



Rehaler A/S

Absalonsgade 26, 8000 Aarhus C

Company reg. no. 41 55 34 56

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 18 April 2023.

Søren Holmark
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Rehaler A/S for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and 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 – 31 December 2022.

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

We recommend that the annual report be approved at the Annual General Meeting.

Aarhus C, 30 March 2023

Managing Director

Troels Johansen

Board of directors

Thomas Feldthus

Bjørn Krogh Sperling

Helene Hansen

Martin Brygger Møller

Eivind Johansen

Mette Gross

Independent auditor's report

To the Shareholders of Rehaler A/S

Opinion

We have audited the financial statements of Rehaler A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. 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 financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 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 "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' 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. 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 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 judgment and maintain professional skepticism 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 Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 30 March 2023

Redmark

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Darnell Vagnild

State Authorised Public Accountant
mne32116

Company information

The company

Rehaler A/S
Absalonsgade 26
8000 Aarhus C

Company reg. no. 41 55 34 56
Established: 24 July 2020
Financial year: 1 January 2022 - 31 December 2022

Board of directors

Thomas Feldthus
Bjørn Krogh Sperling
Helene Hansen
Martin Brygger Møller
Eivind Johansen
Mette Gross

Managing Director

Troels Johansen

Auditors

Redmark
Godkendt Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg

Management's review

Description of key activities of the company

Like previous years, the activities are to develop and commercialize innovative treatments for patients suffering from migraine.

Development in activities and financial matters

The gross loss for the year totals DKK -5.042.680 against DKK -1.321.592 last year. Income or loss from ordinary activities after tax totals DKK -5.967.164 against DKK -1.727.972 last year. Management considers the net profit or loss for the year satisfactory.

Events occurring after the end of the financial year

No event have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

On 20 February 2023 a decision was made to initiate a warrant program.

The warrants give rights to subscribe for up to a total of nominally DKK 44,214 shares in the Company. The total warrant pool after the decision is then nominally DKK 44,214 shares.

Income statement

All amounts in DKK.

<u>Note</u>	1/1 2022 - 31/12 2022	24/7 2020 - 31/12 2021
Gross profit	-5.042.680	-1.321.592
1 Staff costs	-1.538.494	-390.749
Depreciation and impairment of property, land, and equipment	-56.250	-79.688
Operating profit	-6.637.424	-1.792.029
Other financial expenses	-74.330	-27.001
Pre-tax net profit or loss	-6.711.754	-1.819.030
Tax on net profit or loss for the year	744.590	91.058
Net profit or loss for the year	-5.967.164	-1.727.972
Proposed distribution of net profit:		
Allocated from retained earnings	-5.967.164	-1.727.972
Total allocations and transfers	-5.967.164	-1.727.972

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Non-current assets		
2 Other fixtures, fittings, tools and equipment	89.062	145.312
Total property, plant, and equipment	89.062	145.312
3 Deposits	0	20.095
Total investments	0	20.095
Total non-current assets	89.062	165.407
Current assets		
Income tax receivables	744.590	91.058
Other receivables	1.008.208	43.946
Total receivables	1.752.798	135.004
Cash and cash equivalents	10.743.887	6.528.371
Total current assets	12.496.685	6.663.375
Total assets	12.585.747	6.828.782

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity		
Contributed capital	715.879	126.176
Share premium	19.030.387	8.109.585
Retained earnings	<u>-7.695.136</u>	<u>-1.727.972</u>
Total equity	<u>12.051.130</u>	<u>6.507.789</u>
Long term liabilities other than provisions		
Bank loans	0	509
Trade payables	502.735	242.067
Other payables	<u>31.882</u>	<u>78.417</u>
Total short term liabilities other than provisions	<u>534.617</u>	<u>320.993</u>
Total liabilities other than provisions	<u>534.617</u>	<u>320.993</u>
Total equity and liabilities	<u>12.585.747</u>	<u>6.828.782</u>

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Total
	<hr/>	<hr/>	<hr/>	<hr/>
Equity 1 January 2022	126.176	8.109.585	-1.727.972	6.507.789
Capital increase	589.703	10.920.802	0	11.510.505
Retained earnings for the year	0	0	-5.967.164	-5.967.164
	<hr/> 715.879	<hr/> 19.030.387	<hr/> -7.695.136	<hr/> 12.051.130

Notes

All amounts in DKK.

	1/1 2022 - 31/12 2022	24/7 2020 - 31/12 2021
1. Staff costs		
Salaries and wages	1.529.535	388.836
Other costs for social security	3.867	1.913
Other staff costs	5.092	0
	1.538.494	390.749
Average number of employees	1	1
2. Other fixtures, fittings, tools and equipment		
Cost 1 January 2022	225.000	0
Additions during the year	0	225.000
Cost 31 December 2022	225.000	225.000
Depreciation and write-down 1 January 2022	-79.688	0
Amortisation and depreciation for the year	-56.250	-79.688
Depreciation and write-down 31 December 2022	-135.938	-79.688
Carrying amount, 31 December 2022	89.062	145.312
3. Deposits		
Cost 1 January 2022	20.095	0
Additions during the year	0	20.095
Disposals during the year	-20.095	0
Cost 31 December 2022	0	20.095
Carrying amount, 31 December 2022	0	20.095

Accounting policies

The annual report for Rehaler A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets and research funding from government grant. Research funding is recognized in the period when the research activities have been performed and when there is reasonable assurance that the grants will be received.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Accounting policies

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Accounting policies

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

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

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

Accounting policies

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.