

VIVORYON THERAPEUTICS N.V.
INTERIM REPORT AS OF AND FOR THE SIX-MONTH PERIOD ENDED
JUNE 30, 2021

These condensed interim financial statements are interim financial statements for Vivoryon Therapeutics N.V.

The financial statements are presented in Euro (€).

Vivoryon Therapeutics N.V. is a company limited by shares, incorporated and domiciled in Amsterdam,
The Netherlands.

Its registered office and principal place of business is in Germany, Halle, Weinbergweg 22.

**INDEX TO CONDENSED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2021**

Condensed Interim Financial Statements

Condensed Statements of Profit or Loss and Other Comprehensive Income	3
Condensed Statements of Financial Position	4
Statements of Changes in Shareholders' Equity for the six months ended June 30, 2021 and 2020	5
Condensed Statements of Cash Flows	6
Notes to the Interim Report as of and for the six-month period ended June 30, 2021	7
1. Reporting entity	7
2. Basis of accounting	7
3. Going Concern	8
4. Change in accounting policy	8
5. Critical judgments and accounting estimates	8
6. Finance Result	9
7. Financial assets and financial liabilities	9
8. Other non-financial assets	10
9. Cash and cash equivalents	10
10. Equity	10
11. Share-based payments	11
(a) Equity settled share-based payment arrangements	11
(b) Share options exercised	11
(c) Share-based payment expense recognized	11
12. Post-employment benefits	12
13. Leases	13
14. Contractual Obligations and Commitments	13
15. Related party relationships	13
16. Significant events of the half year and changes in circumstances	14
17. Significant events after the reporting date	14

Vivoryon Therapeutics N.V.
Condensed Statements of Profit or Loss and Other Comprehensive Income

(in € thousand, except for share data)	Note	For the six months ended June 30,	
		2021	2020
Operating Expenses			
Research and development expenses		9,456	6,380
General and administrative expenses		2,337	1,138
Total Operating Expenses		11,793	7,518
Other income		(5)	(38)
Operating loss		11,788	7,480
Finance income	6.	(219)	—
Finance expenses	6.	102	92
Finance result	6.	(117)	92
Loss for the Period		11,671	7,572
Share Information			
Weighted average number of shares outstanding		19,975,482	19,975,482
Loss per share (basic/diluted)		(0.58)	(0.38)
Loss for the Period		11,671	7,572
Items not to be reclassified subsequently to profit or loss:			
Remeasurement of the net defined benefit pension liability	12.	—	20
Total Comprehensive Loss		11,671	7,592

The accompanying notes are an integral part of these condensed interim financial statements.

Vivoryon Therapeutics N.V.
Condensed Statements of Financial Position

(in € thousand)	Note	June 30, 2021	December 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment*		343	390
Intangible assets		553	565
Financial assets	7.	14	3
Total non-current assets		910	958
Current assets			
Other assets	8.	1,631	2,466
Financial assets	7.	667	21
Cash and cash equivalents	9.	19,832	26,306
Total current assets		22,130	28,793
TOTAL ASSETS		23,041	29,751
EQUITY AND LIABILITIES			
Equity			
Share capital	10.	19,975	19,975
Share premium		82,143	82,143
Other capital reserves		5,324	4,404
Accumulated other comprehensive loss		(655)	(655)
Accumulated deficit		(91,316)	(79,646)
Total equity		15,471	26,221
Non-current liabilities			
Post-employment benefits	12.	1,940	1,981
Provisions long-term		12	—
Lease liabilities long-term		179	224
Trade payables	7.	168	—
Total non-current liabilities		2,299	2,205
Current liabilities			
Provisions		35	47
Trade payables	7.	4,988	911
Lease liabilities		91	90
Other liabilities		157	276
Total current liabilities		5,271	1,325
Total Liabilities		7,570	3,530
TOTAL EQUITY AND LIABILITIES		23,041	29,751

* Property, plant and equipment includes right-of-use assets of EUR 264 thousand.

The accompanying notes are an integral part of these condensed interim financial statements.

Vivoryon Therapeutics N.V.

Statements of Changes in Shareholders' Equity for the six months ended June 30, 2021 and 2020

(in € thousand, except for share data)	Note	Shares outstanding	Share capital	Share premium	Other capital reserves	Accumulated deficit	Accumu- lated other compre- hensive loss	Total equity
Balance as of January 1, 2021		19,975,482	19,975	82,143	4,404	(79,646)	(655)	26,221
Loss for the period		—	—	—	—	(11,671)	—	(11,671)
Remeasurement of the net defined benefit pension liability	12.	—	—	—	—	—	—	—
Total comprehensive loss		—	—	—	—	(11,671)	—	(11,671)
Contributions								
Equity-settled share-based payments	11.c	—	—	—	920	—	—	920
Total Contributions		—	—	—	920	—	—	920
Balance as of June 30, 2021		19,975,482	19,975	82,143	5,325	(91,317)	(655)	15,471
Balance as of January 1, 2020		19,975,482	19,975	82,143	4,245	(63,136)	(562)	42,665
Loss for the period		—	—	—	—	(7,572)	—	(7,572)
Remeasurement of the net defined benefit pension liability		—	—	—	—	—	(20)	(20)
Total comprehensive loss		—	—	—	—	(7,572)	20	(7,592)
Contributions								
Equity-settled share-based payments	11.c	—	—	—	3	—	—	3
Total Contributions		—	—	—	3	—	—	3
Balance as of June 30, 2020		19,975,482	19,975	82,143	4,248	(70,708)	(582)	35,076

Vivoryon Therapeutics N.V.
Condensed Statements of Cash Flows

(in € thousand)	Note	For the six months ended June 30, 2021	For the six months ended June 30, 2020
Operating activities			
Loss for the period		(11,671)	(7,572)
Adjustments for:			
Finance result	6.	(117)	92
Depreciation and amortization of property, plant, equipment, right-of-use assets and intangible assets		83	67
Share-based payment expense	11.c	920	3
Other non-cash adjustments*		(9)	0
Changes in:			
Other assets		834	1,105
Other financial assets		(660)	309
Pension liabilities	12.	(40)	(40)
Trade and other liabilities		4,125	(313)
Interest paid		(9)	(4)
Interest received		4	—
Net cash used in operating activities*		(6,540)	(6,353)
Investing activities			
Purchase of intangible assets, laboratory and office equipment		(24)	(574)
Net cash from/ (used in) investing activities		(24)	(574)
Financing activities			
Repayment of lease liabilities		(45)	(45)
Net cash from/ (used in) financing activities		(45)	(45)
Net decrease in cash and cash equivalents*		(6,609)	(6,972)
Effect of exchange rate changes on cash and cash equivalents*		135	(81)
Cash and cash equivalents at beginning of period	9.	26,306	41,524
Cash and cash equivalents at end of period	9.	19,832	34,471

* Amounts reclassified for comparative purposes

The accompanying notes are an integral part of these condensed financial statements.

Vivoryon Therapeutics N.V.
Notes to the Interim Report as of and for the six-month period ended June 30, 2021

1. Reporting entity

Vivoryon Therapeutics N.V. is a Dutch public company with limited liability (naamloze vennootschap) with its corporate seat in Amsterdam, The Netherlands, and branch offices in Halle (Saale) and Munich, Germany. The Company is registered in the Commercial Register of The Netherlands Chamber of Commerce Business Register under CCI number 81075480, its registered office is at Weinbergweg 22, Halle, Germany.

Effective as of November 28, 2020, the Company operated under the registered name Vivoryon Therapeutics N.V. The change of the statutory seat to Amsterdam, the Netherlands is the result of a shareholder resolution passed at the Company's Annual General Meeting held on September 30, 2020.

Since October 27, 2014, the Company's common shares have been listed on the Euronext, Amsterdam, The Netherlands under the symbol VVY.

Vivoryon Therapeutics N.V. has activities in the areas of research, preclinical and clinical development of therapeutic drug candidates. The product pipeline currently includes several research and development programs with a focus on the inhibition of the enzyme Glutaminyl Cyclase (QC or QPCT) and its iso-form iso-Glutaminyl Cyclase (iso-QC or QPCTL) for the treatment of Alzheimer's disease and other diseases. Vivoryon Therapeutics extended its portfolio in 2020 by acquiring patents for the further development of Meprin protease inhibitors which have a therapeutic potential for a range of indications including acute and chronic kidney disease and multiple organ fibrosis. The activities of the Company are carried out in Germany being the primary location for its development activities.

Vivoryon Therapeutics N.V. is a clinical-stage biotechnology company focused on developing innovative small molecule-based medicines. Beyond the Company's lead program, varoglutamstat, which is in Phase 2 clinical development to treat Alzheimer's disease, the Company has established a solid pipeline of orally available small molecule inhibitors for various indications including cancer, inflammatory diseases and fibrosis.

These financial statements of Vivoryon Therapeutics comprise the Company and its wholly-owned subsidiary Vivoryon Therapeutics Inc., Chicago, Illinois, United States. Currently, Vivoryon Therapeutics Inc. has no operating activities. Considering the negligible significance of this subsidiary to the financial statements the Company does not prepare consolidated financial statements.

2. Basis of accounting

These interim condensed financial statements for the six-month reporting periods ended June 30, 2021 and 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed financial statements do not include all the information and disclosures required in the annual financial statements. Accordingly, this report is to be read in conjunction with the financial statements in our annual report for the year ended December 31, 2020.

The interim condensed financial statements were authorized for issue by the board of directors on September 16, 2021.

These financial statements are presented in thousands of Euro (€), which is also the functional currency of Vivoryon Therapeutics N.V. All financial information presented in Euro has been rounded to the nearest thousand (abbreviation € thousand) or million (abbreviated € million).

The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2020.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

For better clarity, the Company renamed some line items in the Condensed Statements of Profit or Loss and Other Comprehensive Income, Financial Position and Cash Flows as of June 30, 2021 and reclassified comparatives as of December 31, 2020 accordingly to better reflect their substance.

3. Going Concern

These interim condensed financial statements were issued under the going concern assumption. Based on the existing budget, approved by the board, anticipated working capital requirements of Vivoryon are sufficient through the 12 months following the date of these financial statements. Nevertheless, as the cash-reach of the company within the intended business development is until the end of Q2 2022, the management is aware of the fact, that additional funds must be raised to meet its future financial obligations. The management believes that those additional funds can be raised in time. Those additional funds may be raised in the form of equity and/or through licensing.

It may take several years before Vivoryon receives regulatory approval for a product candidate. In addition, there are still significant uncertainties in the development of a product candidate until regulatory approval. Therefore, the company will stay dependent on raising further funds and/or entering into licensing deals.

In the event, that the Company will not be able to raise additional funds in the year 2021, Vivoryon is able to postpone or cancel activities in the clinical trials or production process (API and/or IMP) to slow down its cash-burn.

4. Change in accounting policy

The following standards issued will be adopted in a future period and the potential impact, if any, they will have on the Company's financial statements is being assessed:

- IFRS 17 Insurance Contracts, including Amendments to IFRS 17
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

5. Critical judgments and accounting estimates

The preparation of the interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparing these interim financial statements, the critical judgments made by management in applying the Company's accounting policies were the same as those that applied to the financial statements as of and for the year ended December 31, 2020.

6. Finance Result

The net financial result is comprised of the following items for the six months ended June 30:

(in € thousand)	For the six months ended June 30,	
	2021	2020
Finance income		
Foreign exchange income	(216)	—
Interest income	(3)	—
Total	(219)	—
Finance expenses		
Money market funds measured at FVTPL	34	80
Foreign exchange expense	60	—
Other	8	12
Total	102	92
Finance result	(117)	92

Foreign exchange income (2021: EUR 216 thousand, 2020: nil) and expense (2021: EUR 60 thousand, 2020: nil) is mainly derived from the translation of the U.S. Dollar cash held by Vivoryon Therapeutics N.V. (see note 9).

Interest income results from the Company's U.S. Dollar term deposits.

Other finance expenses for the six months ended June 30, 2021 includes interest expense from Pensions and Leasing.

7. Financial assets and financial liabilities

Set out below is an overview of financial assets and liabilities, other than cash and cash equivalents, held by the Company as of June 30, 2021 and December 31, 2020:

(in € thousand)	As of June 30, 2021	As of December 31, 2020
	Financial assets at amortized cost	
Financial assets, non-current	14	3
Financial assets, current	667	21
Financial liabilities at amortized cost		
Trade payables, current	4,988	911
Trade payables, non-current	168	—
Other liabilities, current	—	21

Current financial assets mainly have increased due to a contract asset (EUR 539 thousand) related to obligations that will be satisfied and expensed in the third quarter of 2021.

Trade payables increased to EUR 4,988 thousand as of June 30 from EUR 911 thousand as of December 31, 2020 as a higher volume of services had not yet been paid as of the cut-off date.

As of June 30, the fair value of current and non-current financial assets is estimated with the carrying amount.

The long-term portion of rental deposits (EUR 14 thousand) were reclassified as of June 30, 2021 from current to non-current financial assets.

8. Other non-financial assets

(in € thousand)	As of June 30, 2021	As of December 31, 2020
Current other assets		
Prepayments on clinical contracts	621	2,227
Prepaid expense	528	110
Current VAT tax asset	474	122
Other	8	7
Total	1,631	2,466

Prepayments on clinical contracts have decreased as of June 30, 2021 compared to December 31, 2020 due to advancing services.

Prepaid expense mainly consists of prepaid insurance and maintenance expenses. For the first time, the prepaid expenses as of June 30, 2021 include an amount of EUR 468 thousand for expenses that have been capitalized as they relate to preparations for potential future capital measures in line with IAS 32.

Current VAT tax assets as of June 30, 2021 include regular tax reclaims from incoming invoices.

9. Cash and cash equivalents

(in € thousand)	As of June 30, 2021	As of December 31, 2020
Cash Equivalents		
Money market funds	12,937	16,966
Total	12,937	16,966
Cash at banks		
Cash held in U.S. Dollars	4,263	4,128
Cash held in Euro	2,632	5,212
Total	6,895	9,340
Total cash and cash equivalents	19,832	26,306

The banks and the issuer of the money-market funds (Commerzbank and Landesbank Baden Württemberg) are all investment graded (BBB or better; S&P).

10. Equity

As of June 30, 2020, Vivoryon's issued capital comprised 19,975,482 common shares (as of December 31, 2020: 19,975,482). The nominal amount per share is €1.00.

11. Share-based payments

(a) Equity settled share-based payment arrangements

The stock option program 2014 (the '2014 Plan') was resolved and amended by resolutions of the Annual Shareholders' Meetings on September 29, 2014, June 10, 2015 and May 19 2016. The maximum number of common shares available for issuance under equity incentive awards granted pursuant to the 2014 Plan equals 509,650 common shares.

Number of share options	2021	2020
Outstanding as of January 1,	407,375	407,375
Granted during the six months ended June 30	—	—
Exercised during the six months ended June 30	—	—
Forfeited during the six months ended June 30	—	—
Outstanding as of June 30,	407,375	407,375
<i>thereof vested</i>	<i>407,375</i>	<i>407,375</i>

On September 30, 2020, the Annual General Meeting of Vivoryon approved the Stock Option Program 2020 (the '2020 Plan'). The maximum number of common shares available for issuance under equity incentive awards granted pursuant to the 2020 Plan equals 615,000 common shares.

Number of share options	2021	2020
Outstanding as of January 1,	473,550	—
Granted during the six months ended June 30	—	—
Exercised during the six months ended June 30	—	—
Forfeited during the six months ended June 30	—	—
Outstanding as of June 30,*	473,550	—
<i>thereof vested**</i>	—	—

* The contractual life of the options is 8 years from the date of grant, not exercisable before lapse of 4 years.

** Vesting over 3-year period (33,3% each after first, second and third year).

(b) Share options exercised

In the six months ended June 30, 2021 as well as in the six months ending June 30, 2020, no shares were issued upon the exercise of share options.

(c) Share-based payment expense recognized

For the six months ended June 30, 2021, the Company has recognized €920 thousand, (2020: €3 thousand) of share-based payment expense/(benefit) in the Statements of Profit or Loss and Other Comprehensive Income.

None of the share-based payments awards were dilutive in determining earnings per share due to the Company's loss position.

12. Post-employment benefits

(in € thousand)	As of June 30, 2021	As of December 31, 2020
Post-employment benefits		
Defined benefit obligation	1,748	1,783
Obligations for granted and vested pension commitment	192	198
Total post-employment benefits	1,940	1,981

Vivoryon has defined benefit pension plan commitments to two former members of the management board. The pension commitments include entitlements to disability, retirement and survivor benefits in amounts specifically determined by the individual. The amount of the defined benefit obligation (actuarial present value of the accrued pension entitlements) is determined based on actuarial methodologies which require the use of estimates.

- Mortality rates were calculated according to the current 2018 G mortality tables published by Heubeck.
- The measurement of the pension liability was calculated with a discount rate of 0,55% p.a. derived from industrial bonds with an AA rating and a comparable term.
- In addition, an increase in the pension of 1.0% was assumed.

	As of June 30, 2021	As of December 31, 2020
Defined benefit obligation		
As of January 1,	1,783	1,751
Interest	5	16
Benefit payments	(40)	(77)
Actuarial gains (-)/ losses (+)		
- Changes in financial assumptions	—	79
- Experience adjustments	—	14
As of June 30 / December 31	1,748	1,783

In the reporting period, interest expenses in the amount of €5 thousand (total year 2020: €16 thousand) associated with defined benefit obligations were recognized in the statement of profit and loss.

The weighted average duration of the pension commitments was 12.7 years as of December 31, 2020.

13. Leases

(in € thousand)	For the six months ended June 30,	
	2021	2020
Right of use assets		
Balance at January 1	310	403
Additions	—	—
Depreciation	(46)	(49)
Balance at June 30	264	354
Lease Liabilities		
Balance at January 1	315	406
Repayments	(45)	(45)
Balance at June 30	270	360
thereof non-current	179	269
Interest expense recognized from leases	3	4

Vivoryon leases office buildings and IT assets. The corresponding right of use assets are disclosed as part of property, plant and equipment.

14. Contractual Obligations and Commitments

The Company enters contracts in the normal course of business with CROs and clinical sites for the conduct of clinical trials, professional consultants for expert advice and other vendors for clinical supply manufacturing or other services.

Total contractual obligations as of June 30, 2021 were EUR 4.630 thousand and comprised research and development service providers as well as of consulting services. Of these commitments, EUR 4.480 thousand are due in 2021.

There is currently a law mediation procedure going on. Shareholders of Vivoryon applied for court procedures for verification of the adequacy of our indemnity offer and of the compensation offered to those shareholders.

15. Related party relationships

The following individuals and entities were considered related parties of Vivoryon during the reporting period:

- Executive members of the Board of Directors of the Company or a shareholder of the Company
- Non-executive members of the Board of Directors

16. Significant events of the half year and changes in circumstances

Regional Licensing Partnership for Greater China

On June 29, 2021, the Company and Simcere Pharmaceutical Group Ltd (HKEX: 2096, 'Simcere') entered into a strategic regional licensing partnership to develop and commercialize medicines targeting the neurotoxic amyloid species N3pE (pGlu-Abeta) to treat Alzheimer's disease (AD) in Greater China.

The agreement grants Simcere a regional license to develop and commercialize varoglutamstat (PQ912), Vivoryon's Phase 2b-stage N3pE amyloid-targeting oral small molecule glutaminy cyclase (QPCT) inhibitor with disease-modifying potential for AD, as well as the Company's preclinical monoclonal N3pE-antibody PBD-C06 in the Greater China region.

Under the terms of the agreement, the Company will receive upfront payments and will also be eligible for payments upon achievement of certain development and sales milestones, with all components amounting to a total of over USD 565 million. In addition, the Company might receive double-digit royalties on sales. The Company expects the recently signed regional licensing agreement with Simcere will extend the Company's cash reach at least three quarters until Q2 2023.

COVID-19 Pandemic

The COVID-19 pandemic, which began in December 2019 has spread worldwide and continues to cause many governments to maintain measures to slow the spread of the outbreak through quarantines, travel restrictions, closure of borders and requiring maintenance of physical distance between individuals.

During the first two quarters of 2021, the Company's employees have continued to be able to work from their home offices or return to the Company's offices. Our service providers continued at regular operational levels and the recruitment of patients and new clinical trial sites continued in the first two quarters of 2021 through the date of issuance of these interim financial statements.

Changes to the Management

On April 1, 2021, Florian Schmid joined Vivoryon Therapeutics N.V. as Chief Financial Officer.

17. Significant events after the reporting date

There were no subsequent events to report.