



# Annual Report

## 2022

SkylineDx Holding B.V.  
Rotterdam

SKULLINER

**I. Annual Report**

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# I. 1.1 Introduction

## 1.1.1 The Year of 2022

In 2022, SkylineDx was moving full steam ahead. First, with a number of substantial hires in Europe and the USA, we expanded and aligned our team to keep up with the regained momentum in biotech and healthcare, after two difficult years.

Second part of our strategy was to intensify partnerships with stakeholders, scientists and clinicians, as joining forces is the only way to build a world class biotech company that defines the future of personalized medicine.

This dual strategy paid out.

We stepped major milestones in bringing our precision diagnostics to patients in each disease-area we cover. Main achievements were launching our Merlin as LDT in the US and Merlin™ IVDD in Europe, as well as a license agreement for our test

for children suspected of Kawasaki Disease. To make a difference for Multiple Myeloma patients, currently study initiatives with SKY92 are ongoing in 7 countries.

Thanks to the passion, contribution and professionalism of all our staff and our valued contributors, we make a difference. We are determined to keep on moving and delivering over the years to come.

On behalf of the global SkylineDx team,

Dharminder Chahal, CEO SkylineDx



## 1.1.2 Strategic outline

Management's key challenge: balancing R&D and commercialization strategies

SkylineDx had not only focused investments in 2022 on the clinical development roadmap. Commercialization and access strategies are added as main elements in our daily operations. These combined strategies for optimization will be balanced, intensified and optimized in 2023 and beyond, to ensure the long term investments pay back.

The story of Merlin explains this two-sided strategy.

Clinical validation studies combined with the prospective results and a health economic study now feed our evidence and value dossier. That allows further engagement with the guidelines and payors. For this, guided by top-consultants, we achieved milestones in each geography:



In the US, the Merlin test was launched in June 2022 through a small sales team in a limited launch set up. This gave us the opportunity to focus on a targeted customer segment and learn how to optimize the customer experience. Supportive additional evidence will be derived from impactful studies like the US prospective trial MERLIN\_001 that are still recruiting patients. Simultaneously, based on the market intelligence from 2022, our in-house sales team will grow in 2023 in the US.

In Europe, the Merlin test was launched by Biocartis in September 2022 after 6 months of pre-commercialization activities. Europe requires a longer path for market adoption as each country has its specific market development requirements. Many countries need to see the result of the test with local patients and an associated impact analysis on resources. So, for example we invested in the prospective Fast Track study in the Netherlands, and continued to include patients. This study is foreseen to have its results published in 2023.

As R&D and commercialization are both important, teams grew – and will grow further - on both ends. The business development department grew its number of contacts and outreach to facilitate more opportunity for due diligence and consideration of pipeline potential. In parallel we will expand the team of business critical functions to strengthen the commercial infrastructure.

All in all, our products, people and potential will be increasingly visible, while 2023 will be the first year of sales growth and raising additional funds to accelerate growth.



The emphasis in our work balanced between R&D and Access, while the latter is getting relatively more important, guided by the ongoing product life cycle of our diagnostics in

development. Hence in the often used diagram representing our business model [image], the right side becomes more important, without neglecting the left side.

### 1.1.3 Maximizing our yield by the STRIX method

Of course, we cannot predict our future in 2023 and beyond. For sure, we are well prepared for it.

An important aspect is our systematic way of working: SkylineDx develops new biomarkers by our STRIX method. We did not elaborate on this concept so much externally yet, as this is in fact a proprietary asset. However, in light of transparency, we can reveal the main characteristics here and now.

STRIX maximizes the yield of our expertise, processing and way of working both internally and with our collaboration partners. It integrates all steps in processing candidate assays from discovery to commercialization. We streamline and

align the entire organization (people, expertise, tools, workflow), both internally and with our collaboration partners, whether it is for grant initiatives or market introductions. STRIX propels all programs to benefit from each other's contribution to growing science and expertise. With the result: acceleration, rationalization, risk-mitigation and optimization of biomarker development.

Previously, investors feared the gap between academic research institutions and commercialization partners – today, that fear is history. Throughout this continuum of value creation, STRIX enhances external partnering and secures results.

Although STRIX can be referred to as an acronym of our Systematic, Translational R&D-workflow, building on Integrated Expertise, the mark is well inspired by the scientific name of the Tawny Owl, *Strix aluco*, that

stands for proverbial wisdom and sharp perception of details, making visible what otherwise remains hidden - that reflects our specialization in biomarker development and accelerating diagnostics to patients.



## 1.1.4 Market outlook

Independent analysts have recently taken a closer look at the market dynamics in our sector. This encourages our confidence in market-potential and trust for success. Some take-aways:



According to DelveInsight's clinical diagnostics market analysis (November 2022), the demand for clinical diagnosis is increasing at an 'alarming rate' due to the rising cases of various chronic and infectious disorders around the world. Furthermore, rising technological advancement in clinical diagnostics products is expected to increase demand for clinical diagnostics tests, thereby driving product market growth in the coming years at a CAGR of 7.02% (2019–2027).



At the J.P. Morgan Healthcare Conference held in San Francisco January 2023, the persistence of various factors was mentioned including inflation, China uncertainty, COVID, and the state of the global economy. Presentations from industry leaders however, highlighted financial flexibility to fund current business growth as well as strategic M&A opportunities supported by strong balance sheets and often a chest of cash on hand ready to facilitate acquisitions. Key factors for success are e.g. clarity on sales cycles and business pipelines, and paths toward commercialization/revenue and profitability, the Gilmartin Group commented.



Mordor recently published their analysis of the clinical diagnostics market, as valued at approximately USD 69,786.60 million in 2021, and expected to reach USD 99,051.77 million by 2027, registering a CAGR of 6.1% during the forecast period 2022–2027. The market is expected to grow due to the increasing incidence of infectious and chronic diseases and the increasing adoption of automated platforms. According to the Non-communicable Diseases Key Facts published by the World Health Organization (WHO), in April 2021, chronic diseases will kill around 41 million people each year, which is equivalent to 71% of all deaths worldwide. Owing to the increase in chronic diseases, the demand for healthcare systems is also increasing. Clinical diagnostics have, thus, proven to be beneficial in chronic disease conditions and are found to be valuable for disease prevention, detection, and management. Clinical diagnostics help detect early warning signs and individual risk factors, creating new opportunities for prevention and early intervention. Thus, the increasing incidence of chronic diseases is expected to propel the overall market further, Mordor concludes.

## 1.2 Metrics for success

### 1.2.1 Collaborative partnerships

The overall strategy of SkylineDx has been consistently focused on increasing the market potential and de-risking potential barriers to progress the prospects for commercial partnerships. The company strategy is to partner with companies that would enable a broad access to the test for patients.

By our extensive partnerships with clinicians and institutes, an ongoing series of scientific publications is supporting our franchises. Not only were we able to have oral presentations on our clinical development programs at the biggest global medical conferences; also several scientific publications in top-ranked peer reviewed magazines were achieved in 2022. Some highlights:

**Merlin:** two new publications (in British Journal of Dermatology and International Journal of Dermatology) zoomed in on cost evaluation, validation and clinical utility of our Merlin assay. This adds to the 8 previous publications supporting evidence. Obviously, these aspects are of great importance to achieve reimbursement and access in the commercialization phase Merlin is in now.



**Peregrine:** after 2 poster presentations, 4 abstracts (a.o. ASCO, WCM, EADO conferences) and 2 scientific publications, the bibliography was extended in 2022 with a full article in the international journal Cancers our gene expression model to identify melanoma patients with risk of disease relapse. This shows our test has left the laboratory phase and is now gained practical application in clinicopathology.



**Kids-GEP for Kawasaki disease:** the publication titled 'Bridging a diagnostic Kawasaki disease classifier from a microarray platform to a qRT-PCR assay' in Pediatric Research introduced our candidate diagnostic test to a wider audience for the first time.

**SKY92:** after a series of supportive publications in the previous years, our SKY92 assay in Melanoma was discussed under the expressive and ambitious title: 'Redefining the Paradigm of Risk-Adapted Treatment' in Frontiers in Oncology, the third most-cited journal in its field.

This persisting series of publications, and the shift from evidence to practical use of the majority of our diagnostics, illustrates the increscent market position of our concepts, products and services.

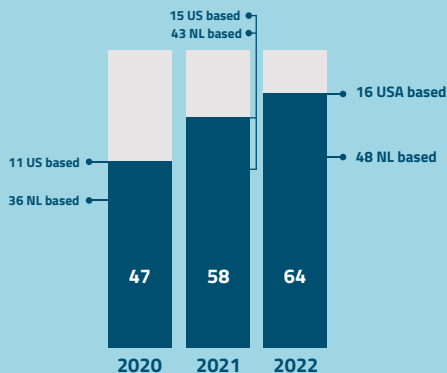
In 2022, two major Research Grants were won by our team. Thus, we capitalize on our expertise by participating in challenging projects regarding patient stratification and prognostic signature identification in oncology. Substantial funds are made available by KWF and Oncode for these R&D trajectories with more than 10 academic groups in biotech and pharma, and we are honored to be part of that collaboration.

## 1.2.2 A strong team

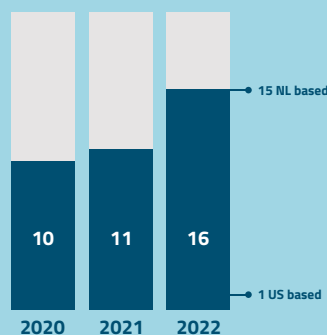
Our Team expanded over 2022 in many aspects, both in R&D and commercial functions, and on both sides of the Atlantic:



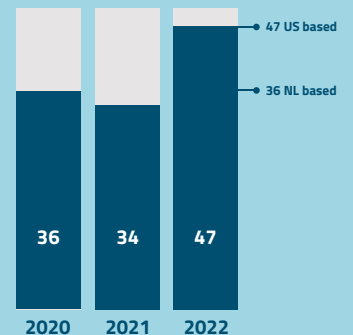
### Headcount



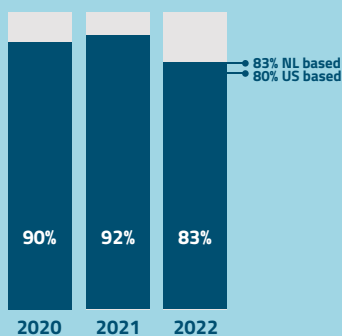
### Nationalities



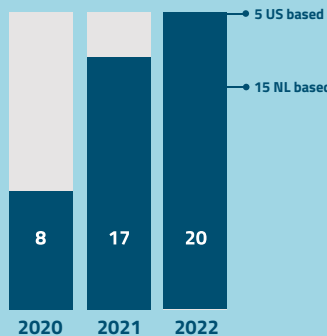
### Average age



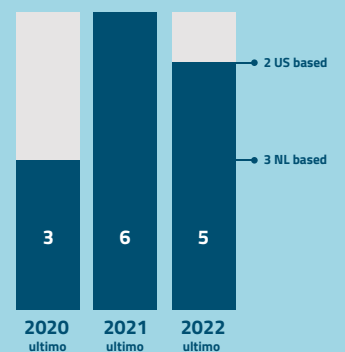
### Academic level degree



### New staff



### Positions vacant



It is not just in the quantity; it is quality that counts too.

For example, our Chief Scientific Officer Jvalini Dwarkasing has been recognized as one of the 20 fiercest women in Life Sciences in 2022. The organizing committee wrote

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“the women on our list are all filled with a fire that has kept them plowing ahead, driven by a goal of developing medicines and technologies that could save millions of lives around the world—and redrawing the image of leadership in the process.” Jvalini embodies this definition



Regarding human capital development, a focus is on building our senior leadership in the US, to accelerate scaling our presence in the region. Collectively with our commercial CAP/CLIA lab in San Diego (CA, USA), the

commercial and medical field teams, and Headquarters (Rotterdam, the Netherlands), we will grow SkylineDx into a leading US molecular diagnostics provider in both dermatology and hematology.

Learn more about how and why we are committed? Read these excerpts from our 'Meet Sky-lineDx BV on Friday' series on LinkedIn, where staff tell about their drivers.

*"I am proud of the new discoveries we have been able to validate and standardize. As a team we do this with a lot of passion, joy and responsibility. To enable patients to live better lives."*

**Belinda Dumeé,**  
Director of Lab operations

*"What keeps me up at night? How scientific knowledge could be made to benefit society and the people I love. How to bring novel diagnostic findings from bench to bedside. A challenge I'm willing to lose sleep over."*

**Dennie Tempel,** Director of  
Product Development

*"Life is a battle. I personally witnessed the tragedy of sickness up close. That's why I want to be of a difference within the inspired SkylineDx team. To enable the provision of better care for patients, so we can live."*

**Pim van Bruggen,**  
CFO

*"As a scientist I am driven to pursue the best solutions for my loved ones and translate it into practice. At SkylineDx BV, I can be myself; here we #think about the solutions that matter and create and expand knowledge."*

**Jvalini Dwarkasing,**  
CSO

*"Considering there isn't a business as disruptive as biotechnology, the challenges are great. While solutions don't come effortless, we enjoy the experience and have fun. We live to make a difference."*

**Dharminder Singh Chahal**  
CEO

### 1.2.3 Added Value, shared with the world

Added value is only recognized if we spread the word and discuss about our findings with the scientific, medical, regulatory and policy-making communities. Scientific publications, as described above, are key to that. But we also invest in meeting the stakeholders on every level. Therefore, our scientists – by occasion accompanied by our marketing professionals – presented at numerous congresses and healthcare policy gatherings. All this is a result of our clinical development programs under the franchises.

We organized specific courses, meet&greet, oral presentations, PI-gatherings and individual talks during the biggest global and regional conferences. Among our extensive '22 calendar were:

- Oncode Annual Conference.
- International Congress of the Society for Melanoma Research.
- PNWD Annual Scientific Conference.
- Ohio Dermatological Annual Meeting.
- CDS Annual Meeting in Denver.
- CalDerm Fall Symposium in Carlsbad, CA.
- ASH Annual meeting in New Orleans, LA.
- Annual Practical Course in Dermoscopy & Update on Malignant Melanoma.
- Santa Barbara Dermatology Meeting.
- NSDDS Annual Meeting.
- PAD Annual Scientific Meeting.
- European Hematology Association (EHA).
- American Society of Clinical Oncology (ASCO).
- NCCN 2022.
- AAD 2022.
- Society of Surgical Oncology conference SSO 2022.
- Paediatric Rheumatology European Society (PReS) Congress-
- European Post-Chicago Melanoma Skincancer Meeting.

### 1.2.4 CSR

At SkylineDx, we as a team believe in the same vision and mission to improve patient care. That requires creative, dynamic, and patient-centric thinking to bring innovative products from the research phase through the development and commercialization phase. In addition, from a

Corporate Social Responsibility standpoint we support patient communities in their efforts for recognition and education. During 2022, we tapped into several international themed projects for patient-education and awareness:

## Kawasaki Disease Awareness Day, January.

Based on interviews with more than 70 leading physicians, all confirming the difficulties in diagnosing Kawasaki disease, SkylineDx BV entered the Kawasaki disease field. Together with Imperial College London and UC San Diego, we work diligently on the development of KiDs-GEP, a test that supports physicians in diagnosing Kawasaki disease, rapidly and accurately. This program was globally highlighted during Kawasaki Disease Awareness Day.

## Melanoma Monday, May

This campaign encourages people to spot suspicious-looking moles and have it checked by a specialist to catch melanoma early. The specific Day marked the beginning of the annual skin cancer awareness month. On this occasion, we also released a newsletter containing scientific and clinical updates on our Falcon R&D Program in Dermatology, to further improve diagnosis and care for skin cancers melanoma and squamous cell carcinoma.

## World Cancer Research Day, September.

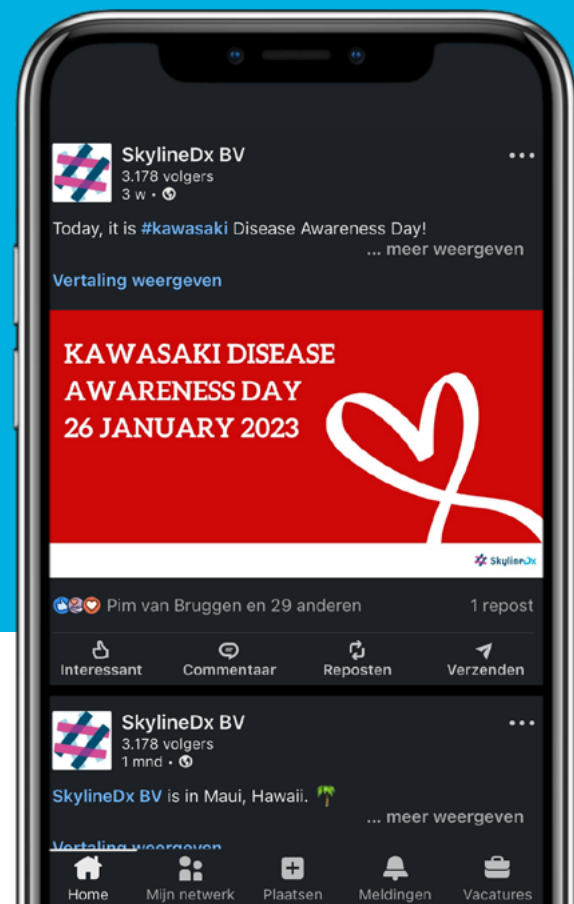
This project supports the 2013 World Cancer Declaration, which called for major reductions in premature deaths from cancer, as well as improvements in quality of life and cancer survival rates. Today, after years of genetic research, we know that like humans, no two cancer cells are alike. And for that reason, the best cancer treatment strategy could differ case by case. That is why we want to give physicians the genomic tools to better guide the most effective treatment plan for their patients.

## Blood cancer awareness month, September.

Myeloma is a type of blood cancer that affects white blood cells called plasma cells. Despite tremendous progress that has been made in prolonging survival, not all patients respond well to available treatments or relapse rapidly after an initial response. In the context the blood cancer awareness month, we pled the international scientific community to come together to improve care for these patients.

## International Men's Health Month, November.

This initiative raises awareness to men's health issues and diseases and encourages early detection and potential treatment. Of course this also includes skin health. We support campaigns to inform men not to forget to consistently check your skin for abnormal moles and seek consultancy from a specialist for any suspicious changes you might have noticed.



SkylineDx is conscious about its position with regards to environment and its social responsibility. The Company evaluates its collaboration partners to ascertain chain responsibility on the quality of goods manufactured and delivered to patients. Part of the evaluation is the impact our products have on the environment and individuals. In essence, SkylineDx's developed product have in nature a positive contribution towards healthcare and the burden of waste on the environment is considered minimal; use of reagents and plastics is monitored and limited where possible.

SkylineDx employs a diverse group of people with 58% female and 42% male employees and multiple nationalities as referenced before. The Company has not defined targets for its employment, management and board composition. Personal development and training to staff is high on the agenda and personal development programs are part of the performance evaluation of employees

### I. 3.3 Personnel

SkylineDx' relationship with its personnel is good. SkylineDx continuously invests in its personnel through training and development programs. SkylineDx regards the know-how of its personnel as an important strategic asset. The average number of employees of SkylineDx during 2022 was 59 FTE. I would like to thank our people for their continued loyalty and dedication to develop SkylineDx into a company that has high impact on the life of patients it serves through diagnostic services.



### I. 3.4 Outlook

We continue to expect further graduate growth in terms of investments in research and development and in particular commercial activities as well as the number of employees. Management expects that during the next few years the investment in research, development and commercial development will continue to be significant. Funding of SkylineDx' activities is currently undertaken by our main private investor van Herk Royalty and

Novalis Lifesciences. SkylineDx continues to apply the going concern principle since the Company has instituted measures to assure sufficient cash and secure additional finance with the current and new third party shareholders.

Rotterdam, 11 December 2023  
On behalf of Exponential B.V.  
D.S. Chahal



**“It is our dream to improve a patient’s quality of life by enabling them to benefit from personal insights at the genetic level of their disease. It is our dream to make that happen for every patient, for every disease.”**

– Dharminder Chahal, CEO of SkylineDx