



Pharmaorigin ApS

Tuborg Boulevard 12, 4.
2900 Hellerup

VAT no. 29178291

**Annual Report
2021**

The Annual Report has been presented and
adopted at the general meeting 23 June 2022

Mathias Stange

Mathias Harder Stange
Chairman of the meeting

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MANAGEMENT'S REPORT

Statement of the Executive Management

The Executive Management has today considered and adopted the Annual Report of Pharmaorigin ApS for the financial year 1 January to 31 December 2021.

The financial statements have been prepared in accordance with The Danish Financial Statement Act.

In my opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2021 and of the result of the operations in 2021.

I am of the opinion that the management commentary includes a fair description of the issues dealt with.

The annual report is submitted for adoption by the general meeting.

Hellerup, 23 June 2022


David Lee Lowrance
CFO

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Pharmaorigin ApS Opinion

We have audited the financial statements of Pharmaorigin ApS for the financial year 1 January to 31 December 2021, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the results of the company's activities for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other 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 opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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

Statement on the management commentary

The management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

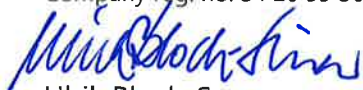
Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 23 June 2022

Grant Thornton

Statsautoriseret Revisionspartnerselskab
Company reg. no. 34 20 99 36



Ulrik Bloch-Sørensen
State Authorised Public Accountant
mne2913



Martin Bomholtz
State Authorised Public Accountant
mne34117

MANAGEMENT COMMENTARY

Main Activities

Pharmaorigin ApS is a 100% owned subsidiary of Savara ApS and part of the Savara Inc. group. Savara Inc. is a U.S.-based emerging pharmaceutical development company. The company is focused on advancing inhalation therapies for the treatment of patients with rare pulmonary conditions.

Development and expectations

We do not expect any future activity in Pharmaorigin ApS.

Review of activities and financial status during 2021

Pharmaorigin ApS has one development study F7. There has been no development activities in Pharmaorigin ApS since the company was bought by Savara Inc. in 2016.

The result of the year 2021 was a profit of t.DKK 40. Total company assets amounts to t.DKK 1.159 and equity t.DKK 1.149 as of 31 December 2021.

PROFIT & LOSS ACCOUNT

DKK '000	Notes	2021	2020
External expenses		(5)	(30)
Operating deficit		(5)	(30)
Net financials		45	43
Result before tax		40	13
Tax	3	0	-
Net result		40	13
Distribution of net result			
Net result		40	13
Transferred to retained earnings		40	13
		40	13

BALANCE SHEET, ASSETS

DKK '000	Notes	2021	2020
CURRENT ASSETS			
Group receivables		1.159	1.118
Total current assets		1.159	1.118
Total assets		1.159	1.118

BALANCE SHEET, EQUITY AND LIABILITIES

DKK '000	Notes	2021	2020
EQUITY			
Share capital		246	246
Retained earnings		903	862
Total equity		1.149	1.108
CURRENT LIABILITIES			
Other debt		10	10
Total current liabilities		10	10
Total liabilities		10	10
Total equity and liabilities		1.159	1.118

Capital resources 1

1. Capital resources

Based on a letter of support from the parent company Savara Inc, Pharmaorigin ApS has a satisfactory funding assurance until the end of 2021 to continue the operation of the company as planned.

2. Accounting Policies

Accounting policies applied in the preparation of the financial statements are set out below.

Basis of preparation

The Annual Report has been prepared in accordance with The Danish Financial Statements Act. for class B companies. Pharmaorigin has a satisfactory funding assurance for 2022 - thus, the annual report for 2021 has been prepared for on-going business. The financial statements are presented in DKK, reflecting the company's functional currency.

Recognition and measurement in general

The net revenue is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net revenue is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale. Recognition of value adjustments of assets and liabilities are recognised in the profit and loss account upon financial assessment.

All costs – including depreciation, amortisation, write-down, provisions, and reversals, which are due to changes in estimated amounts previously recognised in the profit and loss account – are recognised in the profit and loss account. Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

Translation of foreign currency

Operational transactions in foreign currency are translated by using the exchange rate at cost basis upon bank transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. Debtors, creditors, and other monetary items in foreign currency – not settled at the date of the balance sheet – are translated by using the period closing rate held by The Danish Central Bank.

The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income and financial costs. Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

INCOME STATEMENT

External expenses

External expenses compromise all external costs including development costs, which are not directly attributable to the Company's development of new products (capitalised costs).

Depreciation, amortization and write downs

Depreciation, amortization and write downs include write down of capitalized development cost.

Net Financials

Net financials include interest income, interest expenses on and realized and unrealized exchange rate gains and losses. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax

Tax comprises the current tax for the year and the changes in deferred tax. Tax costs are recognised in the profit and loss account with the amounts concerning the fiscal year with the share referring to entries in the equity subsequently deferred tax asset.

The company is subject to danish rules on compulsory joint taxation of danish group enterprises.

The current danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full reduction with reimbursement of tax losses).

BALANCE SHEET ITEMS

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, write down for impairment are measured at net realisable value.

Tax

Corporate tax (less than 12 months) are recognised in the balance sheet reflecting the tax credit reimbursement installment by the Danish government.

The current tax rate is 22%.

3. Tax expenses

The company's tax loss carried forward has not been recognised in the balance sheet.

4. Contingent liabilities

Pharmaorigin ApS has no contingent liabilities as of 31st December 2021.

5. Related parties and ownership

Savara ApS, Tuborg Boulevard 12, 4. DK-2900 Hellerup is recorded in the company's register of shareholders as holding more than 5% of the votes or at least 5% of the share capital.

The ultimate parent company is Savara Inc., 6836 Bee Cave Road, Bld 3, Suite 201, Austin, Texas 78746, USA.

Other related parties are other affiliated companies in the group Drugrecure ApS and Savara ApS.

6. Significant events occurring after the balance sheet date

After the balance sheet date no major events have occurred which significantly affect the evaluation of the financial statements for 2021.