Annual report for 2023

Zevra Denmark A/S
Nordre Fasanvej 215, 2000 Frederiksberg
CVR no. 43 25 93 26

Adopted at the annual general meeting on 17 July 2024

Thomas Weitemeyer
chairman

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Statement by management on the annual report

The Board of directors and executive board have today discussed and approved the annual report of Zevra Denmark A/S 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.

We recommend that the annual report should be approved by the Company in general meeting.

Frederiksberg, 17 July 2024

Executive board

Raymond LaDuane Clifton
CEO

Board of directors

Neil McFarlane chairman	Thomas Weitemeyer	Raymond LaDuane Clifton

Independent auditor's report

To the shareholder of Zevra Denmark A/S

Opinion

We have audited the financial Statements of Zevra Denmark A/S for the financial year 1 January - 31 December 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 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 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.

Material uncertainty related to going concern

The financial statements have been prepared on a going concern assumption. We draw attention to note 2 in the financial statements, which describes that material uncertainty exists about the Company's ability to continue as a going concern. The Executive Board and Board of Director's evaluation of the events and conditions and management's plans regarding these matters are also described in note 2. The Financial Statement do not include any adjustments that might result from the outcome of this uncertainty.
We have not modified our opinion in respect of this matter.

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 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 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 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.

Independent auditor's report

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.

Frederiksberg, 17 July 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Rasmus Bloch Jespersen
State Authorized Public Accountant
mne35503

Company details

The company	Zevra Denmark A/S Nordre Fasanvej 215 2000 Frederiksberg	
	CVR no.:	43 25 93 26
	Reporting period:	1 January - 31 December 2023
	Domicile:	Frederiksberg
Board of directors	Neil McFarlane, chairman Thomas Weitemeyer Raymond LaDuane Clifton	
Executive board	Raymond LaDuane Clifton, CEO	
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg	
General meeting	The annual general meeting is held at the Company's address on 17 July 2024.	

Business review

Zevra Denmark A/S (the Company) is a subsidiary of Zevra Therapeutics, Inc., a U.S.-based rare disease therapeutics company. Zevra Therapeutics, Inc. (Florida USA) became a public traded company on the NASDAQ Stock Exchange as of 7 January 2021.

Zevra Denmark A/S is a rare disease therapeutics company leading with science to make life-changing therapeutics available to patients with significant unmet needs. The Company’s main asset includes arimoclomol, an orally-delivered investigational product candidate being developed for Niemann-Pick disease type C ("NPC"), which has been granted orphan drug designation, fast-track designation, breakthrough therapy designation and rare pediatric disease designation for the treatment of NPC by the U.S. Food and Drug Administration (FDA) and orphan medical product designation for the treatment of NPC by the European Medicines Agency (EMA).

The Company changed its name from KemPharm Denmark A/S to Zevra Denmark A/S in 2023.

Due to the Company being established on May 13, 2022, its income statement for the year 2022 covers a period of 7 months, as opposed to the full 12 months in 2023.

Recognition and measurement uncertainties

The Company's management has assessed that there are key accounting estimates related to impairment of the intangible assets relating to Arimoclomol asset in note 5 and estimations regarding revenue provisions (discount and rebate liabilities) on the liability side of the balance sheet to the financial statements in note 7.

Financial review
The company's income statement for the year ended 31 December 2023 shows a loss of kDKK 20.506, and the balance sheet at 31 December 2023 shows negative equity of kDKK 27.513.

Going concern uncertainties

Zevra Denmark A/S is in process of obtaining product candidate regulatory approval for Arimoclomol. Until such time when Zevra Denmark A/S obtained market approval and has established a basis for commercial revenue from product sales, Zevra Denmark A/S will be a capital consuming company due to investments in drug development.

At the date of these financial statements Zevra Denmark A/S ability to continue as a going concern is contingent on its parent company, Zevra Therapeutics, Inc.'s (Zevra Group), ability to continue to provide funding. As disclosed in Zevra Therapeutics, Inc.'s public filings with the SEC in 2024, Zevra Therapeutics, Inc. ability to continue operating as a going concern is contingent upon Zevra Therapeutics, Inc. ability to generate revenue from approved products or obtain product candidate regulatory approvals, which would generate revenue, milestones, and cash flow sufficient to support ongoing operations and the satisfaction of financial covenants. These factors raise material uncertainty as to the Zevra Therapeutics, Inc's (Zevra group) ability to continue as a going concern.

This material uncertainty has not been resolved as of the date of these financial statements. Consequently, material uncertainty as to the Zevra Denmark A/S ability to continue as a going concern also exists as of the date of these financial statements and therefore, Zevra Denmark A/S may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Zevra Groups liquidity needs will be largely determined by the success of operations through the progression of its products and product candidates in the future. The Zevra Group also may consider other sources to fund operations including: (1) out-licensing rights to certain of its technologies and product candidates, pursuant to which the Zevra Group would receive cash royalties and milestones; (2) raising additional capital through equity or debt financings or from other sources; (3) obtaining product candidate regulatory approvals, which would generate revenue, milestones and cash flow; (4) reducing spending on one or more research and development programs, including by discontinuing development; and/or (5) restructuring operations to change its overhead structure.

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

	Note	2023	2022
		kDKK	kDKK
Gross profit		**-12.548**	**-1.393**
Staff costs	3	-15.284	-10.337
Profit/loss before amortisation/depreciation and impairment losses		**-27.832**	**-11.730**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-356	-279
Profit/loss before net financials		**-28.188**	**-12.009**
Financial income		1.596	30
Financial costs		-10	-1
Profit/loss before tax		**-26.602**	**-11.980**
Tax on profit/loss for the year	4	6.096	4.574
Profit/loss for the year		**-20.506**	**-7.406**

	2023	2022
	kDKK	kDKK
Recommended appropriation of profit/loss		
Retained earnings	-20.506	-7.406
	-20.506	**-7.406**

Balance sheet 31 December

	Note	2023	2022
		kDKK	kDKK
Assets			
Acquired patents		122.419	122.419
Intangible assets	5	**122.419**	**122.419**
Other fixtures and fittings, tools and equipment	6	298	595
Right-of-use assets	6	0	503
Tangible assets		**298**	**1.098**
Deposits		259	0
Financial assets		**259**	**0**
Total non-current assets		**122.976**	**123.517**
Raw materials and consumables		3.021	4.679
Inventories		**3.021**	**4.679**
Trade receivables		31.532	43.843
Other receivables		1.461	2.275
Corporation tax		5.500	5.500
Prepayments		202	193
Receivables		**38.695**	**51.811**
Cash		**24.454**	**19.199**
Total current assets		**66.170**	**75.689**
Total assets		**189.146**	**199.206**

Balance sheet 31 December

	Note	2023	2022
		kDKK	kDKK
Equity and liabilities			
Share capital		400	400
Retained earnings		-27.913	-7.407
Equity		**-27.513**	**-7.007**
Provision for deferred tax		330	926
Total provisions		**330**	**926**
Discount and rebate liabilities		51.670	30.167
Total non-current liabilities	7	**51.670**	**30.167**
Discount and rebate liabilities	7	32.748	34.522
Trade payables		16.142	11.454
Payables to group enterprises		104.984	127.088
Other payables		10.785	1.526
Lease obligation		0	530
Total current liabilities		**164.659**	**175.120**
Total liabilities		**216.329**	**205.287**
Total equity and liabilities		**189.146**	**199.206**
Going concern uncertainties	2		
Contingent liabilities	8		
Related parties and ownership structure	9		
Subsequent events	10		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2023	400	-7.407	-7.007
Net profit/loss for the year	0	-20.506	-20.506
Equity at 31 December 2023	**400**	**-27.913**	**-27.513**

1 Accounting policies

The annual report of Zevra Denmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and elective choice of certain 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 reflects an aggregation of revenue, changes in inventories of finished goods and other operating income less costs of raw materials and consumables and other external expenses.

Notes

1 Accounting policies

Revenue

The Company has chosen IFRS 15 as interpretation for the recognition of revenue. As such the Company applies the five-step model of IFRS when recognizing revenue: 1) identifying a contract; 2) identifying the performance obligations; 3) determining the transaction price; 4) allocating the price to the performance obligations; and 5) recognizing revenue when the performance obligations have been fulfilled.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognized in revenue.

Arimoclomol Expanded Access Program

Net revenue includes revenue from the sale of arimoclomol for the treatment of NPC under the remunerated expanded access compassionate use program in France (“French nATU”). An expanded access compassionate use program is a program giving specific patients access to a drug, which is not yet approved for commercial sale. Only drugs targeting serious or rare indications and for which there is currently no appropriate treatment are considered for expanded access compassionate use programs. Further, to be considered for the expanded access compassionate use program, the drug must have proven efficacy and safety and must either be undergoing price negotiations or seeking marketing approval.

In accordance with IFRS15, the Company recognizes revenue when fulfilling its performance obligation under the Arimoclomol Expanded Access Program ("Arimoclomol EAP") by transferring control of promised goods to its customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods. In determining when the customer obtains control of the product, the Company considers certain indicators, including whether the Company has a present right to payment from the customer, whether title and/or significant risks and rewards of ownership have transferred to the customer and whether customer acceptance has been received. Revenue is recognized net of sales deductions, including discounts, rebates, applicable distributor fees, and revenue-based taxes.

The French Health Authorities and the manufacturer have agreed to a price for sales during the French nATU, but the final transaction price depends on the terms and conditions in the contracts with the French Health Authorities, following market approval. Any excess in the price charged by the manufacturer compared to the price agreed with the health authorities once the drug product is approved in France must be repaid. The repayment is considered in the clawback liability (rebate). An estimate of net revenue and discount and rebate liabilities are recognized using the ‘expected value’ method.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year’s revenue.

1 Accounting policies

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Other external expenses also comprise research and development costs that do not qualify for capitalisation.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities.

Tax on profit/loss for the year

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

Intangible assets

Development projects, patents and licences

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

1 Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Leases

The Company has chosen IFRS 16 as interpretation for classification and recognition of leases.

Notes

1 Accounting policies

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date. The Company leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If the Company is unable to reliably separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised as "Lease obligations” are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate guaranteed residual values, purchase and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease.

The lease liability is subsequently adjusted as follows if:
1. The value of the index or rate on which the lease payments are based is changed.
2. The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
3. The lease term is changed if the option is exercised in order to extend or terminate the lease.
4. Estimated residual value guarantee is changed
5. The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of- use asset.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

Notes

1 Accounting policies

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right- of-use asset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognised in the balance sheet.

Deposits - Financial assets

Other receivables (deposits) are measured at amortised cost.

Inventories

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of inventories is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

The Company has chosen IAS 39 Financial instruments as interpretation for impairment write-down of financial receivables: Recognition and measurement.

Receivables are measured at amortised cost.

1 Accounting policies

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.

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.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

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.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Notes

1 Accounting policies

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal 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.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

2 Going concern uncertainties

Zevra Denmark A/S is in process of obtaining product candidate regulatory approval for Arimoclomol. Until such time when Zevra Denmark A/S obtained market approval and has established a basis for commercial revenue from product sales, Zevra Denmark A/S will be a capital consuming company due to investments in drug development.

At the date of these financial statements Zevra Denmark A/S ability to continue as a going concern is contingent on its parent company, Zevra Therapeutics, Inc.'s (Zevra Group), ability to continue to provide funding. As disclosed in Zevra Therapeutics, Inc.'s public filings with the SEC in 2024, Zevra Therapeutics, Inc. ability to continue operating as a going concern is contingent upon Zevra Therapeutics, Inc. ability to generate revenue from approved products or obtain product candidate regulatory approvals, which would generate revenue, milestones, and cash flow sufficient to support ongoing operations and the satisfaction of financial covenants. These factors raise material uncertainty as to the Zevra Therapeutics, Inc's (Zevra group) ability to continue as a going concern.

This material uncertainty has not been resolved as of the date of these financial statements. Consequently, material uncertainty as to the Zevra Denmark A/S ability to continue as a going concern also exists as of the date of these financial statements and therefore, Zevra Denmark A/S may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Zevra Groups liquidity needs will be largely determined by the success of operations through the progression of its products and product candidates in the future. The Zevra Group also may consider other sources to fund operations including: (1) out-licensing rights to certain of its technologies and product candidates, pursuant to which the Zevra Group would receive cash royalties and milestones; (2) raising additional capital through equity or debt financings or from other sources; (3) obtaining product candidate regulatory approvals, which would generate revenue, milestones and cash flow; (4) reducing spending on one or more research and development programs, including by discontinuing development; and/or (5) restructuring operations to change its overhead structure.

Notes

		2023	2022
		kDKK	kDKK
3	**Staff costs**		
	Wages and salaries	14.183	8.855
	Pensions	518	513
	Other social security costs	454	969
	Other staff costs	129	0
		15.284	**10.337**
	Number of fulltime employees on average	6	8

		2023	2022
		kDKK	kDKK
4	**Tax on profit/loss for the year**		
	Current tax for the year	-5.500	-5.500
	Deferred tax for the year	-596	926
	Total tax	**-6.096**	**-4.574**

Due to tax credit reimbursement installment by the Danish government, Zevra Denmark A/S expects to be reimbursed DKK 5.5 million of the tax asset relating to 2023.

5 Intangible assets

	Acquired patents	Total
Cost at 1 January 2023	122.419	122.419
Cost at 31 December 2023	122.419	122.419
Impairment losses and amortisation at 1 January 2023	0	0
Impairment losses and amortisation at 31 December 2023	0	0
Carrying amount at 31 December 2023	**122.419**	**122.419**

The Company accounted for the Arimoclomol acquisition as an asset acquisition as the majority of the value of the assets acquired has been determined to relat to the Arimoclomol acquired in-process research and development, or the IPR&D asset.

The asset is expected to be available for use upon regulatory approval, which is expected to be obtained in 2024. The carrying amount of the intangible assets acquired in 2022 of DKK 122.419 thousand was determined upon the acquisition using an excess earnings valuation method, a variation of the income valuation approach. The excess earnings valuation method estimates the value of an intangible asset equal to the present value of the incremental after-tax cash flows attributable to that intangible asset over its remaining economic life. Some of the more significant assumptions utilized in our asset valuations included projected revenues, probability of commercial success, and the discount rate.

The fair value using the excess earnings valuation method was determined upon the acquisition using an estimated weighted average cost of capital of 42%, which reflects the risks inherent in future cash flow projections and represents a rate of return that a market participant would expect for this asset.

Key Assumptions applied in the impairment test upon acquisition:
•Revenue projection – 14 years
•Calculated IRR – 42,6%
•Weighted average cost of capital (WACC) – 42,5%

In December 2023, the Arimoclomol new drug application was submitted to the FDA, and is currently undergoing review by the FDA. The FDA has assigned a PDUFA date of September 21, 2024. The Company has reassessed its test for impairment on 31 December 2023 on the basis of the same objective criteria that were used for the initial valuation and concluded that the assumptions applied continues to be appropriate at 31 December 2023, without identification of adverse valuation infliction points. On this basis, no need for impairment was identified.

6 Tangible assets

	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2023	1.518	1.518
Additions for the year	59	59
Cost at 31 December 2023	1.577	1.577
Impairment losses and depreciation at 1 January 2023	923	923
Depreciation for the year	356	356
Impairment losses and depreciation at 31 December 2023	1.279	1.279
Carrying amount at 31 December 2023	**298**	**298**

7 Discount and rebate liabilities

	Debt at 1 January 2023	Debt at 31 December 2023	Instalment next year	Debt outstanding after 5 years
Discount and rebate liabilities	64.689	84.418	32.748	0
Total	**64.689**	**84.418**	**32.748**	**0**

The accounting for discount and rebate liability om respect of products sold requires estimation of the expected final transaction price. This estimate requires determination of assumptions with respect to the tiered pricing of comparable marketed products within the rare disease area in France adjusted for known facts and circumstances existing at the balance sheet date. The Company is operating within a rare disease therapeutic area where there is unmet treatment need and hence a limited number of comparable commercialized drug products. The limited available relevant market information for directly comparable commercialized drugs within rare disease increases the uncertainty in management's estimate. Due to the uncertainty as to future and final pricing of sold products in France, the discount and rebate liability may deviate from the actual obligation.

8 Contingent liabilities

Other contingent liabilities not recognised in balance sheet
As security for bank withdrawals, the Company has pledge bank accounts with total value of DKK 200 thousand. At 31 December 2023, the company's bank withdrawals amounted DKK 19 thousand.

9 Related parties and ownership structure
The parent company is Zevra Therapeutics, Inc., 1180 Celebration Boulevard, Celebration, FL 34747 USA.

Consolidated financial statements

The consolidated financial statements of Zevra Therapeutics, Inc. may be obtained at https://investors.zevra.com/node/12141/html.

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