

Annual report for 2023

Savara ApS
Tuborg Boulevard 12, 4., 2900 Hellerup
CVR no. 37 64 34 59

Adopted at the annual general meeting on 20 June
2024

Martin Vedel Ernst
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Savara ApS for the financial year 1 January - 31 December 2023.

The annual report is 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 financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the Company in general meeting.

Hellerup, 20 June 2024

Executive board

Matthew Rudolph Pauls
CEO

David Lee Lowrance
CFO

Independent auditor's report

To the shareholder of Savara ApS

Opinion

We have audited the financial statements of Savara ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, 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 in preparing the financial statements 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 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 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to 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, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and 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 internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 20 June 2024

Grant Thornton
Godkendt Revisionspartnerselskab
CVR no. 34 20 99 36

Martin Bomholtz
State Authorised Public Accountant
mne34117

Company details

The company

Savara ApS
Tuborg Boulevard 12, 4.
2900 Hellerup

CVR no.: 37 64 34 59

Reporting period: 1 January - 31 December 2023

Domicile: Gentofte

Executive board

Matthew Rudolph Pauls, CEO
David Lee Lowrance, CFO

Auditors

Grant Thornton
Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

General meeting

The annual general meeting is held at the Company's address on 20 June 2024.

Management's review

Business review

Savara ApS is a subsidiary of Savara Inc., a U.S.-based emerging pharmaceutical development company. Savara Inc (Texas/USA) became a public traded company on the NASDAQ Stock Exchange as of 28 April 2017. The main activity for Savara ApS is to be a holding company for the two subsidiaries - Drugrecure ApS and Pharmaorigin ApS.

Recognition and measurement uncertainties

The preparation of the financial statements requires the making of estimates and judgments that affect the reporting of assets, liabilities and expenses. The estimates and judgments are reviewed on an ongoing basis. Estimates and judgments are based on historical results and on various other assumptions, which Savara believes to be reasonable under the circumstances. However, the actual results may differ significantly from the estimates. We believe that the accounting policies relating to receivables involve estimates or judgments by management that could materially affect the reported financial position and results.

Unusual matters

The Company's financial position at 31 December 2023 and the results of its operations for the financial year ended 31 December 2023 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2023 shows a loss of kDKK 323, and the balance sheet at 31 December 2023 shows negative equity of kDKK 506.296.

Financing

Based on a letter of support from the parent company Savara Inc, Savara ApS has a satisfactory funding assurance until the end of 2024 to continue the operation of the Company as planned.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the Company's financial position.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2023</u> kDKK	<u>2022</u> kDKK
Gross profit		-2.194	-2.228
Staff costs	3	<u>0</u>	<u>40</u>
Loss before net financials		-2.194	-2.188
Financial income	4	89.226	26.354
Impairment losses on financial assets		0	-72.272
Financial costs	5	<u>-76.697</u>	<u>-388.474</u>
Profit/loss before tax		10.335	-436.580
Tax on profit/loss for the year	6	<u>-10.658</u>	<u>-4.091</u>
Profit/loss for the year		<u>-323</u>	<u>-440.671</u>
		<u>2023</u> kDKK	<u>2022</u> kDKK
Recommended appropriation of profit/loss			
Retained earnings		<u>-323</u>	<u>-440.671</u>
		<u>-323</u>	<u>-440.671</u>

Balance sheet 31 December

	<u>Note</u>	<u>2023</u> kDKK	<u>2022</u> kDKK
Assets			
Investments in subsidiaries	7	<u>0</u>	<u>0</u>
Fixed asset investments		<u>0</u>	<u>0</u>
Total non-current assets		<u>0</u>	<u>0</u>
Receivables from group enterprises		517.221	393.165
Other receivables		<u>1.688</u>	<u>1.183</u>
Receivables		<u>518.909</u>	<u>394.348</u>
Cash at bank and in hand		<u>644</u>	<u>1.155</u>
Total current assets		<u>519.553</u>	<u>395.503</u>
Total assets		<u><u>519.553</u></u>	<u><u>395.503</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2023</u> kDKK	<u>2022</u> kDKK
Equity and liabilities			
Share capital		50	50
Retained earnings		<u>-506.346</u>	<u>-506.022</u>
Equity		<u>-506.296</u>	<u>-505.972</u>
Other payables		<u>2.690</u>	<u>2.594</u>
Total non-current liabilities	8	<u>2.690</u>	<u>2.594</u>
Trade payables		9.954	6.609
Payables to group enterprises		1.010.944	885.111
Corporation tax		0	4.091
Other payables		<u>2.261</u>	<u>3.070</u>
Total current liabilities		<u>1.023.159</u>	<u>898.881</u>
Total liabilities		<u>1.025.849</u>	<u>901.475</u>
Total equity and liabilities		<u><u>519.553</u></u>	<u><u>395.503</u></u>
Uncertainty about the continued operation (going concern)	2		
Group receivables and payables	9		
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Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2023	50	-506.023	-505.973
Net profit/loss for the year	0	-323	-323
Equity at 31 December 2023	50	-506.346	-506.296

Notes

1 Accounting policies

The annual report of Savara ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2023 is presented in kDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the Company does not disclose its revenue.

Gross profit comprises of other operational income and external expenditures.

Other 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). External expenses includes depreciation and write-downs.

Notes

1 Accounting policies

Staff costs

Staff expenses comprise total remuneration to Savara employees.

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 on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Investment in subsidiaries

Investments in subsidiaries are measured at amortised cost. In case the recoverable amount is lower than the cost, write-down will take place to this lower level.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Notes

1 Accounting policies

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Cash and cash equivalents

Cash and cash equivalents includes cash in Danske Bank.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Current liabilities are measured at amortized costs, which usually corresponds to the nominal value

Other debts are measured at amortised cost which usually corresponds to face value. In order to meet expected loss, utilisation takes place at net realisable value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

2 Uncertainty about the continued operation (going concern)

Savara intends through the subsidiary Savara ApS to sell its products directly on license to pharmaceutical companies and thereby derive income from a combination of fixed payments and ongoing royalty income. Until Savara has established such sales on license agreement, Savara will be a capital-consuming company due to investments in drug development and in further strengthening of the pipeline. Therefore, it is vital that the Company always has sufficient financial resources. Savara does not expect commercial revenue until the fiscal year of 2026 or later.

Based on a letter of support from the parent company Savara Inc, Savara ApS has a satisfactory funding assurance until the end of 2023 to continue the operation of the Company as planned including the development activities of the subsidiaries.

Notes

	<u>2023</u>	<u>2022</u>
	kDKK	kDKK
3 Staff costs		
Wages and salaries	0	-133
Other social security costs	<u>0</u>	<u>93</u>
	<u>0</u>	<u>-40</u>
Number of fulltime employees on average	<u>0</u>	<u>0</u>
4 Financial income		
Interest received from subsidiaries	53.762	26.297
Exchange gains	<u>35.464</u>	<u>57</u>
	<u>89.226</u>	<u>26.354</u>
5 Financial costs		
Impairment losses on receivables	15.870	311.199
Financial expenses, group entities	60.736	30.004
Other financial costs	91	6
Exchange loss	<u>0</u>	<u>47.265</u>
	<u>76.697</u>	<u>388.474</u>
6 Tax on profit/loss for the year		
Current tax for the year	<u>10.658</u>	<u>4.091</u>
	<u>10.658</u>	<u>4.091</u>

Notes

	<u>2023</u> kDKK	<u>2022</u> kDKK
7 Investments in subsidiaries		
Cost at 1 January 2023	79.255	79.255
Cost at 31 December 2023	79.255	79.255
Revaluations at 1 January 2023	-79.255	-79.255
Revaluations at 31 December 2023	-79.255	-79.255
Carrying amount at 31 December 2023	<u>0</u>	<u>0</u>

8 Long term debt

	Debt at 1 January 2023	Debt at 31 December 2023	Instalment next year	Debt outstanding after 5 years
Other payables	2.594	2.690	0	2.357
	<u>2.594</u>	<u>2.690</u>	<u>0</u>	<u>2.357</u>

9 Group receivables and payables

The company is financed from its Parent company Savara Inc., based in the US, and finances the activities in its subsidiary Drugrecure ApS. The Company expects to be able to receive and repay the loans given and received once the development of Molgramostim is finalized and the Company has commercialized the product's full potential after 2026.

In the event that the product under development in Drugrecure ApS against management expectations should fall to be marketed and the Company should close down with no assets, the US parent company, Savara Inc., which is financing the activities, will foregive all receivables with the Danish group companies.

10 Financial risks

Savara is primarily exposed to exchange rate risks in the countries where Savara has its main activities i.e. the risks relate to the rise/fall in EUR and USD. It is Group policy not to actively conduct speculation in any financial risks and it is management's strategy to seek to offset exchange-rate risks by matching positive cashflow, against costs in the same currencies.

Notes

11 Contingent liabilities

Pending litigations

Savara ApS has no pending litigations as of 31 December 2023.

12 Related parties and ownership structure

Ownership structure

The parent company is Savara Inc., 1717 Langhorne Newtown Road, Suite 300, Langhorne, PA 19047, USA.

Other related parties are the subsidiaries Drugrecure ApS and Pharmaorigin ApS.

13 Subsequent events

After the balance sheet date no major events have occurred which significantly affect the evaluation of the financial statements for 2023.