



# SAVARA

## **Savara ApS**

Tuborg Boulevard 12, 4,  
2900 Hellerup  
VAT no. 37643459

## **Annual Report 2022**

The Annual Report has been presented and  
adopted at the general meeting 26 June 2023

*Mathias Stange*

Mathias Harder Stange  
Chairman of the general 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 Savara ApS, CVR 37643459, for the period 1 January to 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2022 and of the result of the operations in 2022.

We are of the opinion that the management commentary includes a fair description of the issues dealt with.

The annual report is recommended for approval at the general meeting.

Hellerup, 26 June 2023



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Matthew Rudolph Pauls  
CEO



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David Lee Lowrance  
CFO

# INDEPENDENT AUDITOR'S REPORT

## To the shareholders of Savara ApS

### Opinion

We have audited the financial statements of Savara ApS for the financial year 1 January to 31 December 2022, which comprise income statement, statement of financial position, notes and accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the company at 31 December 2022 and of the results of the company's operations for the financial year 1 January to 31 December 2022 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 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Managements 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. 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 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.

As part of an audit conducted in accordance with ISAs 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 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 represents the underlying transactions and events in a manner that presents 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 the managements review**

The management is responsible for the management review.

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

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

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

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

Copenhagen, 26 June 2023

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**

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.

## **Extraordinary events**

No extraordinary events have occurred in 2022

## **Estimates and Judgements**

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 development costs and deferred tax involve estimates or judgments by management that could materially affect the reported financial position and results.

### **Deferred tax**

Due to tax credit reimbursement instalment by the Danish government, Savara Group expects to be reimbursed DKK 5,500k of the tax asset in 2023 - hence the tax receivable has been recognized in the balance sheet of the subsidiary Drugrecure ApS with DKK 9.591k deducted by the tax payable of DKK 4,091k.

## **Development and expectations**

Savara ApS reached a net result of DKK -440.7 million in 2022, and holds total assets of DKK 395.5 million, equity of DKK -506.0 million and liabilities of DKK 901.5 million as of 31 December 2022.

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.

## PROFIT & LOSS ACCOUNT

DKK '000	Notes	2022	2021
Gross profit		(2.228)	13.495
Staff expenses	3	40	(19.003)
Depreciations and write-downs		-	(516)
<b>Operating result</b>		<b>(2.188)</b>	<b>(6.024)</b>
Write-down of investments in subsidiaries		(72.272)	(6.953)
Net financials	4	(362.120)	(50.232)
<b>Result before tax</b>		<b>(436.580)</b>	<b>(63.209)</b>
Tax expenses	5	(4.091)	-
<b>Net result</b>		<b>(440.671)</b>	<b>(63.209)</b>
<b>Distribution of net result</b>			
<b>Net result</b>		<b>(440.671)</b>	<b>(63.209)</b>
Transferred to retained earnings		(440.671)	(63.209)
		<b>(440.671)</b>	<b>(63.209)</b>



## BALANCE SHEET, ASSETS

<b>DKK '000</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
FIXED ASSETS			
Investment in subsidiaries	6	0	72.272
<b>Total Fixed assets</b>		<b>0</b>	<b>72.272</b>
CURRENT ASSETS			
Group receivables	7	393.165	606.415
Other receivables		1.183	2.030
Cash and cash equivalents		1.155	1.750
<b>Total current assets</b>		<b>395.503</b>	<b>610.195</b>
<b>Total assets</b>		<b>395.503</b>	<b>682.467</b>
Corporate tax, receivable	5		

## BALANCE SHEET, EQUITY AND LIABILITIES

DKK '000	Notes	2022	2021
EQUITY			
Share capital		50	50
Retained earnings		(506.022)	(65.351)
<b>Total equity</b>		<b>(505.972)</b>	<b>(65.301)</b>
NON-CURRENT LIABILITIES			
Other debts	8	2.273	2.541
<b>Total non-current liabilities</b>		<b>2.273</b>	<b>2.541</b>
CURRENT LIABILITIES			
Trade accounts payable		6.609	8.065
Group payables	7	885.111	735.132
Tax Payable		4.091	0
Other debts		3.391	2.030
<b>Total current liabilities</b>		<b>899.202</b>	<b>745.227</b>
<b>Total liabilities</b>		<b>901.475</b>	<b>747.768</b>
<b>Total equity and liabilities</b>		<b>395.503</b>	<b>682.467</b>
Important matters	1		

## CHANGES IN EQUITY

DKK '000	Share Capital	Retained Earnings	Total
Equity at 1 January 2022	50	(65.351)	(65.301)
Net result	-	(440.671)	(440.671)
<b>Equity at 31 December 2022</b>	<b>50</b>	<b>(506.022)</b>	<b>(505.972)</b>

# NOTES

DKK '000

## **1. Important matters**

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.

## **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. Furthermore the company has chosen to comply with some of the rules applying to class C companies. Savara has a satisfactory funding assurance for 2023 - thus, the annual report for 2022 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**

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**

### **Gross profit**

Gross profit comprises of other operational income and external expenditures.

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.

### **Staff expenses**

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**

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 company acts as administration company in relation to the joint taxation. This means that the total danish tax payable by the danish consolidated companies is paid to the tax authorities by the company.

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**

### **Investment in subsidiaries**

Investments in subsidiaries are measured at 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 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 – expected to be received in November 2023

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus. Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as corporate tax.

The current tax rate is 22%.

**Accrued income and accrued expenses**

Prepaid expenses paid in advance but which has not yet been incurred are recognised under assets. Accrued expenses recognised under liabilities comprise incurred costs concerning the next financial year.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in Danske Bank.

**Current liabilities**

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

**Other debts**

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.

### 3. Staff expenses

	<b>2022</b>	<b>2021</b>
Salaries and wages	133	(17.757)
Pensions	0	(1.054)
Other expenses for social securities etc.	(93)	(193)
<b>Total staff expenses</b>	<b>40</b>	<b>(19.003)</b>
Full year average number of full time employees (FTE)	0	11.9

### 4. Financial income and expenses

	<b>2022</b>	<b>2021</b>
Interest expenses	(6)	(21)
Interest expenses group companies	(30.004)	(25.202)
Interest income group companies	26.297	21.851
Write-down of financial assets	(311.199)	-
Currency translation external	(30)	2.859
Currency translation group companies	(47.179)	(49.719)
<b>Total financial income and expenses</b>	<b>(362.120)</b>	<b>(50.232)</b>

### 5. Tax expenses

	<b>2022</b>	<b>2021</b>
Current income tax, reimbursed within the group	(4.091)	-
<b>Total tax</b>	<b>(4.091)</b>	-

Due to tax credit reimbursement installment by the Danish government, Savara Group expects to be reimbursed DKK 5.5 million of the tax asset - receivable in 2023.



## 6. Investments in subsidiaries

	<b>2022</b>	<b>2021</b>
Investment in subsidiaries at 1 January	79.255	79.255
Disposals during the year	-	(30)
<b>Investment in subsidiaries at 31 December</b>	<b>79.255</b>	<b>79.225</b>
Write-down at 1 January	(6.953)	-
Write-down during the year	(72.272)	(6.953)
<b>Write-down at 31 December</b>	<b>(79.255)</b>	<b>(6.953)</b>
<b>Investment in subsidiaries at 31 December</b>	<b>-</b>	<b>72.272</b>

## 7. 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.

## 8. Other debts

	<b>2022</b>	<b>2021</b>
Vacation pay obligation at 1 January	2.541	4.807
Adjustment during the year	53	(2.266)
<b>Vacation pay obligation at 31 December</b>	<b>2.594</b>	<b>2.541</b>
Share of liability due after 5 years	2.273	2.541

## 9. Pledged assets and securities

Savara ApS has no pledged assets or securities as of 31 December 2022.

## 10. Contractual obligations and pending litigations

### Pending litigations

Savara ApS has no pending litigations as of 31 December 2022.

## **11. 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.

## **12. Related-party transactions**

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

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

## **13. 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 2022