According to the terms of the loan agreement, the loan shall be set off against newly issued ordinary shares in the Company (set-off issue) in connection with a new issue whereby the Company receives a certain minimum amount and/or an IPO. Conversion takes place at the exchange rate determined at the current new issue. When offsetting the loan against new ordinary shares in connection with an IPO, the respective lender's loan must be converted in its entirety. When offsetting the loan against new ordinary 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 ordinary shares added through the new issue and through offsetting. The loan runs until June 30, 2024. If there is 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 constitutes an embedded derivative instrument, which is reported separately at fair value in the consolidated accounts, according to level 3 in the fair value hierarchy. The derivative has been calculated with the assumption of a risk-free interest rate of 2.6%.

Total liquid received for the loan amounts to TSEK 124,343. As of the balance sheet date, TSEK 10,394 has been calculated as accrued interest which have been reported under the balance sheet item Loan from shareholders.

Note 12 Number of shares and share capital

Date	Transaction	Change no. of shares	Total no. of shares	Total share capital (SEK)	Nominal value (SEK)
2024-01-01	Opening balance 2024	–	26,227,040	509,153	0.02
2024-03-31	Closing balance 2024, quarter 1	–	26,227,040	509,153	0.02

Independent auditor's report

To the board of directors of Cinclus Pharma Holding AB (publ), corporate identity number 559136-8765

Introduction
We have reviewed the condensed consolidated interim financial information (included on pages F2–F8 in this document) of Cinclus Pharma Holding AB (publ) as of 31 March 2024 and 31 March 2023 and the three-month periods ending on 31 March 2024 and 31 March 2023, respectively. The board of directors and the CEO are responsible for the preparation and presentation of the condensed consolidated interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on the condensed consolidated interim financial information based on our review.

Scope of Review
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the expressed conclusion based on a review does not have the same level of assurance as an expressed conclusion based on an audit.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, regarding the Group.

Material uncertainty related to going concern
Without it affecting our conclusion above, we would like to draw attention to the description of assumptions regarding the going concern principle described in note 5 of the condensed consolidated interim financial information where it appears that the Company assesses that existing financing is sufficient until June 2024. It also states that the Company is working with several financing options, but that financing had not yet been secured at the time of the submission of this condensed consolidated interim financial information. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Stockholm 10 June 2024
Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant

Financial information for the financial years 2023, 2022 and 2021

Consolidated income statement

(TSEK)	Note	2023	2022	2021
Revenues				
Net sales	4	5,959	10,571	–
Operating cost and expenses	5, 9			
Administrative expenses	6, 7	–39,562	–64,115	–14,447
Research and development expenses	7	–166,678	–157,184	–69,821
Other operating income	10	77	–	–
Other operating expenses	11	–772	–1,828	–17
Operating income		**–200,976**	**–212,556**	**–84,285**
Income from financial items				
Financial income	12	3,605	1,178	8,404
Financial expenses	13	–17,242	–19,633	–385
Net financial items		**–13,637**	**–18,454**	**8,019**
Income before tax		**–214,613**	**–231,010**	**–76,266**
Income tax	14	–505	–18,064	–
Net income for the year attributable to the parent company shareholders		**–215,118**	**–249,074**	**–76,266**
Earnings per share, calculated on earnings attributable to the parent company's ordinary shareholders in SEK*:	15			
Before dilution		–8.20	–10.81	–3.62
After dilution		–8.20	–10.81	–3.62

* 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 29 May 2023.

Consolidated statement of comprehensive income

(TSEK)	Note	2023	2022	2021
Net income for the year		**–215,118**	**–249,074**	**–76,266**
Other comprehensive income				
Items that can later be reclassified to the income statement:				
Translation differences from operations abroad		9,167	21,657	–7,638
Other comprehensive income, net after tax		**9,167**	**21,657**	**–7,638**
Comprehensive income for the year		**–205,951**	**–227,417**	**–83,904**
Comprehensive income for the year, as a whole attributable to the parent company's shareholders		**–205,951**	**–227,417**	**–83,904**

Consolidated statement of financial position

(TSEK)	Note	2023-12-31	2022-12-31	2021-12-31
ASSETS				
Tangible assets				
Inventories	16	72	100	141
Right-of-use assets	9	249	786	1,679
Financial assets				
Financial fixed assets	17, 18	1	1	1
Total fixed assets		**322**	**887**	**1,822**
Other current assets	20	3,870	5,099	1,381
Prepaid expenses and accrued income	21	2,249	6,238	5,774
Cash and cash equivalents	18, 22	87,972	173,546	138,202
Total current assets		**94,091**	**184,883**	**145,356**
TOTAL ASSETS		**94,413**	**185,771**	**147,178**

(TSEK)	Note	2023-12-31	2022-12-31	2021-12-31
EQUITY AND LIABILITIES				
Equity	24			
Share capital		509	509	264
Other contributed capital		503,524	503,691	276,741
Translation difference		26,004	16,837	–4,820
Retained earnings including net income for the year		–606,837	–394,163	–145,084
Equity attributable to the parent company's shareholders		**–76,800**	**126,874**	**127,101**
Non-current liabilities				
Lease liabilities	9	–	–	609
Non-current tax liabilities		6,790	12,797	–
Total non-current liabilities		**6,790**	**12,797**	**609**
Current liabilities				
Loan from shareholders	25	130,341	–	–
Derivates	25	665	–	–
Trade payables	18, 19	16,448	16,946	9,185
Lease liabilities	9	24	544	848
Current tax liabilities	14	7,216	6,401	–
Other liabilities	18	2,903	1,743	1,921
Accrued expenses	26	6,826	20,466	7,513
Total current liabilities		**164,422**	**46,099**	**19,468**
Total liabilities		**171,213**	**58,896**	**20,077**
TOTAL EQUITY AND LIABILITIES		**94,413**	**185,771**	**147,178**

Consolidated statement of changes in equity

(TSEK)	Note	Equity attributable to the parent company's shareholders: Share capital	Other contributed capital	Translation difference	Retained earnings including profit for the year	Total
Opening balance at 1 January 2021		**263**	**271,723**	**2,818**	**–68,818**	**205,986**
Profit for the year		–	–	–	–76,266	–76,266
Other comprehensive income for the year		–	–	–7,638	–	–7,638
Comprehensive income for the year		**–**	**–**	**–7,638**	**–76,266**	**–83,904**
Transactions with the Group's owners						
New issue of shares		1	2,624	–	–	2,625
Received premium for warrant subscription		–	2,523	–	–	2,523
Issue expenses		–	–128	–	–	–128
Total transactions with the Group's owners		**1**	**5,019**	**–**	**–**	**5,019**
Closing balance at 31 December 2021	8, 24	**264**	**276,741**	**–4,820**	**–145,084**	**127,101**

(TSEK)	Note	Equity attributable to the parent company's shareholders: Share capital	Other contributed capital	Translation difference	Retained earnings including profit for the year	Total
Opening balance at 1 January 2022		**264**	**276,741**	**–4,820**	**–145,084**	**127,101**
Profit for the year		–	–	–	–249,074	–249,074
Other comprehensive income for the year		–	–	21,657	–	21,657
Comprehensive income for the year		**–**	**–**	**21,657**	**–249,074**	**–227,417**
Transactions with the Group's owners						
New issue of shares		64	241,332	–	–	241,395
Bonus issue		181	–181	–	–	–
Received premium for warrant subscription		–	1,268	–	–	1,268
Re-purchase of warrants		–	–53	–	–4	–57
Issue expenses		–	–15,416	–	–	–15,416
Total transactions with the Group's owners		**245**	**226,950**	**–**	**–4**	**227,191**
Closing balance at 31 December 2022	8, 24	**509**	**503,691**	**16,837**	**–394,163**	**126,874**

(TSEK)	Note	Equity attributable to the parent company's shareholders: Share capital	Other contributed capital	Translation difference	Retained earnings including profit for the year	Total
Opening balance at 1 January 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 31 December 2023	8, 24	**509**	**503,524**	**26,004**	**–606,837**	**–76,800**

Consolidated statement of cash flow

(TSEK)	Note	2023	2022	2021
Operating activities				
Operating income		–200,976	–212,556	–84,285
Adjustment for non-cash items	22			
Depreciations and amortization		1,251	1,114	84
Exchange rate differences		25	2,591	–
Qualified employee stock options		2,444	–	–
Other non-cash items		–	–29	–
Interest received		2,912	1,069	–
Interest paid		–453	–328	–320
Taxes paid		–6,784	–55	–
Cash flow from operating activities before change in working capital		**–201,581**	**–208,194**	**–84,522**
Cash flow from change in working capital				
Increase/decrease in operating receivables		5,642	–3,318	–2,954
Increase/decrease in trade payables		–546	7,089	3,309
Increase/decrease in operating liabilities		–12,701	12,347	8,813
Cash flow from operating activities		**–209,186**	**–192,076**	**–75,353**
Investing activites				
Investments in tangible fixed assets		–	–	–131
Cash flow from investing activities		**–**	**–**	**–131**
Financing activities				
New share issue		–	241,395	2,625
Received premium for warrant subscription		–	1,268	2,523
Re-purchase of warrants		–	–57	–
Issue expenses		–167	–15,416	–128
Loan from shareholders	25	124,343	–	–
Amortization of lease liabilities		–1,284	–1,045	–67
Cash flow from financing activities		**122,892**	**226,146**	**4,953**
Cash flow for the period		**–86,294**	**34,069**	**–70,531**
Cash and cash equivalents at the beginning of the period		**173,546**	**138,202**	**208,501**
Exchange rate differences in cash and cash equivalents		720	1,275	232
Cash and cash equivalents at the end of the period	22	**87,972**	**173,546**	**138,202**

Notes – Group

NOTE 1 General information

This financial report has been prepared for the specific purpose of being published in the Offering Circular. The report covers the Swedish parent company Cinclus Pharma Holding AB (publ) ("the parent company"), corporate number 559136–8765 and its subsidiaries (collectively the "Group"). The Group's main business is developing pharmaceuticals.

The parent company is a limited company registered in and with its registered office in Stockholm, Sweden. The address of the head office is Kungsbron 1, floor 3, elevator G, SE-111 22 Stockholm, Sweden.

Unless otherwise specifically stated, all amounts are reported in thousands of kronor (TSEK).

NOTE 2 Significant accounting and measurement principles

Basis of preparation

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

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

This financial report has been prepared on the basis of the ongoing concern assumption.

Retroactive adjustment of earnings per share

Earnings per share for comparison periods have been retroactively adjusted due to the fact that an extraordinary general meeting in Cinclus Pharma on 29 May 2023 decided on a split, whereby each share was divided into 80 shares (1:80). See more information in note 15 "Earnings per share".

New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year that began on 1 January 2023 which has had the effect described below on the consolidated accounts 2023:

- *Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12*. The amendment to IAS 12 Income taxes requires companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. This is, for example, applicable for transactions such as the lessee's reporting of lease agreements. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. The effect on the consolidated accounts 2023 is that the Group inserted gross information on deferred tax assets and deferred tax liabilities in note 14. As applicable deferred tax assets and deferred tax liabilities are subject to offsetting, the change has no effect on the balance sheet for the current year or the comparison year.
- *Information on accounting principles – Changes to IAS 1 and IFRS Practice Statement 2*. The change has had no effect on reported amounts in financial reports or notes, but only affected the accounting principles presented in the financial report.

No other new or changed standards applied by the Group have had any significant effect on the group accounts 2023.

New standards and interpretations not yet adopted by the Group

Certain amendments to standards that have been published are effective for the fiscal year beginning on 1 January 2024 or later and have not been early applied at the time of preparation of this financial report. These new changes are not expected to have a material impact on the Group's financial statements for current or future periods, nor on future transactions.

Operating segments

The chief operating decision maker in Cinclus Pharma is the CEO, as it is the CEO who is responsible for allocating resources and evaluating results. The assessment of the Group's operating segments is based on the financial information reported to the CEO. The financial information that is reported to the CEO, as a basis for the distribution of resources and assessment of the Group's results, refers to the Group as a whole. When the CEO follows up the business as a unit, the entire business is made up of a single operating segment.

Functional currency and reporting currency

The various units in the Group have the local currency as functional currency as the local currency has been defined as the currency used in the primary economic environment where each unit mainly operates. The consolidated financial statements use SEK, which is the parent Company's functional currency and the Group's reporting currency.

Transactions and balance sheet items

Transactions in foreign currency are converted to the functional currency according to the exchange rates that apply on the day of the transaction. Exchange rate gains and losses arising from the payment of such transactions and from the translation of monetary assets and liabilities in foreign currency at the exchange rate of the balance sheet date are reported in operating profit in the consolidated statement of comprehensive income. Exchange rate gains and losses relating to loans and cash and cash equivalents are reported in the statement of comprehensive income as financial income or expenses.

Measurement bases and classification

The consolidated accounts have been prepared on a historical cost basis. Non-current assets and non-current liabilities essentially consist of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within twelve months from the balance sheet date.

Revenue – net sales

Licenses

Cinclus Pharma grants customers a "right to use" license. The intellectual property rights that is licensed has an essential functionality in itself (a patented pharmaceutical formula), and Cinclus Pharma does not perform any activities that affect the functionality. Any fixed compensation for the license is reported at a time when the customer can use or benefit from the license.

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

Employee benefits

Pensions
The Group's pension commitments are covered only by defined contribution plans.

Income tax

Current tax
Current tax is tax payable or to be received for the current year, applying the tax rates that are enacted or substantively enacted at the end of the reporting period. Current tax also includes adjustment of current tax attributable to previous periods.

Deferred tax
Deferred tax is reported on all temporary differences that arise between the tax value of assets and liabilities and their reported values.

Deferred tax is calculated by applying the tax rates and tax rules that have been enacted or substantively enacted by the end of the reporting period and that are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax receivables regarding deductible temporary differences and carried forward losses are only reported to the extent that it is likely that these will be able to be used. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilized.

Leases

The Group's leasing agreement essentially refers to an office space. Leases are reported 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 measured on a present value basis. The lease liabilities include the present value of the following lease:

- fixed payments
- variable lease payments that are based on an index

The lease payments are discounted using the incremental borrowing rate.

Short-term leases and leases of low-value assets
Lease payments attributable to short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease period. Short-term leases are agreements with a lease term of 12 months or less. Leases of low-value assets refer essentially to parking spaces.

Options to extend and terminate agreements
Options to extend or terminate agreements are included in the Group's leasing agreements for office spaces. The terms aim to increase flexibility. Options to extend or terminate agreements are included in the asset and liability when it is reasonably certain that they will be exercised.

Research and development

All expenses that are directly attributable to the development and testing of identifiable and unique products controlled by Cinclus Pharma 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 prerequisites to use or sell the product.
- It can be shown how the product generates probable future financial 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 reliably measured.

Expenses for research are expensed when incurred. Development expenses that have been expensed in previous periods are not reported as an asset in any subsequent period.

Tangible fixed assets

Tangible fixed assets include fixtures and tools. Tangible fixed assets are reported at cost less depreciation. The cost includes expenses that can be directly attributed to the acquisition of the asset.

Depreciation of assets, in order to distribute their acquisition value down to the estimated residual value over the estimated useful period, is made on a straight-line basis as follows:

- Fixtures and tools: 5 years
- Computers: 3 years

Financial assets and liabilities

Classification and measurement of financial
The Group's financial assets consist of non-current receivables, other current receivables and cash and cash equivalents, all of which are measured at amortized cost. Assets measured at amortized cost are held according to the business model of collecting contractual cash flows where those cash flows represent solely payments of principal and interest on the outstanding principal.

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

Classification and measurement of financial liabilities
The Group's financial liabilities are measured at amortized cost except for derivative instruments, see below. Financial liabilities measured at amortized cost are initially measured at fair value, net of transaction expenses. In subsequent periods, they are measured at amortized cost using the effective interest method.

Derivative instruments
Reported derivative instrument constitutes a separate embedded derivative instrument regarding the bridging loan taken out from existing shareholders. Derivative instruments are initially reported at fair value. In subsequent periods, derivative instruments are reported at fair value and any changes in value are reported in the income statement as income or expense within the financial net. For further information, see note 25.

Cash and cash equivalents

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

Classification as equity or liability

When issuing a financial instrument, Cinclus Pharma assesses whether the instrument in its entirety, or in part, is an equity instrument, or a financial liability. A financial instrument is an equity instrument in the following cases:

- It includes no contractual obligation to deliver cash or another financial asset or to exchange a financial asset or financial liability under potentially unfavorable conditions for Cinclus Pharma.
- The instrument will or may be settled with Cinclus Pharma's own equity instruments unless it is a derivative and thus does not entail that Cinclus Pharma must pay a variable number of its own equity instruments.
- It is a derivative that will only be settled by Cinclus Pharma exchanging a fixed amount of cash or financial asset for a fixed number of Cinclus Pharma's shares.

Equity

Ordinary shares, other contributed capital and retained earnings are classified as equity. Financial instruments 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 expenses that can be directly attributed to the issue of new shares or options are reported net after tax in equity as a deduction from the issue proceeds. Exchange rate differences that arise when translating financial reports from foreign operations are classified as reserves in equity.

Warrants

The Group has issued warrants that were transferred at fair value and are reported as share-related remuneration. Received premiums for issued warrants to acquire shares in the Group are reported as an addition to equity, based on the warrant premium, on the date the warrant is assigned to the counterparty.

Qualified Employee Stock Options

The Group has share-based compensation plans that are settled with shares and where Cinclus Pharma receives services from employees as consideration for equity instruments (options). The fair value of the service that entitles employees to the allocation of options is expensed. The total amount to be expensed is based on the fair value of the options granted.

At the end of each reporting period, the Group reviews its assessments of how many shares are expected to be vested based on the terms of service. The possible deviation from the original assessments that the reassessment gives rise to is reported in the income statement and the corresponding adjustments are made in equity.

When the options are exercised, the Company issues new ordinary shares. Payments received, after deducting any directly attributable transaction expenses, are credited to the share capital (quota value) and other contributed capital.

Earnings per share

The calculation of earnings per share is based on the year's earnings in the Group attributable to the parent company's shareholders and on the weighted average number of ordinary shares outstanding during the year. When calculating diluted earnings per share, earnings and the average number of shares are adjusted to consider the effects of dilutive potential ordinary shares. To the extent that the dilution would result in the profit per share after dilution being higher than the profit per share before dilution, or the loss per share being lower than the loss per share before dilution, the result is not adjusted for this.

Cash flow

The statement of cash flows is prepared according to the indirect method. The reported cash flow includes only transactions that entailed inflows or outflows, classified by operating, investing and financing activities. Cash flows from cash receipts and cash payments are reported gross, except for such transactions that consist of cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.

NOTE 3 Judgements and estimates

The preparation of financial reports in accordance with IFRS requires the management to make judgements and estimates and make assumptions which affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and assumptions are continuously evaluated. Changes to estimates are reported in the period the change is made if the change only affected this period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Timing for capitalization of internally generated intangible assets relating to development projects

The risk in ongoing development projects is overall high. The risk consists, among other things, of safety and effect-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 research, as the work does not meet the criteria listed in the accounting principles to be able to capitalize development expenses. As of 31 December 2023, and in the comparative periods, no development expenses have thus been reported as intangible assets in the balance.

The Group will capitalize expenses for drug development to the extent that they are deemed to meet the criteria for capitalization according to IAS 38 p. 57. As Cinclus Pharma's expenses for pharmaceutical development are not yet deemed to meet the criteria for capitalization TSEK –166,678 (TSEK –157,184, TSEK –69,821) are therefore expensed. Capitalization of expenses for pharmaceutical development takes place at a late stage of phase III, alternatively in connection with the start of the registration work, depending on when and if the criteria are deemed fulfilled. The reason for this is that before then it is too uncertain whether the expenditure will generate future financial benefits and that the financing of the asset's completion is not assured.

Tax carried forward losses

Deferred tax receivables regarding tax carried forward losses or other future tax deductions are reported to the extent that it is likely that the deduction can be offset against surplus in future taxation. Since the Group does not report a positive result, no deferred tax asset regarding tax carried forward losses has yet been reported, except to the extent that they can be offset against deferred tax liabilities. See also note 14 Income tax.

Going concern principle

Cinclus Parma is a research and development company and does not have any approved products on the market. As Cinclus Pharma has expenses that far exceed the low royalty income obtained from out licensing Cinclus Pharma's product candidate to its Chinese partner, Sinorda, there is uncertainty about continued operations. The board of directors and the CEO continuously assess the Group's liquidity and position, both in the short and long term. In 2023, Cinclus Pharma took out a loan from the shareholders to be able to complete the phase II study as well as supporting clinical and pre-clinical studies before the start of phase III studies.

Cinclus Pharma assesses as of 31 December 2023 that the current working capital will be sufficient until June 2024, when the shareholder loan also becomes due for payment if it has not been converted to ordinary shares or renegotiated in another way before then.

The consolidated accounts have been prepared with the assumption that Cinclus Pharma has the ability to continue operations during the next 12-month period, provided that new capital is raised in an upcoming planned new share issue and/or debt financing. Cinclus Pharma will continue to be dependent on funding from external parties including current shareholders.

As there is no assured future financing as of the date the Offering Circular, there is a significant factor of uncertainty surrounding Cinclus Pharma's financing situation, which may lead to significant doubts about the Cinclus Pharma's ability to continue its operations.

NOTE 4 Geographical information – net sales and fixed assets

Geographical information

The table below presents revenue from external customers split by country, based on where customers are located. The revenues concern one customer.

(TSEK)	2023	2022	2021
Sweden (Group domicile)	–	–	–
China	5,959	10,571	–
Total	**5,959**	**10,571**	**–**

Fixed assets distributed by country

Fixed 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)	2023	2022	2021
Sweden	321	886	1,808
Switzerland	–	–	12
Total	**321**	**886**	**1,821**

The breakdown of the fixed assets above is based on ownership of the fixed asset.

NOTE 5 Operating expenses by type of expense

(TSEK)	2023	2022	2021
Other external expenses	–171,857	–194,540	–70,228
Personnel expenses	–33,132	–25,645	–13,956
Depreciation	–1,251	–1,114	–84
Other operating expenses	–772	–1,828	–17
Total	**–207,012**	**–223,127**	**–84,285**

Total expenditure on research and development expensed during the period amounts to TSEK 166,678 (157,184, 69,821).

NOTE 6 Fee and reimbursement of expenses paid to auditors

(TSEK)	2023	2022	2021
Öhrlings PricewaterhouseCoopers AB			
Audit engagement	497	487	38
Auditing services other than the audit engagement	1,191	665	–
Tax advice	170	689	–
Other services	663	3,871	9
Total	**2,521**	**5,712**	**47**
Ernst & Young AG			
Tax advice	165	127	–
Total	**165**	**127**	**–**
Ernst & Young AB			
Audit engagement	–	–	282
Auditing services other than the audit engagement	–	–	169
Tax advice	–	645	692
Other services	–	–	334
Total	**–**	**645**	**1,477**
Total	**2,686**	**6,484**	**1,524**

An audit assignment refers to a statutory audit of the annual report and the accounting as well as the management of the board of directors and the CEO, as well as an audit carried out in accordance with an agreement. This includes other tasks that is up to the Company's auditor to perform as well as advice or other assistance that is prompted by observations during such review or the implementation 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 as well as advice on processes and internal control.

NOTE 7 Employees, personnel expenses and remuneration of senior executives

Employees and senior executives

	2023		2022		2021	
Average number of employees	Total	Of which men	Total	Of which men	Total	Of which men
Parent company						
Sweden	13	5	10	5	4	3
Total	**13**	**5**	**10**	**5**	**4**	**3**
Total Group	**13**	**5**	**10**	**5**	**4**	**3**
Senior executives at the end of the year						
Board of directors	7	4	7	4	6	4
CEO and senior executive	6	4	6	4	5	4

Gender distribution among the board of directors and senior executives at the end of the year

	2023	2022	2021
Proportion women on the board of directors	43%	43%	33%
Proportion men on the board of directors	57%	57%	67%
Proportion of women among other senior executives[1)]	32%	33%	20%
Proportion of men among other senior executives[1)]	68%	67%	80%

Salaries and other remuneration, pension costs and social costs to the board of directors and senior executives as well as other employees

Salaries and other remunerations

(TSEK)	2023	2022	2021
Parent company			
Board of directors and senior executives[1)]	13,784	13,605	8,308
Other employees	7,453	4,216	413
Total	**21,237**	**17,821**	**8,720**
Subsidiaries			
Board of directors and senior executives[1)]	2,280	–	–
Other employees	–	–	–
Total	**2,280**	**–**	**–**
Total Group	**23,517**	**17,821**	**8,720**

Share-related remuneration

(TSEK)	2023	2022	2021
Parent company			
Board of directors and senior executives[1)]	1,364	–	–
Other employees	1,080	–	–
Total	**2,444**	**–**	**–**

Social security contributions and pension costs

(TSEK)	2023	2022	2021
Parent company			
Pension costs to the board of directors and senior executives[1)]	2,280	2,433	1,788
Pension costs to other employees	1,731	688	8
Social security contributions	3,834	3,549	2,019
Total	**7,846**	**6,670**	**3,816**
Total Group	**7,846**	**6,670**	**3,816**

1) Senior executives include the CEO and other senior executives.

NOTE 7 cont.

Information regarding remuneration to the board of directors and senior executives

Fiscal year 2023 (TSEK)	Basic salary, board* remuneration	Pension cost	Variabel compensation	Consultant fee	Share-related 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	–	–	64	–	329
Anders Öhberg	240	–	–	–	–	240
Helena Levander	290	–	–	–	–	290
Nina Rawal	265	–	–	–	–	265
Senior executives						
Christer Ahlberg (CEO)[1]	3,477	874	490		341	5,181
Other senior executives (6 persons)[1]	6,786	1,407	355	794	1,023	10,364
of which subsidiaries	–	–	–	–	–	–
Total	**12,082**	**2,280**	**845**	**3,137**	**1,364**	**19,709**

Fiscal year 2022 (TSEK)	Basic salary, board remuneration	Pension cost	Variabel compensation	Consultant fee	Share-related remunration	Total
Chairman of the board						
Lennart Hansson	540	–	–	–	–	540
Board members						
Wenche Rolfsen	293	–	–	–	–	293
Peter Unge	–	–	–	1,991	–	1,991
Torbjörn Koivisto	275	–	–	–	–	275
Anders Öhberg	260	–	–	–	–	260
Helena Levander	314	–	–	–	–	314
Nina Rawal	182	–	–	–	–	182
Senior executives						
Christer Ahlberg (CEO)[1]	3,742	788	735	–	–	5,265
Other senior executives (5 persons)[1]	6,882	1,645	382	304	–	9,213
of which subsidiaries	–	–	–	–	–	–
Total	**12,488**	**2,433**	**1,117**	**2,295**	**–**	**18,333**

Fiscal year 2021 (TSEK)	Basic salary, board remuneration	Pension cost	Variabel compensation	Consultant fee	Share-related remunration	Total
Chairman of the board						
Lennart Hansson	352	–	–	–	–	352
Board members						
Wenche Rolfsen	176	–	–	–	–	176
Peter Unge	–	–	–	–	–	–
Torbjörn Koivisto	182	–	–	115	–	297
Anders Öhberg	170	–	–	–	–	170
Helena Levander	145	–	–	–	–	145
Senior executives						
Christer Ahlberg (CEO)[1]	2,213	569	735	–	–	3,517
Other senior executives (4 persons)[1]	4,165	1,219	–	–	–	5,384
of which subsidiaries	–	–	–	–	–	–
Total	**7,404**	**1,788**	**735**	**115**	**–**	**10,042**

1) CEO and number of senior executives refers to the end of the year. The amounts refer to the entire financial year.

NOTE 7 cont.

Remuneration senior executives
Remuneration to the Chief Executive Officer, CEO; and other senior executives consists of basic salary and variable compensation. Other senior executives refers to the 5 (5, 4) persons who, together with the CEO, made up the management of the Group. Other Senior Executives refers to the Chief Financial Officer, Chief Medical Officer, Chief Scientific Officer, Chief Operating Officer, Chief Commercial Officer and Business Development manager.

Pensions
All pension obligations are defined contribution. The retirement age for the CEO is 65 and the pension premium is 25% of the basic salary. The pension obligations for other Swedish Senior Executives are between 15-20% of the basic salary. The retirement age is 65 for all other Senior Executives. There are no other pension obligations.

Variable compensation
Variable remuneration refers to a variable bonus based on a fixed proportion of the basic salary. The outcome is based on an earning period of one year, and is dependent on the fulfillment of a combination of pre-set personal goals and company goals. The maximum outcome for the CEO amounts to 50% of the fixed annual salary and for other Senior Executives the maximum variable remuneration amounts to 30% of the fixed annual salary according to the guidelines for remuneration to senior executives.

Share-related remuneration
Total personnel costs include costs for qualified employee stock option programme according to IFRS2. See further note 8.

Severance pay
If the termination of employment is done by the CEO, a notice period of 6 months applies. If the termination of employment is done by the Company, a notice period of 12 months applies. The CEO is not entitled to special severance pay but receives 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 is paid to the board members.

NOTE 8 Share-related remunerations

Table of option programs 2023

Warrant program	Number of warrants at the beginning of the year	Number of warrants allotted during the year	Number of repurchased warrants during the year	Number of warrants at the end of the year[1)]	Number of ordinary shares per warrant*	Exercise price (SEK)**
CEO	8,225	–	–	8,225	80	75
Other	735	–	–	735	80	75
2021/2024 series 1	**8,960**	**–**	**–**	**8,960**	**80**	**75**
Other senior executives	1,450	–	–	1,450	80	75
Other employees	600	–	–	600	80	75
2021/2024 series 2	**2,050**	**–**	**–**	**2,050**	**80**	**75**
Other senior executives	2,900	–	–	2,900	80	85
Others	600	–	–	600	80	85
2022/2025 series 1	**3,500**	**–**	**–**	**3,500**	**80**	**85**
Others	27	–	–	27	80	85
2022/2025 series 2	**27**	**–**	**–**	**27**	**80**	**85**
Others	900	–	–	900	80	95
2022/2025 series 3	**900**	**–**	**–**	**900**	**80**	**95**
Total CEO	8,225	–	–	8,225		
Total other senior executives	4,350	–	–	4,350		
Total other employees	600	–	–	600		
Total others	2,262	–	–	2,262		
Total	**15,437**	**–**	**–**	**15,437**		
Dilution upon full vesting and utilization				*4.71%*		

Qualified Employee Stock Option Program (QESO)	Number of options at the beginning of the year	Number of options allotted during the year	Number of expired options during the year	Number of options at the end of the year[1)]	Number of ordinary shares per option*	Exercise price (SEK)**
CEO	700	–	–	700	80	47
Other senior executives	2,100	–	–	2,100	80	47
Other employees	2,400	–	–200	2,200	80	47
Others	–	–	–	–	80	47
Total QESO 2022	**5,200**	**–**	**–200**	**5,000**	**80**	**47**
Dilution upon full vesting and utilization				*1.5%*		

1) Of which no warrants/options are redeemable.
* Following the split of the Company's shares resolved upon at the extraordinary general meeting on 29 May 2023, the terms for conversion of warrants have changed from one ordinary share per warrant/employee stock option to 80 ordinary shares per warrant/employee stock option.
** The exercise price is recalculated in accordance with the split of the Company's shares, which was resolved upon at the extraordinary general meeting on 29 May 2023.

NOTE 8, cont.

Table of option programs 2022

Warrant program	Number of warrants at the beginning of the year	Number of warrants allotted during the year	Number of repurchased warrants during the year	Number of options at the end of the year[1)]	Number of ordinary shares per warrant*	Exercise price (SEK)**
CEO	8,225	–	–	8,225	80	75.00
Other	735	–	–	735	80	75.00
2021/2024 series 1	**8,960**	**–**	**–**	**8,960**	**80**	**75.00**
Other senior executives	1,450	–	–	1,450	80	75.00
Other employees	600	–	–	600	80	75.00
2021/2024 series 2	**2,050**	**–**	**–**	**2,050**	**80**	**75.00**
Other senior executives	–	2,900	–	2,900	80	85.00
Other employees	–	600	–	600	80	85.00
2022/2025 series 1	**–**	**3,500**	**–**	**3,500**	**80**	**85.00**
Other employees	–	200	–173	27	80	85.00
2022/2025 series 2	**–**	**200**	**–173**	**27**	**80**	**85.00**
Others	–	900	–	900	80	94.65
2022/2025 series 3	**–**	**900**	**–**	**900**	**80**	**94.65**
Total CEO	8,225	–	–	8,225		
Total other senior executives	1,450	2,900	–	4,350		
Total other employees	600	800	–173	1,227		
Total others	735	900	–	1,635		
Total	**11,010**	**4,600**	**–173**	**15,437**		
Dilution upon full vesting and utilization				*4.7%*		

Qualified Employee Stock Option Program (QESO)	Number of options at the beginning of the year	Number of options allotted during the year	Number of expired options during the year	Number of options at the end of the year[1)]	Number of ordinary shares per option*	Exercise price (SEK)**
CEO	–	700	–	700	80	47.33
Other senior executives	–	2,100	–	2,100	80	47.33
Other employees	–	2,400	–	2,400	80	47.33
Others	–	–	–	–	80	47.33
Total QESO 2022	**–**	**5,200**	**–**	**5,200**	**80**	**47.33**
Dilution upon full vesting and utilization				*1.6%*		

Table of option programs 2021

Warrant program	Number of warrants at the beginning of the year	Number of warrants allotted during the year	Number of repurchased warrants during the year	Number of options at the end of the year[1)]	Number of ordinary shares per warrant*	Exercise price (SEK)**
CEO	–	8,225	–	8,225	80	75.00
Other	–	735	–	735	80	75.00
2021/2024 series 1	**–**	**8,960**	**–**	**8,960**	**80**	**75.00**
Other senior executives	–	1,450	–	1,450	80	75.00
Other employees	–	600	–	600	80	75.00
Others	–	–	–	–	80	75.00
2021/2024 series 2	**–**	**2,050**	**–**	**2,050**	**80**	**75.00**
Total CEO	–	8,225	–	8,225		
Total other senior executives	–	1,450	–	1,450		
Total other employees	–	600	–	600		
Total others	–	735	–	735		
Total	**–**	**11,010**	**–**	**11,010**		
Dilution upon full vesting and utilization				*4.2%*		

1) Of which no options are redeemable.
* Following the split of the Company's shares resolved upon at the extraordinary general meeting on 29 May 2023, the terms for conversion of warrants have changed from one ordinary share per warrant/employee stock option to 80 ordinary shares per warrant/employee stock option.
** The exercise price is recalculated in accordance with the split of the Company's shares, which was reoslved upon at the extraordinary general meeting on 29 May 2023.

The warrant programs, in general

Full terms and conditions apply to all warrant programs, including customary conversion conditions entailing, among other things, that the subscription price as well as the number of ordinary shares that the warrant entitles to subscription for may be recalculated in certain cases, e.g. in the event that the Company implements changes in the share capital and/or the number of shares through, for example, the issue of shares or

NOTE 8, cont.

other securities, consolidation or split of shares. All transfers of warrants to co-workers (employees and consultants) in the Group have taken place 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 in the calculation in the valuation model has been determined through a comparison with similar listed companies (peers). The same peers have been used in all warrant programs. For full allotment, 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 the co-workers vis-à-vis Cinclus Pharma Holding, *inter alia*, has undertaken 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. If all warrants in all outstanding programs are fully exercised, the Company's share capital will increase by approximately SEK 23,975 through the issuance of 1,234,960 new ordinary shares in the Company. The share price on the allotment date for the warrants are in the tables for the warrant programs recalculated taking into account the split (1:80) implemented during the second quarter of 2023.

Warrant program 2021/2024, series 1

At the extraordinary general meeting on 3 June 2021 in Cinclus Pharma, it was resolved to implement a warrant program for the CEO and certain Key Opinion Leaders ("KOLs"), Warrant program 2021/2024, series 1, by issuing a maximum of 10,167 warrants. Each warrant entitles the holder to subscribe for 80 new ordinary shares in Cinclus Pharma during the period 1 April–30 June 2024 at a subscription price of SEK 75 per ordinary share. As of the date of this Offering Circular, 8,960 warrants have been subscribed for and allotted to the participants in the program at market value and the remaining 1,207 warrants have been cancelled.

Other conditions for calculating the warrant premium are reported as below:

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

Warrant program 2021/2024, series 2

In September 2021, the board of directors of Cinclus Pharma resolved, on the basis of an authorization granted by the annual general meeting on 24 June 2021, to implement a new warrant program for employees, Warrant program 2021/2024, series 2, by issuing a maximum of 2,050 warrants. Each warrant entitles the holder to subscribe for 80 new ordinary shares in Cinclus Pharma during the period 1 July–30 September 2024 at a subscription price of SEK 75 per ordinary share. As of the date of this Offering Circular, 2,050 warrants have been subscribed for and allotted to the participants in the program at market value.

Other conditions for calculating the warrant premium are reported as below:

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

Warrant program 2022/2025, series 1

In February 2022, the board of directors of Cinclus Pharma resolved, on the basis of an authorization granted by the annual general meeting on 24 June 2021, to implement a new warrant program for employees, Warrant program 2022/2025, series 1, by issuing a maximum of 3,500 warrants. Each warrant entitles the holder to subscribe for 80 new ordinary shares in Cinclus Pharma during the period 25 November 2024–25 February 2025 at a subscription price of SEK 85 per ordinary share. As of the date of this Offering Circular, 3,500 warrants have been subscribed for and allotted to the participants in the program at market value.

Other conditions for calculating the warrant premium are reported as below:

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

Warrant program 2022/2025, series 2

In March 2022, the board of directors of Cinclus Pharma resolved, on the basis of an authorization granted by the annual general meeting on 24 June 2021, to implement a new warrant program for employees, Warrant program 2022/2025, series 2, by issuing a maximum of 200 warrants. Each warrant entitles the holder to subscribe for 80 new ordinary shares in Cinclus Pharma during the period 25 November 2024–25 February 2025 at a subscription price of SEK 85 per ordinary share. As of the date of this Offering Circular, 200 warrants have been subscribed for and allotted to the participants in the program and 173 warrants have been repurchased by the Company in accordance with the most recent warrant valuation, refer to Warrant program 2022/2025, series 3, and cancelled. As of the date of this Offering Circular, 27 warrants are outstanding.

Other conditions for calculating the warrant premium are reported as below:

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

Warrant program 2022/2025, series 3

In May 2022, the board of directors of Cinclus Pharma resolved, on the basis of an authorization granted by the annual general meeting on 24 June 2021, to implement a new warrant program for certain Key Opinion Leaders, Warrant program 2022/2025, series 3, by issuing a maximum of 900 warrants. Each warrant entitles the holder to subscribe for 80 new ordinary shares in Cinclus Pharma during the period 1 June 2025–1 September 2025 at a subscription price of SEK 95 per ordinary share. As of the date of this Offering Circular, 900 warrants have been subscribed for and allotted to the participants in the program at market value.

NOTE 8, cont.

Other conditions for calculating the warrant premium are reported as below:

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

Qualified Employee Stock Option Program, QESO 2022

At the extraordinary general meeting on 16 December 2022 in Cinclus Pharma, the board of directors resolved to adopt a qualified employee stock option program for employees in Cinclus Pharma, QESO 2022, and as of 31 December 2022, the board of directors allotted 5,200 qualified employee stock options. Each qualified employee stock option entitles the participant to acquire 80 new ordinary shares in Cinclus Pharma during the period 1 January 2026–31 December 2027 at a subscription price of SEK 47.325 per ordinary share. To ensure delivery of ordinary shares in QESO 2022, the Company has issued a corresponding number of warrants. As of the date of this Offering Circular, 5,000 qualified employee stock options have been allotted to employees of the Group. All qualified employee stock options have been vested after 3 years of employment from the date of allottment of the options. During 2023 personnel expenses of TSEK 2,444 have been imposed on the Company, in accorance with IFRS2. The fair value of the options has been calculated according to the Black & Scholes valuation model by an external valuer.

Other conditions for calculating the option premium are reported as below:

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

NOTE 9 Leases

Right-of-use assets and depreciation

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

Reported amounts in the balance sheet

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

Assets with Right-of-use

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Rented office space	249	786	1,679
At the end of the year	**249**	**786**	**1,679**

Additional rights of use during 2023 amounted to TSEK 686 (1,140, 1,753).

Lease liabilities

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Long-term leases	–	–	609
Short-term leases	24	544	848
At the end of the year	**24**	**544**	**1,457**

Reported amounts in the income statement

Depreciations on right-of-use assets are included in the income statement in the sub-items research and development expenses with TSEK 986 (861, 34) and administration expenses with TSEK 237 (211, 39).

Depreciation on Right-of-use assets

(TSEK)	2023	2022	2021
Rented office space	–1,223	–1,072	–74
Total depreciations	**–1,223**	**–1,072**	**–74**
Interest expenses attributable to lease liabilities	–23	–75	–8
Costs attributable to short-term leases	–42	–35	–353
Costs attributable to variable lease payments that are not included in lease liabilities	–104	–85	–4
Total leasing expenses reported in the income statement	**–1,392**	**–1,267**	**–439**

Cash flow

(TSEK)	2023	2022	2021
Total cash flow attributable to leasing agreements	–1,382	–1,177	–322

Lease fees

Maturity analysis, future leasing fees, contractual

(TSEK)	2023	2022	2021
< 12 months	24	544	915
1–2 years	–	–	855
Total	**24**	**544**	**1,770**

The above future contractual lease fees are undiscounted and include variable fees.

NOTE 10 Other operating income

(TSEK)	2023	2022	2021
Exchange gains on operating receivables/ liabilities	77	–	–
Total	**77**	**–**	**–**

NOTE 11 Other operating expenses

(TSEK)	2023	2022	2021
Exchange losses on operating receivables/ liabilities	–772	–1,828	–17
Total	**–772**	**–1,828**	**–17**

NOTE 12 Financial income

(TSEK)	2023	2022	2021
Interest income from short-term investments	3,027	1,178	–
Exchange rate differences on financial assets and liabilities	–	–	8,404
Change in fair value of derivates	579	–	–
Total	**3,605**	**1,178**	**8,404**

NOTE 13 Financial expenses

(TSEK)	2023	2022	2021
Interest expenses for lease liabilities	–23	–75	–8
Interest expenses for shareholder loan	–6,663	–	–
Interest expense re-revaluation of shareholder loan	–579	–	–
Other interest expenses	–182	–1	–1
Exchange rate differences on financial assets and liabilities	–9,796	–19,557	–377
Total	**–17,242**	**–19,633**	**–385**

NOTE 14 Income tax

(TSEK)	2023	2022	2021
Current tax	–505	–17,998	–
Prior year adjustments	–	–66	–
Reported tax expense	**–505**	**–18,064**	**–**

	2023	2022	2021
Reconciliation of effective tax expense			
Profit before tax	–214,613	–231,010	–76,266
Tax as per the current tax rate for the parent company 20,6% (20,6%, 20,6%)	44,210	47,588	15,711
Tax effect of:			
– Non-deductible costs/ non-taxable income	–27	–22	–2
– Deductible costs not recorded in the consolidated statement of income (issue costs)	34	3,176	27
– Prior year adjustments	–	–66	–672
– Other tax rates in foreign subsidiaries	143	–45,925	–5,190
– Increase in accumulated losses without corresponding capitalization of deferred tax	–44,866	–44,133	–9,873
– Utilization of previously not capitalized deficit deductions	–	21,318	–
Reported tax expense	**–505**	**–18,064**	**0**
Effective tax rate, Group	–0.2%	–7.8%	0.0%

The Group has tax deductions for issue costs totaling TSEK 167 (TSEK 15,416, TSEK 128) which are reported directly in equity. No deferred tax has been reported for these.

There are tax carried forward losses for which deferred tax assets have not been reported in the balance sheet amounting to TSEK 450,572 (TSEK 234,042, TSEK 25,991) in Sweden and tax carried forward losses in Switzerland amounting to TCHF 0 (TCHF 0, TCHF 16,702). The tax carried forward losses in Sweden have no time limit.

Deferred tax assets have not been reported in the balance sheet for these items, as there is currently uncertainty as to whether the Group will use them for settlement against future taxable profits.

As of 1 January 2022, an agreement was entered into between Cinclus Pharma Holding AB (publ) and the wholly owned subsidiary Cinclus Pharma AG that intellectual property rights were sold to the parent company. This transfer gave rise to a capital gain in the subsidiary in 2022 and thus a tax expense and a tax liability. The settlement that was reached with the Swiss tax authority means that the tax liability, which is denominated in CHF, must be paid in three equal parts. The first part was paid in December 2023, the second part – which as of the balance date amounts to the equivalent of TSEK 6,790 – shall be paid 31 December 2024 and finally the third part – which as of the balance date amounts to TSEK 6,790 – shall be paid December 31, 2025. The liability runs with an interest that is determined annually by the Tax Agency in Switzerland. The interest is due for payment in full on 31 December 2025. The liability 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 accounted for since as such is not deemed to be balanced as it is unlikely to be used within the next few years.

Deferred tax

Deferred tax receivables

(TSEK)	2023	2022	2021
Reported amounts relate to temporary differences attributable to:			
Lease liabilities	5	112	300
Tax carried forward losses	46	50	46
Total	**51**	**162**	**346**
Amounts set off against deferred tax liabilities according to the set-off rules	–51	–162	–346
Deferred tax receivables net	**–**	**–**	**–**

Deferred tax liabilities

(TSEK)	2023	2022	2021
Reported amounts relate to temporary differences attributable to:			
Right-of-use assets	51	162	346
Total	**51**	**162**	**346**
Amounts set off against deferred tax receivables according to the set-off rules	–51	–162	–346
Deferred tax liabilities net	**–**	**–**	**–**

NOTE 15 Earnings per share

Earnings per share before and after dilution	2023	2022	2021
Profit for the year (TSEK) attributable to the parent company's shareholders	–215,118	–249,074	–76,266
Average number of ordinary shares outstanding*	26,227,040	23,045,112	21,091,520
Earnings per share*	**–8.20**	**–10.81**	**–3.62**

* Number of shares and amounts for all periods are recalculated for the split of the Company's ordinary shares, 1:80, which was decided at the extraordinary general meeting on 29 May 2023.

Earnings per share is calculated by dividing the year's earnings attributable to the parent Company's shareholders by the weighted average number of outstanding shares during the year. There is no dilution effect for warrants and personnel stock options issued, as the result for the years as stated above has been negative.

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

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

NOTE 16 Inventories

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Accumulated acquisition values:			
– At the beginning of the year	196	187	56
– Acquisitions	–	–	131
– Translation differences for the year	–	9	–
At the end of the year	**196**	**196**	**187**
Accumulated depreciation according to plan:			
– At the beginning of the year	–95	–46	–37
– Depreciation for the year	–28	–42	–10
– Translation differences for the year	–	–8	1
At the end of the year	**–123**	**–95**	**–46**
Booked value at the end of the year	**72**	**100**	**141**

Depreciation on inventory is included in the income statement among research and development expenses of TSEK –23 (–23, –10) and administration expenses of TSEK –5 (–19, 0).

Depreciation per country in income statement

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Sweden	–28	–29	–2
Switzerland	–	–13	–8
Total	**–28**	**–42**	**–10**

NOTE 17 Financial fixed assets

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Accumulated acquisition values:			
– Initial acquisition value	1	1	66
– Acquisitions	–	–	–
– Reclassification	–	–	–65
At the end of the year	**1**	**1**	**1**
Booked value at the end of the year	**1**	**1**	**1**

Financial fixed assets consist of a deposit concerning the pharmaceutical insurance.

NOTE 18 Financial assets and liabilities

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Financial assets valued at amortized cost			
Financial non-current assets	1	1	1
Accrued income	111	5,131	–
Cash & cash equivalents	87,972	173,546	138,202
Closing reported value	**88,084**	**178,678**	**138,203**

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Financial liabilities valued at amortized cost			
Loan from shareholders	130,341	–	–
Accounts payable	16,448	16,946	9,185
Other current liabilities	–	5	1,921
Accrued expenses	2,267	15,986	7,513
Total	**149,057**	**32,936**	**18,620**
Financial liabilities valued at fair value via the income statement			
Derivates	665	–	–
Total	**665**	**–**	**–**
Closing reported value	**149,721**	**32,936**	**18,620**

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 short-term 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 risks, market risks (currency risk, interest rate risks and other price risks) and liquidity risks. 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 of directors 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 is done to the board of directors 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 and cash equivalents in banks with credit rating A.

NOTE 19, cont.

Market risk

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, of which no exposure is reported for operating income. See also the table below for exposure in each currency.

Currency exposure for operating expenses (%)	2023	2022	2021
EUR	33%	33%	27%
CHF	6%	20%	18%
GBP	18%	3%	19%
USD	11%	18%	1%

As shown in 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 TSEK –5,909 (TSEK –6,456, TSEK –2,585). A 10% stronger GBP against SEK would have a negative impact on the result after tax by approximately TSEK –3,188 (TSEK –658, TSEK –1,587). A 10% stronger USD against SEK would have a negative impact on the result after tax by approximately TSEK –1,200 (TSEK –3,514, TSEK –111).

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 TSEK 161,975 (TSEK 150,231, TSEK –141,819). 10% stronger SEK against CHF would have a positive impact on equity by approximately TSEK 16,197 (TSEK 15,023, TSEK –14,182).

Translation of financial instruments in foreign currency in the group (Trade payables, cash and cash equivalents in bank)
The Group also has a translation exposure that arises from the translation of foreign trade payables and cash and cash equivalents in bank in foreign currency to SEK.

Exposure per balance sheet date per currency in TSEK	2023-12-31	2022-12-31	2021-12-31
SEK*	1,807	3,861	10,562
CHF	150	1,911	2,994
GBP	1,565	7,418	4,553
USD	3,531	8,826	668
EUR	10,400	7,971	1,638
Total	**17,453**	**29,986**	**20,415**

* translated into CHF in the Swiss subsidiary

The table below shows that at 10% appreciation against SEK would have a negative impact on the result after tax by approximately TSEK 1,565 (TSEK 2,613, TSEK 985). A 10% depreciation against SEK would have a negative impact on the result after tax by approximately TSEK 1,565 TSEK (TSEK 2,613, TSEK 985).

Sensivity analysis (+/–) 10% in TSEK	2023-12-31	2022-12-31	2021-12-31
CHF	15	191	299
GBP	156	742	455
USD	353	883	67
EUR	1,040	797	164
Total	**1,565**	**2,613**	**985**

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 equity and borrowed 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 and increased costs due to fluctuating or renegociated interest rates, see also note 3, section Going concern principle.

Cinclus Pharma is currently pursuing a project to raise additional funding to continue its work on the clinical development of linaprazan glurate. This is described below.

In October 2022, the Company received 'top line' results from its phase II study. The result was completely in line with the objectives, which made it possible to initiate the phase III program. The Company thus had the opportunity to initiate the clinical phase III program in 2023, which was done, as well as start patient recruitment in the studies in 2024, assuming full funding. Against this background, since quarter 4 2022 the Company has evaluated several different financing options in parallel, where an IPO was and still is one of the main tracks. As the macroeconomic climate made it difficult to list on the stock market in 2023, the Company has focused on other financing options such as new issues aimed at existing and new investors, loan financing and various types of partnerships involving financing of the development project. In order to be able to complete ongoing development and continue certain preparations in the phase III program, the Company initiated a bridging loan from existing shareholders in June 2023. The Company assesses as of 31 December 2023 that current working capital is sufficient until June 2024, when the shareholder loan also becomes due for payment if not converted into ordinary shares or renegotiated in any other way.

As there is no assured future financing as of the date of this offering circular, there is a significant factor of uncertainty surrounding the Company's financing situation, which may lead to significant doubts about the Company's ability to continue its operations.

Liquidity risk

Liquidity risk is the risk that the Group will have difficulties in fulfilling its obligations related to financial liabilities. The board of directors manages liquidity risks by continuously following up the cash flow in order to reduce the liquidity risk and ensure the ability to pay. Given that the Company currently does not have its own earning capacity, the board of directors is conducting long-term work with owners and independent investors to ensure that liquidity is available for the Company when the need arises.

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.

NOTE 19 cont.

Duration analysis (TSEK)

2023–12-31	<3 months	4–6 months	6–12 months	>12 months
Loan from shareholders	–	123,678	–	–
Derivate convertible loan shareholders	–	665	–	–
Accounts payable	11,014	–	5,434	–
Lease liabilities	24	–	–	–
Tax liabilities (see note 14)	–	–	6,790	6,790
Other current liabilities	–	–	–	–
Accrued interest shareholder loan	–	6,663	–	–
Other accrued expenses	2,085	–	–	183
Total	**13,122**	**131,006**	**12,224**	**6,973**

Duration analysis (TSEK)

2022-12-31	<3 months	4-6 months	6-12 months	>12 months
Accounts payable	16,946	–	–	–
Lease liabilities	204	204	136	–
Tax liabilities (see note 14)	–	–	6,401	12,797
Other current liabilities	1,116	–	628	–
Accrued expenses	20,466	–	–	–
Total	**38,731**	**204**	**7,164**	**12,797**

Duration analysis (TSEK)

2021-12-31	<3 months	4-6 months	6-12 months	>12 months
Accounts payable	9,185	–	–	–
Lease liabilities	305	305	848	–
Other current liabilities	464	–	–	–
Accrued expenses	7,513	–	–	–
Total	**17,467**	**305**	**848**	**–**

Management of capital

The Group's goal regarding the capital structure is to secure the Group's ability to continue its operations, so that it can generate returns for shareholders and benefits for other stakeholders and keep the costs of capital down. The Company's profitability is dependent on the quality and value of generated research results, which is continuously evaluated by executive management and the board of directors.

NOTE 20 Other current assets

(TSEK)	2023-12-31	2022-12-31	2021-12-31
VAT receivables	1,795	3,997	605
Other tax receivables	1,877	896	237
Other receivables	198	206	539
Total	**3,870**	**5,099**	**1,381**

NOTE 21 Prepaid expenses and accrued income

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Prepaid insurance premiums	447	479	90
Prepaid expenses for research and development	–	–	5,384
Prepaid expenses for prospect work	1,299	449	–
Other prepaid expenses	392	180	300
Accrued interest income	111	109	–
Accrued royalty income	–	5,021	–
Total	**2,249**	**6,238**	**5,774**

NOTE 22 Liquid funds and cash flow

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Cash in bank	87,972	173,546	138,202
Total	**87,972**	**173,546**	**138,202**

Liquid funds refer to bank balances.

Non-cash items in the cash flow:

(TSEK)	2023	2022	2021
Depreciation, accounting	28	42	10
Depreciation leases	1,223	1,072	74
Qualified personnel stock options	2,444	–	–
Exchange rate effects	25	2,591	–
Other items not affecting cash flow	–	–29	–
Total	**3,720**	**3,676**	**84**

NOTE 22 cont.

Reconciliation of liabilities from the financing activities

		Cash flow	*Items not affecting cash flow*	
(TSEK)	**2023-01-01**	**Loans including derivates and amortization lease agreements**	**Additional, revaluated and terminated lease agreements**	**2023-12-31**
Loan from shareholders	–	123,678	–	123,678
Derivates attributable to shareholder loan	–	665	–	665
Lease liabilities	544	–1,284	764	24
	544	**123,059**	**764**	**124,367**

(TSEK)	**2022-01-01**	Amortization lease agreements	Additional, revaluated and terminated lease agreements	**2022-12-31**
Lease liabilities	1,457	–1,045	132	544
	1,457	**–1,045**	**132**	**544**

(TSEK)	**2021-01-01**	Amortization lease agreements	Additional, revaluated and terminated lease agreements	**2021-12-31**
Lease liabilities	–	–67	1,524	1,457
	–	**–67**	**1,524**	**1,457**

NOTE 23 Group companies

Cinclus Pharma Holding AB (publ), country of operation Sweden, is the parent company in the Group. For other group companies, see below:

		Share		
Company	**Country[1)]**	**2023**	**2022**	**2021**
Cinclus Pharma AG	Switzerland	100%	100%	100%
Cinclus Pharma AB	Sweden	100%	100%	–

1) Country of registration and operation

NOTE 24 Equity

(TSEK)	**Number of shares**	**Share capital**	**Other contributed capital**
As of 1 January 2021	**263,203**	**263**	**271,723**
New issue of shares decided June 2021	875	1	2,624
Received premium for warrant subscription	–	–	2,523
Issue expenses	–	–	–128
As of 31 December 2021	**264,078**	**264**	**276,741**
New issue of shares decided April 2022	63,760	64	241,332
Bonus issue decided June 2022	–	181	–181
Received premium for warrant subscription	–	–	1,268
Re-purchase of warrants	–	–	–53
Issue expenses	–	–	–15,416
As of 31 December 2022	**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**

Share capital
All shares are fully paid and no shares are reserved for transfer. All shares are ordinary shares, give equal rights to capital and carry one vote. The quota value amounts to SEK 0.02. No shares are held by the Company itself or its subsidiaries.

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

NOTE 25 Loan 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 run with an interest rate of 12% per annum. According to the terms of the loan agreement, the loan must be set off against newly issued ordinary shares in the Company (set-off issue) in connection with a new issue whereby the Company receives a certain minimum amount and/or an IPO. Conversion takes place at the exchange rate determined at the current new issue. When offsetting the loan against new ordinary shares in connection with an IPO, the respective lender's loan must be converted in its entirety. When offsetting the loan against new ordinary 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 ordinary shares added through the new issue and through offsetting. The loan runs until 30 June 2024. If there is 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 constitutes an embedded derivative instrument, which is reported separately at fair value in the consolidated accounts, according to level 3 in the fair value hierarchy. The derivative has been calculated with the assumption of a risk-free interest rate of 2.6%.

Total liquid received for the loans amounts to TSEK 124,343. As of the balance sheet date, TSEK 6,663 has been calculated as accrued interest, which has been reported under the balance sheet item Loan from shareholders.

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Loan from shareholders	123,678	–	–
Accrued interest	6,663	–	–
Derivate convertible loan shareholders	665	–	–
Total	**131,006**	**–**	**–**

NOTE 26 Accrued expenses

(TSEK)	2023-12-31	2022-12-31	2021-12-31
Accrued salaries and board fees	3,539	2,903	1,047
Accrued social security costs	1,019	817	199
Accrued expenses for research and development	1,412	12,761	42
Accrued audit fee	417	166	250
Accrued legal fees	–	1,200	4,194
Accrued expenses relating to IPO preparation	–	1,203	138
Accrued expenses for foreign sales taxes	–	761	–
Accrued interest expenses	183	–	–
Other accrued expenses	255	656	1,644
Total	**6,826**	**20,466**	**7,513**

NOTE 27 Related party transactions

The highest 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 close relatives. Remuneration to senior executives is shown in the Group's notes 7 and 8. In the table below, consulting fees are reported for related parties who have performed consulting services for the Group's companies.

Reported amounts in the income statement

Purchase via Cinclus Pharma Holding AB (publ), TSEK

Supplier	Related to	2023	2022	2021
PetoMaj Invest AB	Peter Unge, Board member	–	598	–
PCW Consultants AB	Peter Wallich, Chief Commercial Officer	603	304	–
Iaru AB	Torbjörn Koivisto, Board member	64	–	13
Brera Life Sciences Consultancy Ltd	Andrew Thompson, Business Development manager	289	–	–
Total		**956**	**902**	**13**

Purchase via Cinclus Pharma AB, TSEK

Supplier	Related to	2023	2022	2021
PetoMaj Invest AB	Peter Unge, Board member	2,365	1,392	–
Total		**2,365**	**1,392**	**–**

Purchase via Cinclus Pharma AG, TSEK

Supplier	Related to	2023	2022	2021
Iaru AB	Torbjörn Koivisto, Board member	–	–	115
Total		**–**	**–**	**115**
Total Group		**3,321**	**2,295**	**127**

NOTE 27, cont.

Reported amounts in the balance sheet

Liabilities in Cinclus Pharma Holding AB (publ), TSEK

Supplier	Related to	2023	2022	2021
PCW Consultants AB	Peter Wallich, Chief Commercial Officer	68	97	–
Iaru AB	Torbjörn Koivisto, Board member	64	0	4
Total		**131**	**97**	**4**

Liabilities in Cinclus Pharma AB, TSEK

Supplier	Related to	2023	2022	2021
PetoMaj Invest AB	Peter Unge, Board member	191	191	–
Total		**191**	**191**	**–**

Receivables in Cinclus Pharma Holding AB (publ), TSEK

Senior executive	Concerning	2023	2022	2021
Chief Operating Officer Gösta Hiller	Loan to employee	198	193	–
Total		**198**	**193**	**–**

NOTE 28 Pledged collaterals and contingent liabilities

Pledged collaterals

There are no pledged collaterals in the Group.

Commitment in licence 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 contracted 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 Events occurring after the reporting period

- The annual general meeting took place on 8 April 2024. All board members were re-elected.
- A new qualified employee stock option program was approved at the annual general meeting. On 9 April 2024, a total of 51,737 qualified stock options were awarded to the CEO, other senior executives and specialists, see table below.

	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
Total	**51,737**			

- On 3 June 2024, the extraordinary general meeting adopted new articles of association, 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.
- On 3 June 2024, the extraordinary general meeting approved a new employee stock option program. The employee stock option program is conditional upon Cinclus Pharma's ordinary shares being admitted to trading on Nasdaq Stockholm. In total, 290,000 employee stock options may be allocated to the CEO and one of Cinclus Pharma's KOLs, see the table below.

	Allocated options	Terms	Exercise price	Period
CEO	200,000	1:1	54.6	2406–2709
KOL	90,000	1:1	54.6	2406–2709
Total	**290,000**			

- On 3 June 2024, the extraordinary general meeting approved a new performance share program. The performance share program is conditional upon Cinclus Pharma's ordinary shares being admitted to trading on Nasdaq Stockholm. In total, 360,150 share rights may be allocated to the CEO and other employees of Cinclus Pharma, refer to the table below.

	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	2406-2711
Executive management (maximum 3 persons)	26,875	80,625	2406-2711
R&D-management (maximum 7 persons)	16,625	116,375	2406-2711
Employees level 1 (maximum 2 persons)	8,875	17,750	2406-2711
Employees level 2 (maximum 8 persons)	5,125	41,000	2406-2711
Total		**360,150**	

Independent auditor's report

To the board of directors of Cinclus Pharma Holding AB (publ), corporate identity number 559136-8765

Report on the consolidated accounts

Opinions

We have audited the consolidated accounts of Cinclus Pharma Holding AB (publ) for the period of three financial years ending 31 December 2023. The consolidated accounts of the company are included on pages F10–F30 in this document.

In our opinion, 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 2023, 31 December 2022 and 31 December 2021 and its financial performance and cash flow for each of the three financial years ending 31 December 2023, 31 December 2022 and 31 December 2021 in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

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 Group in accordance with generally accepted auditing standards 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 CEO

The board of directors and the CEO are responsible for the preparation of the consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and according to IFRS as adopted by the EU. The board of directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated accounts, the board of directors and the CEO are responsible for the assessment of the 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 CEO intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the 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 the annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and the CEO.
- conclude on the appropriateness of the board of directors' and the CEO's use of the going concern basis of accounting in preparing the consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated accounts or, if such disclosures are inadequate, to modify our ur opinion about the consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated accounts, including the disclosures, and whether the consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for my our opinions.

We must inform the board of directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Material uncertainty related to going concern

Without it affecting our opinions above, we would like to draw attention to the description of assumptions regarding the going concern principle described in note 3 Judgements and estimates and regarding refinancing risk in note 19 Financial risks where it appears that the company assesses that existing financing is sufficient until June 2024. It also states that the company is pursuing several financing options, but that financing had not yet been secured at the time of the submission of this consolidated financial statement. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue

Stockholm 10 June 2024
Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant

Addresses

THE COMPANY

Cinclus Pharma Holding AB (publ)
Kungsbron 1
SE-111 22 Stockholm
Sweden
Telephone number: +46 8 13 33 10
www.cinclupharma.com

JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

Carnegie Investment Bank AB (publ)
Regeringsgatan 56
SE-103 38 Stockholm
Sweden

Bryan, Garnier & Co. Limited
16 Old Queen Street
London SW1H 9HP
United Kingdom

Bryan Garnier Securities SAS
92 avenue des Champs Elysées
750 08 Paris
France

JOINT BOOKRUNNER

ABG Sundal Collier AB
Regeringsgatan 25
SE-111 53 Stockholm
Sweden

AUDITOR

Öhrlings PricewaterhouseCoopers AB
Torsgatan 21
SE-113 97 Stockholm
Sweden

LEGAL ADVISORS TO THE COMPANY

As to Swedish law
Advokatfirman Vinge KB
Smålandsgatan 20
SE-111 46 Stockholm
Sweden

As to U.S. law
Cleary Gottlieb Steen & Hamilton LLP
2 London Wall Place
London EC2Y 5AU
United Kingdom

LEGAL ADVISOR TO THE JOINT GLOBAL COORDINATORS

As to Swedish law
Baker & McKenzie Advokatbyrå KB
Vasagatan 7
SE-101 23 Stockholm
Sweden

As to U.S. law
Baker & McKenzie LLP
280 Bishopsgate
London EC2M 4RB
United Kingdom

Cinclus Pharma

Cinclus Pharma Holding AB (publ)
Kungsbron 1, SE-111 22 Stockholm, Sweden
www.cinclusphar ma.com

Åtta45 infomedia – Finanstryck 2024 / 100024