

# Breye Therapeutics ApS

Agern Alle 24, 2970 Hørsholm

CVR no. 40 27 98 65

## Annual report 2022/23

Approved at the Company's annual general meeting on 27 September 2023

Chair of the meeting:

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*Rune Northorst*  
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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Breye Therapeutics ApS for the financial year 1 April 2022 - 31 March 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 financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023.


Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 27 September 2023  
Executive Board:

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Ulrik Mouritzen

Board of Directors:

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Jimmy Arnold V Van  
Heusden  
Chairman

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Jørgen Søberg Petersen

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Ulrik Mouritzen

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Chiara Rossana Maria  
Liberati

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Carl Johan Kördel

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Gabriela Burian

## Independent auditor's report

To the shareholders of Breye Therapeutics ApS

### Opinion

We have audited the financial statements of Breye Therapeutics ApS for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### 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 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 as to 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 the financial statements.

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.

## Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's 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's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's 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 the Management's review.

Copenhagen, 27 September 2023  
EY Godkendt Revisionspartnerselskab  
CVR no. 30.70.02.28



Christian Schwenn Johansen  
State Authorised Public Accountant  
mne33234



Anders Roe Eriksen  
State Authorised Public Accountant  
mne46667

## Management's review

### Company details

Name Breye Therapeutics ApS  
Address, Postal code, City Agern Alle 24, 2970 Hørsholm

CVR no. 40 27 98 65  
Established 13 February 2019  
Registered office Hørsholm  
Financial year 1 April 2022 - 31 March 2023

Board of Directors Jimmy Arnold V Van Heusden, Chairman  
Jørgen Søberg Petersen  
Ulrik Mouritzen  
Chiara Rossana Maria Liberati  
Carl Johan Kördel  
Gabriela Burian

Executive Board Ulrik Mouritzen

Auditors EY Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg,  
Denmark

### Management commentary

#### Business review

The Company, Breye Therapeutics ApS, is an early stage biopharmaceutical company developing first in class and orally administered therapies suited for early treatment intervention in patients with diabetic retinopathy (DR) and age-related macular degeneration (AMD) being at risk of further disease progression and vision loss.

The company's lead therapy, danegaptide, is a clinical asset with a documented safety profile in human trial subjects and has been licensed from Zealand Pharma A/S. It is a small molecule suitable for oral therapy which can uniquely address a large and growing unmet medical need for more effective and less burdensome therapies for patients with DR. A second therapeutic program was acquired from Golgi Neurosciences S.r.l.

The Company, Breye Therapeutics ApS, has an experienced management team within drug development and is working with world leading scientists and retinal specialists to advance its early portfolio of products.

## Management's review

### Unusual matters having affected the financial statements

#### Correction of material misstatements

##### Capitalization of R&D expenses (and related grant income and loan interests)

During the financial year, management concluded that the Company incorrectly capitalized expenses related to research and development in the balance sheet as of 31 March 2022 and prior periods since the incurred research and development expenses did not qualify for capitalisation. Intangible assets arising from internal development projects can only be recognised in the statement of financial position, if it can be documented with sufficient certainty that the future income from the development project exceeds costs. Due to the general uncertainty related to the development of the drug candidates, Management concludes that internal development costs were incorrectly capitalised, and can only be capitalised if the product has been fully developed and all necessary approvals from the authorities have been obtained.

Further, the Company incorrectly included capitalised grant income and loan interest expenses as part of the research and development intangible asset capitalised in the balance sheet which also did not qualify for capitalisation. Due to the significance of the matter the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding correction of material misstatements. Consequently, the comparatives and the equity as of 31 March 2022 has been restated in these financial statements, including income tax impact. Reference is made to note 1 for further description.

##### Investments in group enterprises

During the financial year, management concluded that the Company incorrectly carried the value of investments in group enterprises at cost without recognizing impairment of the investment as of 31 March 2022 and prior periods. The subsidiary is without activity and hence the cost associated with the investment was impaired to zero. Due to the significance of the matter the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding correction of material misstatements.

Consequently, the comparatives and the equity as of 31 March 2022 has been restated in these financial statements, including income tax impact. Reference is made to note 1 for further description.

The restatements impact the comparatives for financial year 2021/22 ending 31 March 2022, and the opening equity 1 April 2022 and 1 April 2021 as follows:

- In the comparative financial period ending 31 March 2021, grant income increased by DKK 139 thousand (from DKK 0 thousand to DKK 139 thousand), research and development costs increased by DKK 6,641 thousand (from DKK 0 thousand to DKK 6,641 thousand, salary costs increased by DKK 950 thousand (from DKK 64 thousand to DKK 1,014 thousand), income or loss from equity investments in group enterprises decreased by 1,399 thousand (from -141 thousand to DKK -1,540), interest expenses increased DKK 1,163 thousand (from DKK 68 thousand to DKK 1,232 thousand), and loss before tax decreased DKK 10,015 thousand (from DKK -780 thousand to DKK -10,795 thousand). Loss after tax decreased by DKK 10,015 thousand (from DKK -780 thousand to DKK -10,795 thousand).
- The balance sheet total as of 31 March 2022 decreased by DKK 15,618 thousand (from DKK 18,746 thousand to DKK 3,128 thousand).
- The equity as of 1 April 2022 decreased by DKK 15,618 thousand (from DKK -752 thousand to DKK -16,370 thousand).
- The equity as of 1 April 2021 decreased by DKK 5,603 thousand (from DKK 28 thousand to DKK -5,575 thousand).

For the year ended 31 March 2023, R&D expenses are expensed as incurred consistent with prior years, and grant income and loan interests are recognised in the income statement when incurred consistent with prior years. Further, impairment of investments in group enterprises are recognised in the income statement consistent with prior years.

## Management's review

### *Going concern*

After the balance sheet date, the Company has received new funding, EUR 9.3 million, which enables the Company to continue the planned research and development activities for the 12 months period ending 31 March 2024. On this basis, Management has prepared the financial statements applying the going concern assumption.

### Financial review

The income statement for 2022/23 shows a loss of DKK 14,574,884 against a loss of DKK 10,794,661 last year, and the balance sheet at 31 March 2023 shows equity of DKK 14,526,382.

The loss for the year is associated with the development of assets and is in line with the expectations of management.

### Capital increases

During the year, the Company had received capital increases through cash injection (DKK 29.8 million), conversion of debt (DKK 11.7 million) and contribution in kind of intangible assets (DKK 5.9 million).

### Tax credits

With reference to note 6, the result for the year is impacted by estimated tax for the year (DKK 3,684 thousand) and tax adjustments, prior years (DKK 2,518 thousand), which comprises recognised tax credits with reference to LL\$8X regarding tax credits for research and development expenditures.

The income tax receivable in the balance sheet represents tax credit receivable covering the 3 income years 2021, 2022 and 2023. Management has resumed the income years 2021 and 2022 with the Danish Tax Authorities with respect of request for tax credit cash refunds, and expects the tax credit amounts to be received by the Company within 12 months.

### Events after the balance sheet date

After the balance sheet date, the Company has received new funding, EUR 9.3 million, which enables the Company to continue the planned research and development activities for the 12 months period ending 31 March 2024. Reference is also made to note 3.

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.



## Financial statements 1 April 2022 - 31 March 2023

### Income statement

Note	DKK	<u>2022/23</u>	<u>2021/22</u>
4	Other operating income	13,750	138,459
	Other external expenses	<u>-2,896,497</u>	<u>-673,850</u>
	Gross profit	-2,882,747	-535,391
5	Staff costs	-1,716,579	-1,013,694
	Research and development costs	<u>-15,236,746</u>	<u>-6,640,315</u>
	Profit/loss before net financials	-19,836,072	-8,189,400
	Income from investments in group enterprises	-74,773	-1,540,450
	Financial income	33,937	167,136
6	Financial expenses	<u>-900,034</u>	<u>-1,231,947</u>
	Profit/loss before tax	-20,776,942	-10,794,661
7	Tax for the year	<u>6,202,058</u>	<u>0</u>
	Profit/loss for the year	<u><u>-14,574,884</u></u>	<u><u>-10,794,661</u></u>
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	<u>-14,574,884</u>	<u>-10,794,661</u>
		<u><u>-14,574,884</u></u>	<u><u>-10,794,661</u></u>

## Financial statements 1 April 2022 - 31 March 2023

### Balance sheet

Note	DKK	<u>2022/23</u>	<u>2021/22</u>
	ASSETS		
	Fixed assets		
8	Intangible assets		
	Acquired intangible assets	5,955,747	0
		<u>5,955,747</u>	<u>0</u>
	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	31,773	0
		<u>31,773</u>	<u>0</u>
9	Investments		
	Investments in group enterprises	7	7
	Deposits, rent	52,743	0
		<u>52,750</u>	<u>7</u>
	Total fixed assets	<u>6,040,270</u>	<u>7</u>
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	153,675	251,420
10	Deferred tax assets	0	0
	Corporation tax receivable	6,202,058	0
11	Other receivables	878,185	361,167
	Prepayments	155,871	1,254
		<u>7,389,789</u>	<u>613,841</u>
	Cash	11,385,341	2,514,387
	Total non-fixed assets	<u>18,775,130</u>	<u>3,128,228</u>
	TOTAL ASSETS	<u><u>24,815,400</u></u>	<u><u>3,128,235</u></u>

## Financial statements 1 April 2022 - 31 March 2023

### Balance sheet

Note	DKK	<u>2022/23</u>	<u>2021/22</u>
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	133,035	53,500
	Share premium account	0	0
	Reserve for development costs	0	0
	Retained earnings	<u>14,393,347</u>	<u>-16,422,901</u>
	Total equity	<u>14,526,382</u>	<u>-16,369,401</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
13	Other credit institutions	7,100,899	7,277,673
	Convertible debt instruments eligible for dividend	<u>0</u>	<u>11,200,311</u>
		<u>7,100,899</u>	<u>18,477,984</u>
	Current liabilities other than provisions		
	Short-term part of long-term liabilities (Other credit institutions)	526,995	0
	Trade payables	2,526,485	909,680
	Payables to shareholders and management	8,770	8,770
	Other payables	<u>125,869</u>	<u>101,202</u>
		<u>3,188,119</u>	<u>1,019,652</u>
	Total liabilities other than provisions	<u>10,289,018</u>	<u>19,497,636</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>24,815,400</u></u>	<u><u>3,128,235</u></u>

- 1 Accounting policies
- 2 Funding and liquidity
- 3 Events after the balance sheet date
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral

## Financial statements 1 April 2022 - 31 March 2023

### Statement of changes in equity

DKK	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
Equity at 1 April 2021	53,500	0	4,370,341	-4,395,580	28,261
Adjustment of equity through corrections of material misstatements	0	0	-4,370,341	-1,232,660	-5,603,001
Transfer through appropriation of loss	0	0	0	-10,794,661	-10,794,661
Equity at 1 April 2022	53,500	0	0	-16,422,901	-16,369,401
Capital increase	79,535	47,334,890	0	0	47,414,425
Expenses, capital increase	0	-1,943,758	0	0	-1,943,758
Transfer through appropriation of loss	0	0	0	-14,574,884	-14,574,884
Transferred from share premium account	0	-45,391,132	0	45,391,132	0
Equity at 31 March 2023	133,035	0	0	14,393,347	14,526,382

During the year, the Company had received capital increases through cash injection (DKK 29.8 million), conversion of debt (DKK 11.7 million) and contribution in kind of intangible assets (DKK 5.9 million).

Reference is made to accounting policies regarding correction of material misstatements.

## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Breye Therapeutics ApS for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Effective from the financial year 2022/23, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Material misstatements

##### Correction of material misstatements

##### Capitalization of R&D expenses (and related grant income and loan interests)

During the financial year, management concluded that the Company incorrectly capitalized expenses related to research and development in the balance sheet as of 31 March 2022 and prior periods since the incurred research and development expenses did not qualify for capitalisation. Intangible assets arising from internal development projects can only be recognised in the statement of financial position, if it can be documented with sufficient certainty that the future income from the development project exceeds costs. Due to the general uncertainty related to the development of the drug candidates, Management concludes that internal development costs were incorrectly capitalised, and can only be capitalised if the product has been fully developed and all necessary approvals from the authorities have been obtained.

Further, the Company incorrectly included capitalised grant income and loan interest expenses as part of the research and development intangible asset capitalised in the balance sheet which also did not qualify for capitalisation. Due to the significance of the matter the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding correction of material misstatements. Consequently, the comparatives and the equity as of 31 March 2022 has been restated in these financial statements, including income tax impact.

##### Investments in group enterprises

During the financial year, management concluded that the Company incorrectly carried the value of investments in group enterprises at cost without recognizing impairment of the investment as of 31 March 2022 and prior periods. The subsidiary is without activity and hence the cost associated with the investment was impaired to zero. Due to the significance of the matter the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding correction of material misstatements.

Consequently, the comparatives and the equity as of 31 March 2022 has been restated in these financial statements, including income tax impact.

The restatements impact the comparatives for financial year 2021/22 ending 31 March 2022, and the opening equity 1 April 2022 and 1 April 2021 as follows:

## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

- In the comparative financial period ending 31 March 2021, grant income increased by DKK 139 thousand (from DKK 0 thousand to DKK 139 thousand), research and development costs increased by DKK 6,641 thousand (from DKK 0 thousand to DKK 6,641 thousand, salary costs increased by DKK 950 thousand (from DKK 64 thousand to DKK 1,014 thousand), income or loss from equity investments in group enterprises decreased by 1,399 thousand (from -141 thousand to DKK -1,540), interest expenses increased DKK 1,163 thousand (from DKK 68 thousand to DKK 1,232 thousand), and loss before tax decreased DKK 10,015 thousand (from DKK -780 thousand to DKK -10,795 thousand). Loss after tax decreased by DKK 10,015 thousand (from DKK -780 thousand to DKK -10,795 thousand).
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For the year ended 31 March 2023, R&D expenses are expensed as incurred consistent with prior years, and grant income and loan interests are recognised in the income statement when incurred consistent with prior years. Further, impairment of investments in group enterprises are recognised in the income statement consistent with prior years.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's coreactivities, including sale of service which is not the Company's primary activity, government grants and gains on the sale of fixed assets etc.

Other operating income comprise income from the rendering of services which is not deemed to be the primary focus of the Company. Services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

Government grants are recognized periodically when the work supported by the grant has been reported and presented as other operating income. Government grants are recognized when a final and firm right to the grant has been obtained. Government grants are recognized in the income statement in the same period as the work (external expenses) has been performed as the grants are considered to be reimbursement of research expenses.

#### Development costs

The item includes research and development costs that do not qualify for capitalisation as well as amortisation of capitalised development costs.

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

#### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3 years
Fixtures and fittings, other plant and equipment	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

#### Profit/loss from investments in group entities

The item includes dividend received from group entities in so far as the dividend does not exceed the accumulated earnings in the group entity in the period of ownership.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Income tax of the year comprises refundable tax credits for costs incurred in connection with research and development activities under the Danish Tax Credit Regime.

Up until 4 November 2022, the Company was jointly taxed with the former parent Company, Visus Holding ApS. The total Danish income tax charge has been allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Other intangible assets include acquired know how and patents for acquired development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Research and development costs and internally accumulated rights are recognised in the income statement as costs in the year of acquisition.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Deposits, rent

Investments comprise of rent deposits measured at cost.

##### Investments in group entities

Investments in group entities are measured at cost. Dividends received that exceed the accumulated earnings in the group entity or the associate during the period of ownership are treated as a reduction in the cost of acquisition.



## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

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 has been impaired, an impairment loss is recognised on an individual basis.

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

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. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise bank accounts in DKK and EUR which is not subject to significant changes in value or credit risk.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

#### 1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

#### Convertible loans

A convertible debt instrument which does not contain an equity component is classified as a financial liability.

Embedded conversion options determined to be not closely related to the host instrument are accounted for separately as derivatives.

At initial recognition all instruments are measured at fair value both in respect of the debt host contracts and the embedded derivatives.

At subsequent measurement the debt host instruments are measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

Subsequent to initial recognition, all embedded derivatives are accounted for as a derivative and thus, are measured at fair value through profit or loss. Any gains or losses are recognized in statement of profit and loss.

#### 2 Funding and liquidity

After the balance sheet date, the Company has received new funding, EUR 9.3 million, which enables the Company to continue the planned research and development activities for the 12 months period ending 31 March 2024. On this basis, Management has prepared the financial statements applying the going concern assumption.

Reference is also made to note 3 regarding events after the balance sheet date.

#### 3 Events after the balance sheet date

After the balance sheet date, the Company has received new funding, EUR 9.3 million, which enables the Company to continue the planned research and development activities for the 12 months period ending 31 March 2024.

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

DKK	2022/23	2021/22
4 Other operating income		
Sale of service (secondary activity)	13,750	0
Grant income	0	138,459
	13,750	138,459

## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

	DKK	2022/23	2021/22
5	Staff costs		
	Wages/salaries	1,704,947	1,006,864
	Other social security costs	6,838	6,830
	Other staff costs	4,794	0
		<u>1,716,579</u>	<u>1,013,694</u>
	Average number of full-time employees	<u>1</u>	<u>1</u>
	DKK	2022/23	2021/22
6	Financial expenses		
	Interest expenses, bank	0	54,096
	Exchange adjustments	45,518	14,208
	Interest expenses, loans	854,516	1,163,643
		<u>900,034</u>	<u>1,231,947</u>
	DKK	2022/23	2021/22
7	Tax for the year		
	Estimated tax charge for the year	-3,684,117	0
	Tax adjustments, prior years	-2,517,941	0
		<u>-6,202,058</u>	<u>0</u>

Estimated tax for the year (DKK 3,684 thousand) and tax adjustments, prior years (DKK 2,518 thousand), comprises recognised tax credits for the income year with reference to LLS8X regarding tax credits for research and development expenditures.

The income tax receivable in the balance sheet represents tax credit receivable covering the 3 income years 2021, 2022 and 2023. Management has resumed the income years 2021 and 2022 with the Danish Tax Authorities with respect of request for tax credit cash refunds, and expects the tax credit amounts to be received by the Company within 12 months.

8	Intangible assets	
	DKK	Acquired intangible assets
	Cost at 1 April 2022	0
	Addition in the year, Contribution in kind	<u>5,955,747</u>
	Cost at 31 March 2023	<u>5,955,747</u>
	Revaluations at 31 March 2023	<u>0</u>
	Impairment losses and amortisation at 31 March 2023	<u>0</u>
	Carrying amount at 31 March 2023	<u>5,955,747</u>
	Amortised over	<u>3 years</u>

In March 2023, the Company had received a capital increase through contribution in kind of intangible assets (DKK 5.9 million).

## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

#### 8 Intangible assets (continued)

The intangible asset is intellectual property rights related to the drug candidate AXX00413418, which is a P2X7 receptor antagonist, as well as more than 1000 similar chemical structures belonging to P2X7 receptor antagonist program ('back-up' molecules). The P2X7 program is in pre-clinical stage and the P2X7 program was developed by Golgi NeuroSciences S.r.l. with grants from the Alzheimer's Drug Discovery Foundation over a period of 11 years.

As of the balance sheet date, Management has not identified any impairment of the assets.

#### 9 Investments

DKK	Investments in group enterprises	Deposits, rent	Total
Cost at 1 April 2022	1,540,457	0	1,540,457
Additions	0	52,743	52,743
Cost at 31 March 2023	1,540,457	52,743	1,593,200
Value adjustments at 1 April 2022	-1,540,450	0	-1,540,450
Value adjustments at 31 March 2023	-1,540,450	0	-1,540,450
Carrying amount at 31 March 2023	7	52,743	52,750

The subsidiary is without activity and Management has assessed for impairment on an annual basis. Management has concluded that, currently, the investment is impaired which is reflected in the financial statements.

#### Group entities

Name	Domicile	Interest
Breye Therapeutics Inc.	100 Severin Avenue #402, Annapolis, MD 21403	100.00%

#### 10 Deferred tax assets

The Company has deferred tax asset which mainly relates to tax loss carry-forwards. As it is uncertain if these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

#### 11 Other receivables

Other receivables comprise of VAT receivable which is settled after the balance sheet date.

## Financial statements 1 April 2022 - 31 March 2023

### Notes to the financial statements

DKK	<u>2022/23</u>	<u>2021/22</u>
12 Share capital		
Analysis of the share capital:		
133,035 A shares of DKK 1.00 nominal value each	<u>133,035</u>	<u>53,500</u>
	<u>133,035</u>	<u>53,500</u>

#### Analysis of changes in the share capital over the past 3 years:

DKK	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>
Opening balance	53,500	53,500	53,500
Capital increase	<u>79,535</u>	<u>0</u>	<u>0</u>
	<u>133,035</u>	<u>53,500</u>	<u>53,500</u>

### 13 Other credit institutions

As of 31 March 2023, loan balance including accrued interests amounts to DKK 7,728 thousand whereas the long-term liability amounts to DKK 7,101 thousand and the short term liability amounts to DKK 527 thousand.

This comprises of a loan obtained by the Company with an interest rate of 3- month CIBOR + 5% p.a. The repayment is in installments starting from January 2024 until January 2027 with an option to prepay the loan in full or in part before maturity. The repayment amount is principal along with interest accrued and in case of prepayment an additional interest for 2 years after prepayment date is to be paid to the lender.

In the event of a qualified sale, a bonus equal to the principal amount reduced by interest paid until that date will be paid to the lender. This option of bonus is an embedded derivative and is not closely related to the host contract. The estimated value of embedded derivatives is not significant and hence, the same has not been recognized.

### 14 Contractual obligations and contingencies, etc.

Up until 4 November 2022, the Company was jointly taxed with the former parent Company, Visus Holding ApS. For that period, Visus Holding ApS acts as management company, and the Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment for the period under joint taxation.

#### Other financial obligations

##### Other rent liabilities:

DKK	<u>2022/23</u>	<u>2021/22</u>
Rent liabilities	<u>167,347</u>	<u>0</u>

### 15 Collateral

The Company has not provided any security or other collateral in assets as of 31 March 2023.