VIVORYON THERAPEUTICS N.V.

UNAUDITED INTERIM REPORT AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

These condensed interim financial statements are interim financial statements for Vivoryon Therapeutics N.V. The condensed financial statements are presented in Euro (EUR). Vivoryon Therapeutics N.V. is a public company with limited liability under Dutch law, having its statutory seat in Amsterdam, The Netherlands. Its registered office and principal place of business is in Germany, Halle, Weinbergweg 22.

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SIX MONTHS ENDED JUNE 30, 2023 AND 2022

Unaudited Condensed Interim Financial Statements

Vivoryon Therapeutics N.V.

Interim Management Report (unaudited)

1. Organizational Structure

The Company is registered with the name Vivoryon Therapeutics N.V. in the Trade Register of the Netherlands Chamber of Commerce under number 81075480 (Sector 'Advisering, onderzoek en overige specialistische zakelijke dienstverlening', Activiteit (SBI-code) '72112 - Biotechnologisch speur- en ontwikkelingswerk op het gebied van medische producten en farmaceutische processen en van voeding'). Its commercial name is Vivoryon Therapeutics and the administrative headquarters as well as the business operations remain in Halle (Saale) and Munich Germany. The Company's business address is Weinbergweg 22, 06120 Halle (Saale), Germany (contact details: +49 (0)345 555 99 00, info@vivoryon.com).
The Company has a subsidiary, Vivoryon Therapeutics Inc. in Chicago, IL, USA. All operating activities and assets are concentrated in Vivoryon Therapeutics N.V.; currently, Vivoryon Therapeutics Inc. has no operating activities.

2. Business Activities

We are a biopharmaceutical company focused on discovering, developing, and potentially commercializing small molecule-based medicines that modulate the activity and stability of pathologically altered proteins. We are determined to create novel therapeutics to treat diseases with exceptionally high unmet medical need. Our current drug development programs focus on novel therapeutics with a differentiated mode of action for treating Alzheimer's disease ("AD"), inflammatory/fibrotic disorders, such as of the kidney or liver, and cancer indications. We are developing a proprietary pipeline of product candidates using operations focused on planning and managing Research and Development ("R&D") programs. In addition to developing small molecule-based medicines, we also pursue antibody-based approaches in certain indications. Research work is mainly outsourced to CROs or academic collaboration partners on a fee-for-service basis. We strive to gener-ate future revenues from licensing our product candidates to biopharmaceutical companies or, in selected cases, by commercializing products upon regulatory market approval by the relevant Competent Authorities.

3. Significant Events in the First Half of 2023

Varoglutamstat Clinical Program:
Varoglutamstat is a differentiated investigational small-molecule medicine in development to treat Alzheimer's disease (AD). It is currently being investigated in two large Phase 2 studies, VIVIAD (NCT04498650) in Europe and VIVA-MIND (NCT03919162) in the U.S., where it continues to show evidence of a favorable safety profile at the therapeutic dose of 600 mg twice daily (BID), a dose demonstrated to result in a target occupancy of nearly 90%.
Varoglutamstat is designed to prevent N3pE-Abeta formation, rather than aiming to clear existing plaques, making it an intervention upstream of other approaches such as monoclonal antibodies (mAbs). Through a second mode of action, varoglutamstat also modulates neuroinflammation via the CCL2 pathway, which, in turn, has an impact on tau pathology.

VIVIAD
VIVIAD (NCT04498650) is a state-of-the-art Phase 2b study being conducted in Europe and designed to evaluate the safety, tolerability, and efficacy of varoglutamstat in 259 (final number of randomized participants) subjects with mild cognitive impairment (MCI) and mild AD.

- In March 2023, Vivoryon announced an update on the clinical development of varoglutamstat, including the VIVIAD trial, at the International Conference on Alzheimer's and Parkinson's Diseases and related neurological disorders (AD/PD) in Gothenburg, Sweden. As of the data cut-off date of January 5, 2023, over 100 of the 259 participants randomized into the VIVIAD study had been treated for at least 48 weeks.

Varoglutamstat showed, to date, no on-target toxicity and no clinical signs of brain swelling or hemorrhages (ARIA), which are a limiting class side effect of Abeta antibodies. The discontinuation rate due to adverse events in VIVIAD was considerably lower than* in the completed Phase 2a SAPHIR study at comparable timepoints, while retaining a similar level of target inhibition (around 90%) at the dosing in both studies.

- Vivoryon remains on track to report the final data readout from the VIVIAD study in the first quarter of 2024.

VIVA-MIND

VIVA-MIND (NCT03919162) is a complementary Phase 2 study for varoglutamstat being conducted in the U.S. which seeks to enroll 180 patients with early AD into the Phase 2a adaptive dose finding portion and to enroll a further 234 patients in the Phase 2b portion of the study.

- The Company intends to provide a study update in the fourth quarter of 2023.

Corporate Developments

- In May 2023, Vivoryon announced the successful raise of EUR 25 million in an accelerated bookbuild offering through a private placement of 1,785,715 ordinary shares, with a nominal value of EUR 1.00 each, in the issued share capital of the Company at an issue price of EUR 14.00 per share (such shares the "New Shares"). The New Shares from the capital increase represented approximately 7.4% of Vivoryon's existing issued share capital and were issued from the Company's authorized capital under exclusion of the existing shareholders' pre-emptive rights. Consequently, the Company's issued share capital increased to EUR 25,890,993.00.
- In June 2023, Vivoryon announced the appointment of Kugan Sathiyanandarajah and Professor Dr. Morten Asser Karsdal as Non-Executive members to its Board of Directors, strengthening the Board with their extensive scientific knowledge and business acumen. Both appointments were approved during Vivoryon's Annual General Meeting which took place on June 21, 2023. All voting items were passed with a majority.

4. Risk Factors

We refer to the description of risk factors in our 2022 annual report, pp. 22–35, which remains valid and unaltered and which is hereby incorporated by reference.

5. Related Party Transactions

We refer to the description under no. 19 of the Notes to the Unaudited Condensed Interim Financial Statements below for further information.

Transactions with key management personnel

For the six months ended June 30, 2023, the Company has recognized EUR 1,087 thousand of share-based payment expense in the Statements of Operations and Comprehensive Income and Loss, relating to executive board members:

in kEUR	**2023**	**2022**
Compensation		
Ulrich Dauer (CEO)	463	345
Florian Schmid (CFO)	260	342
Michael Schaeffer (CBO)	364	301
Total	**1,087**	**988**

For the six months ended June 30, 2023, the Company has recognized EUR 1,009 thousand of share-based payment expense in the Statements of Operations and Comprehensive Income and Loss, relating to non-executive board members:

in kEUR	**2023**	**2022**
Compensation		
Erich Platzer	137	7
Claudia Riedl	120	6
Charlotte Lohmann	137	7
Morten Karsdal	-	n/a
Kugan Sathiyanandarajah	-	n/a
Samir Shah	201	10
Dinnies von der Osten	207	7
Jörg Neermann	207	7
Total	**1,009**	**44**

6. Responsibility Statement on the Unaudited Condensed Interim Financial Statements

We have prepared the unaudited condensed interim financial statements of Vivoryon Therapeutics N.V. for the six months ended June 30, 2023 in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. To the best of our knowledge:

- The unaudited condensed interim financial statements give a fair view of the assets, liabilities and financial position as of June 30, 2023, and of the result of our operations for the six-month period ended June 30, 2023; and
- The unaudited management report for the six-month period ended June 30, 2023 includes a fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Unaudited Condensed Statements of Operations and Comprehensive Income and Loss for the six months ended June 30, 2023 and 2022

(in kEUR, except for share data)	Note	For the six months ended June 30, 2023 (unaudited)	2022 (unaudited)
Research and development expenses		(6,259)	(11,067)
General and administrative expenses		(4,433)	(2,310)
Operating loss		**(10,692)**	**(13,378)**
Finance income	6.	258	989
Finance expenses	6.	(327)	(105)
Finance result	6.	**(69)**	**884**
Result before income taxes		**(10,761)**	**(12,494)**
Income taxes	7.	45	(89)
Net loss for the period		**(10,716)**	**(12,583)**
Items not to be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit pension liability		(9)	261
Total other comprehensive profit / (loss)		**(9)**	**261**
Comprehensive loss		**(10,725)**	**(12,322)**
Loss per share in EUR (basic and diluted)	17.	(0.44)	(0.60)

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

Vivoryon Therapeutics N.V.
Unaudited Condensed Statements of Financial Position as of June 30, 2023 and December 31, 2022

(in kEUR)	Note	June 30, 2023 (unaudited)	December 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment		45	49
Intangible assets		473	494
Right-of-use assets	15.	81	127
Financial assets	8.	14	14
Total non-current assets		**613**	**684**
Current assets			
Financial assets	8.	12,700	3,716
Other current assets and prepayments	10.	2,459	423
Cash and cash equivalents	11.	29,582	26,555
Total current assets		**44,742**	**30,694**
TOTAL ASSETS		**45,355**	**31,378**
Equity			
Share capital	12.	25,962	24,105
Share premium		134,973	113,382
Other capital reserves		11,961	9,656
Accumulated other comprehensive loss		(189)	(180)
Accumulated deficit		(131,173)	(120,457)
Total equity		**41,534**	**26,506**
Non-current liabilities			
Pension liability	14.	1,310	1,323
Provisions long-term		12	12
Lease liabilities	15.	10	38
Deferred tax liabilities	7.	189	234
Total non-current liabilities		**1,521**	**1,607**
Current liabilities			
Trade payables	8.	1,291	2,543
Lease liabilities	15.	75	94
Other liabilities	16.	934	628
Total current liabilities		**2,300**	**3,265**
Total Liabilities		**3,821**	**4,872**
TOTAL EQUITY AND LIABILITIES		**45,355**	**31,378**

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

Vivoryon Therapeutics N.V.
Unaudited Condensed Statements of Changes in Shareholders' Equity for the six months ended June 30, 2023 and 2022

(in kEUR)	Note	Share capital	Share premium	Other capital reserves	Accumulated other comprehensive loss	Accumulated deficit	Total equity
January 1, 2023		**24,105**	**113,382**	**9,656**	**(180)**	**(120,457)**	**26,506**
Net loss for the period		—	—	—	—	(10,716)	(10,716)
Remeasurement of the net defined benefit pension liability		—	—	—	(9)	—	(9)
Comprehensive loss		**—**	**—**	**—**	(9)	**(10,716)**	**(10,725)**
Proceeds from the issuance of common shares	12.	1,786	23,214	—	—	—	25,000
Transactions costs of equity transactions		—	(2,095)	—	—	—	(2,095)
Share-based payments	13(c)	—	—	2,305	—	—	2,305
Exercise of share options	13(b)	71	472	—	—	—	542
June 30, 2023		**25,962**	**134,973**	**11,961**	**(189)**	**(131,173)**	**41,534**
January 1, 2022		**20,050**	**83,211**	**6,168**	**(572)**	**(92,300)**	**16,557**
Net loss for the period		—	—	—	—	(12,583)	(12,583)
Remeasurement of the net defined benefit pension liability		—	—	—	261	—	261
Comprehensive loss		**—**	**—**	**—**	**261**	**(12,583)**	**(12,322)**
Proceeds from the issuance of common shares	12.	2,000	19,000	—	—	—	21,000
Transactions costs of equity transactions	12.	—	(1,030)	—	—	—	(1,030)
Share-based payments	13(c)	—	—	1,032	—	—	1,032
June 30, 2022		**22,050**	**101,181**	**7,200**	**(311)**	**(104,883)**	**25,237**

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

Vivoryon Therapeutics N.V.
Unaudited Condensed Statements of Cash Flows for the six months ended June 30, 2023 and 2022

(in kEUR)	Note	For the six months ended June 30, 2023 (unaudited)	2022 (unaudited)
Operating activities			
Net loss for the period		(10,716)	(12,583)
Adjustments for:			
Finance result	6.	69	(884)
Depreciation and amortization		79	81
Share based payments	13(c)	2,305	1,032
Foreign currency gain (loss) from other items than cash		(59)	458
Deferred income tax		(45)	89
Other non-cash adjustments		(33)	307
Changing in:			
Financial assets	8.	(8,938)	2,721
Other current assets and prepayments	10.	(2,036)	44
Pension liabilities	14.	(13)	(318)
Trade payables	8.	(1,252)	(679)
Other liabilities	0.	306	(504)
Interest received		51	3
Interest paid		(1)	(3)
Cash flows used in operating activities		**(20,283)**	**(10,237)**
Investing activities			
Purchase of plant and equipment		(9)	(2)
Cash flows used in investing activities		**(9)**	**(2)**
Financing activities			
Proceeds from the issuance of common shares	12.	25,000	21,000
Capital raising costs		(2,095)	(1,374)
Proceeds from exercise of share options	13(b)	542	—
Payment of lease liabilities		(47)	(46)
Cash flows provided by financing activities		**23,400**	**19,581**
Net increase in cash and cash equivalents		**3,109**	**9,342**
Cash and cash equivalents at the beginning of period	11.	26,555	14,661
Effect of exchange rate fluctuation on cash held		(82)	380
Cash and cash equivalents at end of period	11.	**29,582**	**24,383**

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

Vivoryon Therapeutics N.V.
Notes to the Unaudited Condensed Interim Financial Statements

1. Company information

Vivoryon Therapeutics N.V. is a Dutch public company with limited liability ('Naamloze Vennootschap') that has its statutory seat in Amsterdam, the Netherlands and branch offices in Halle (Saale) and Munich, Germany. The Company's ordinary shares are listed under the ticker symbol 'VVY' with NL00150002Q7 on Euronext Amsterdam, the Netherlands. The Company is registered with the name Vivoryon Therapeutics N.V. in the Trade Register of the Netherlands Chamber of Commerce under number 81075480. The Company's registered office and business address is Weinbergweg 22, 06120 Halle (Saale), Germany.

Vivoryon Therapeutics N.V. (hereinafter also referred to as 'Vivoryon' or the 'Company'), 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.

2. Basis of accounting

The condensed interim financial statements of Vivoryon have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union (herein 'IFRS'). These condensed interim financial statements for the six-month reporting periods ended June 30, 2023 and 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed interim 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, 2022.

The condensed interim financial statements were authorized for issue by the board of directors on August 4, 2023. The Board declares that, to the best of its knowledge, the condensed interim financial statements for the six months ended June 30, 2023 provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company in accordance with IFRS, and the Report provides a true and fair view of the position of the Company as at June 30, 2023 and the development of the business during the six months period ended June 30, 2023.

These condensed interim financial statements are presented in thousands of Euro (EUR), 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 EUR thousand) or million (abbreviated EUR 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, 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Going Concern

The Company has evaluated whether there are certain conditions and events, considered in the aggregate, that may cast significant doubt about the Company's ability to continue as a going concern.

As a clinical stage biopharmaceutical company, the Company has incurred operating losses since inception. For the six months periods ended June 30, 2023, the Company incurred a net loss of EUR 10.7 million (including an operating loss amounting to EUR 10.7 million, resulting in an operating cash outflow of EUR 20.3 million). As of June 30, 2023, the Company had generated an accumulated deficit of EUR 131.2 million and had an equity position amounting to EUR 41.5 million. The Company expects it will continue to generate significant operating losses for the foreseeable future due to, among other things, costs related to research funding, development of its product candidates and its preclinical programs, strategic alliances and its administrative organization. As of September 7, 2023, the issuance date of the condensed interim financial statements for the six months periods ended June 30, 2023, the Company expects on the basis of its most recent financing and business plan that its existing cash and cash equivalents will be sufficient to fund its research and development expenses, general and administrative expenses

and cash outflows from investing and financing activities into the second half of 2024. For this assessment, it was assumed that none of the options granted in connection with the private placement from September 30, 2022, will be exercised (see note 8.11 of the Company's annual financial statements for the year ended December 31, 2022). The future viability of the Company beyond the first half of 2024 is dependent on its ability to raise additional funds to finance its operations.

To date the Company largely financed its operations through equity raises, licensing proceeds and government grants. After a successful read out of its phase 2b clinical trial in the EU the Company is seeking to complete further equity financings within the first half year of 2024 to fund the phase 2b clinical trial in the US and other operational costs beyond the first half of 2024. In the event the Company does not complete further equity financing transactions, the Company expects to seek additional funding through government or private-party grants, debt financings or other capital sources or through collaborations with other companies or other strategic transactions, including partnering deals for one or more of its product candidates. The Company is currently exploring various financing alternatives to meet the Company's future cash requirements, including the exercise of EUR 15.0 million options granted in connection with the private placement from September 30, 2022, seeking additional investors, pursuing industrial partnerships, or obtaining further funding from existing investors through additional funding rounds. The Company may not be able to obtain financing on acceptable terms, or at all, and the Company may not be able to enter into collaborations or other arrangements. The terms of any financing may adversely affect the holdings or rights of the Company's shareholders.

If the Company is unable to raise capital on acceptable terms or at all, the Company would be forced to delay, limit, reduce or terminate its product development or future commercialization efforts of one or more of our product candidates, or may be forced to reduce or terminate its operations. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund continuing operations, if at all.

Management has considered the ability of the Company to continue as a going concern. Based on the Company's recurring losses from operations incurred since inception, expectation of continuing operating losses for the foreseeable future, and the need to raise additional capital to finance its future operations, as of September 7, 2023, the issuance date of the condensed interim financial statements for the six months periods ended June 30, 2023, the Company has concluded that a material uncertainty exists that may cast significant doubt about its ability to continue as a going concern.

The accompanying condensed interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. Accordingly, the accompanying condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

4. Change in accounting policy

The following amendments were adopted effective January 1, 2023 and have not a material impact on the financial statements of Vivoryon:

Standards / Amendments	Impending change	Effective date*	Actual effects
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	The amendments should help preparers of financial statements to decide which accounting policies they must disclose in the financial statements.	January 1, 2023	No material effects on the financial statements.
Amendments to IAS 8: Definition of Accounting Estimates	The amendments should help to distinguish between accounting policies and accounting estimates.	January 1, 2023	No material effects on the financial statements.
Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendment clarifies, that deferred tax must be recognized when an entity accounts for transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments clarify, the recognition of deferred tax arising from transactions such as leases or restoration / decommissioning obligations.	January 1, 2023	No material effects on the financial statements.
IFRS 17 Insurance Contracts	The objective of this standard is to establish principles for the recognition, measurement, presentation and disclosure of insurance contracts.	January 1, 2023	No material effects on the financial statements.

The following amendments will be adopted effective January 1, 2024 or later and are not expected to have a material impact on the financial statements of Vivoryon:

Standards / Amendments	Impending change	Effective date*	Anticipated effects
Amendment to IAS 1: Classification of Liabilities as Current or Non-current	Relates to the presentation of liabilities in the financial statements. The classification of liabilities as current or non-current must be based on rights that are in existence as of the reporting date.	January 1, 2024	No material effects on the financial statements are expected.
Amendments to IFRS 16: Lease Liability in a Sale and Lease Back	Due to the amendments to IFRS 16, the standard now specifies that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains.	January 1, 2024	No material effects on the financial statements are expected.
* The date of first-time adoption scheduled by the IASB is assumed for the time being as the likely date of first-time adoption for the entity.			

5. Critical judgments and accounting estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the period ending June 30, 2023 is included in the following notes. The estimates may differ from the actual amounts recognized in subsequent periods. Changes in assumptions or estimates to be made are recognized in the statement of profit or loss and other comprehensive income at the time they become known. The circumstances in existence at the time of preparation of the financial statements are considered as well as the future development in the industry-related environment concerning the expected future business development of Vivoryon.

Revenue from contracts with customers

While recognizing revenue from contracts with customers critical judgments and accounting estimates may be required in the five-step approach of IFRS 15.

In the year ended December 31, 2021, management identified variable consideration from a first milestone with highly probable outcome where significant reversals will not occur. Additionally, given the range of possible outcomes for further milestones and related payments and the uncertainty for each scenario, management applied the expected value estimation method. The reasons leading to management's expectation in 2021 that significant reversal in the amount of cumulative revenue is not expected to occur were re-assessed and confirmed on June 30, 2023.

Recognition of research and development expenses

As part of the process of preparing the financial statements, Vivoryon is required to estimate its accrued expenses. This process involves reviewing quotations and contracts, identifying services that have been performed on its behalf, estimating the level of service performed and the associated cost incurred for the service when Vivoryon has not yet been invoiced or otherwise notified of the actual cost, see note 6.14 of our Annal Report 2022.Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax entries already recorded. Deferred tax assets are recognized for unused tax losses to the extent, that deferred tax liabilities exceed deferred tax assets, while the provisions of the German Tax Act on the utilization of loss carryforwards was also considered ('minimum taxation'/'*Mindestbesteuerung*'). Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing of deferred tax liabilities that are compensated by deferred tax assets from loss carryforwards under the constraints of German tax law. Due to our history of loss-making over the last several years as well as our plans for the foreseeable future, we have not recognized any further deferred tax assets on tax losses carried forward.

6. Finance result

	For the six months ended June 30,	
in kEUR	**2023**	**2022**
Finance income		
Interest income	98	23
Foreign exchange income	160	916
Reversed expected credit loss allowance	—	50
Total	**258**	**989**
Finance expenses		
Foreign exchange expense	(301)	(78)
Interest expenses	(26)	(12)
Impairments on quoted money market funds	—	(16)
Total	**(327)**	**(105)**
Finance result	**(69)**	**884**

Foreign exchange income and expense is mainly derived from the translation of the U.S. Dollar cash held by Vivoryon Therapeutics N.V. and receivables/liabilities denominated in USD from transactions with Simcere.

Interest income results from the Company`s Euro and U.S. Dollar deposits. Interest expenses for the six months ended June 30, 2023 as well as for 2022 includes interest expense from pensions and leasing.

7. Income taxes

Income taxes as well as the significant differences between the expected and the actual income tax expense in the reporting period and the comparative period are described under '7.7 Income taxes' in the Annual Report 2022. Although the Company has significant tax loss carryforwards, IAS 12 defines very narrow limits for the recognition of deferred tax assets from tax loss carryforwards. IAS12 does not permit deferred tax assets to be recognized just to offset deferred tax liabilities. Since German tax law limits the annual amounts to be offset per year, the Company had an excess of deferred tax liabilities (EUR 0.2 million as of June 30, 2023, EUR 0.2 million as of December 31, 2022). The decrease of deferred tax liabilities in the six months ended June 30, 2023, by EUR 45 thousand was recognized as tax income (2022: EUR 89 thousand tax expense).

8. 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, 2023 and December 31, 2022:

in kEUR	As of June 30, 2023	As of December 31, 2022
Financial assets, non-current		
Other non-current financial assets	14	14
	14	**14**
Financial assets, current		
Term deposits in Euro with a maturity between 3 and 12 months	9,000	—
Receivable after ECL allowance (milestone/license payment)	3,640	3,709
Other current financial assets	60	7
	12,700	**3,716**

As of June 30, 2023, the Company disclosed a receivable (EUR 3.6 million current) from a licensing deal in 2021. The payment for the receivable was contractually not due before April 30, 2023 and is expected not before December 2023. The expected credit loss allowance (June 30, 2023: EUR 42 thousands, December 31, 2022: EUR 42 thousands) was deducted from a receivable which has an expected term of 6 months at June 30, 2023, the Company determines the exposure to credit default using customer specific default probabilities from S&P Capital IQ databases.

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

in kEUR	As of June 30, 2023	As of December 31, 2022
Financial liabilities, current		
Trade Payables	1,291	2,543
Other financial liabilities	322	5
	1,613	**2,548**

Trade payables decreased to EUR 1,291 thousand as of June 30, 2023, from EUR 2,542 thousand as of December 31, 2022 as a higher volume of services had been accrued as of December 31, 2022 which have been paid in the following six months ended on June 30, 2023.

9. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers as of June 30, 2023 and December 31, 2022:

in kEUR	As of June 30, 2023	As of December 31, 2022
Contract balances		
Receivable included in 'Financial asset'		
Receivable from a first development milestone	3,681	3,751
ECL allowance	*(42)*	*(42)*
Total receivables included in 'Financial assets'	**3,639**	**3,709**
Contract assets, which are included in 'Financial assets, current'	—	—
Contract liabilities which are included in 'Other liabilities, current'	—	—

The contract assets are disclosed when the Company has rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities would primarily relate to performance obligations of the company not yet fulfilled. The company did not disclose any amounts in contract liabilities at the beginning of the period that have been recognized as revenue subsequently.

The amount of revenue recognized in the six-month period ended June 30, 2023 from performance obligations satisfied in this period is nil (2022: nil).

10. Other non-financial assets

in kEUR	As of June 30, 2023	As of December 31, 2022
Current other assets		
Prepayments	2,272	167
Value-added tax receivables	166	248
Other taxes	21	8
Total	**2,459**	**423**

As of June 30, 2023 the prepayments include advance payments for manufacturing projects EUR 821 thousands (2022: nil) and VIVIAD the clinical 2b trial in amount of EUR 1,302 thousands (2022: nil).

Current VAT tax assets as of June 30, 2023 and December 31, 2022, include regular tax reclaims from incoming invoices.

11. Cash and cash equivalents

in kEUR	As of June 30, 2023	As of December 31, 2022
Cash at banks		
Cash held in U.S. Dollars	3,993	4,653
Cash held in Euro	25,589	21,902
Total	**29,582**	**26,555**
Total cash and cash equivalents	**29,582**	**26,555**

The banks (Deutsche Bank, Landesbank Baden Württemberg and Commerzbank) are all investment graded (BBB or better; S&P).

12. Equity

As of June 30, 2023, Vivoryon's issued capital comprised 25,961,892 common shares (as of December 31, 2022: 24,105,278). The nominal amount per share is EUR 1.00. The authorized share capital (*maatschappelijk kapitaal*) amounts to EUR 60,000,000, divided into 60,000,000 common shares, each with a nominal value of EUR 1.00, numbered 1 through 60,000,000.

	2023	2022
Shares outstanding on January 1	**24,105,278**	**20,050,482**
Issuance of common shares	1,785,715	2,000,000
Shares issued as a result of the exercise of share options	70,899	—
Shares outstanding on June 30	**25,961,892**	**22,050,482**

On May 31, 2023 the Company completed a private placement by way of accelerated book building, placing 1,785,715 registered shares at an offering price of EUR 14.00 per share. The new shares from the capital increase represents 7.4 % of Vivoryon's existing share capital and have been issued from the Company's authorized capital under exclusion of the existing shareholders' pre-emptive rights. As a consequence, the Company's issued share capital has increased to EUR 25,961,892. The gross proceeds of the offering amount to EUR 25.0 million.

On April 1, 2022 the Company completed a private placement by way of accelerated book building, placing 2,000,000 registered shares at an offering price of EUR 10.50 per share.

13. Share based payments

(a) Equity settled share-based payment arrangements

Under the 2014 Share Option Program ("2014 Plan") the Company granted rights to purchase common shares of Probiodrug AG ("Probiodrug"), the Company`s former name, to certain members of the management board (as was installed at that time) and employees of Probiodrug. Under this share option program options were issued in the years 2014 to 2017. Since December 31, 2017, no new grants could be issued under the 2014 Plan. In October 2022 239,501 and in April 2023 20,000 share options granted under the 2014 Plan have expired, thus 72,874 share options are still outstanding and exercisable under the 2014 Plan.

Number of share options	**2023**	**2022**
Outstanding as of January 1,	**92,874**	**332,375**
Granted during the six months ended June 30	—	—
Exercised during the six months ended June 30	—	—
Forfeited during the six months ended June 30	(20,000)	—
Outstanding as of June 30,*	**72,874**	**332,375**
*thereof exercisable***	*72,874*	*332,375*

* 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).

The Company further established a new share option program on September 13, 2019 (amended on December 4, 2020) ("2020 Plan"), with the purpose of promoting the long-term loyalty of the beneficiaries to the Company. The 2020 Plan governed issuances of share options to employees and members of the board. The maximum number of common shares available for issuance under option awards granted pursuant to the 2020 Plan equaled 615,000 options. Since July 1, 2022, no new grants could be issued under the 2020 Plan.

Number of share options	**2023**	**2022**
Outstanding as of January 1,	**615,000**	**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,*	**615,000**	**473,550**
*thereof exercisable***	—	—

* 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).

The Company established an omnibus equity incentive plan on June 28, 2021 (the "2021 Plan") governing the issuance of equity incentive awards to enhance our ability to attract, retain and motivate key employees. The initial maximum number of common shares available for issuance under equity incentive awards granted pursuant to the 2021 Plan equals 2,000,000 common shares. On January 1, 2024 and on January 1 of each calendar year thereafter, an additional number of common shares equal to 3 % of the total outstanding amount of common shares on December 31 of the immediately preceding year (or any lower number of common shares as determined by the board of directors) will become available for issuance under equity incentive awards granted pursuant to the 2021 Plan. The plan is administered by the Compensation Committee, the committee determines designated Participants, number of shares to be covered as well as the terms and conditions of any award.

Number of share options	**2023**	**2022**
Outstanding as of January 1,	**1,305,000**	**—**
Granted during the six months ended June 30	30,000	1,225,000
Exercised during the six months ended June 30	(70,899)	—
Forfeited during the six months ended June 30	—	—
Outstanding as of June 30,*	**1,264,101**	**1,225,000**
*thereof exercisable***	*570,741*	*39,808*

* The contractual life of the options is 10 years from the date of grant, exercisable after vesting.
** Vesting over 2-3-year period (typically approximately one third after first year, the remainder in equal monthly tranches over two years).

(b) Share options exercised

In the six months ended June 30, 2023 70,899 shares were issued upon the exercise of share options under the 2021 Plan, resulting in EUR 542 thousand proceeds to the Company.

In the six months ended June 30, 2022, no shares were issued upon the exercise of share options.

(c) Share-based payment expense recognized

For the six months ended June 30, 2023, the Company has recognized EUR 2,305 thousand, (2022: EUR 1,032 thousand) of share-based payment expense in the Statements of Operations and Comprehensive Income and Loss. None of the share-based payments awards were dilutive in determining earnings per share due to the Company's loss position.

14. Pension liability

in kEUR	**As of June 30, 2023**	**As of December 31, 2022**
Pension liability		
Defined benefit obligation	1,168	1,177
Obligations for granted and vested pension commitment	142	146
Total pension liability	**1,310**	**1,323**

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 3.81% p.a. (December 31, 2022: 3.91 % p.a.).
- In addition, an increase in the pension of 1.0% was assumed.

Defined benefit obligation	**As of June 30, 2023**	**As of December 31, 2022**
As of January 1,	**1,177**	**1,631**
Interest	22	16
Benefit payments	(40)	(78)
Actuarial gains (-)/ losses (+)		
- Changes in financial assumptions	(2)	(419)
- Experience adjustments	11	27
As of June 30 / December 31	**1,168**	**1,177**

In the reporting period, interest expenses in the amount of EUR 22 thousand (total year 2022: EUR 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 9.8 years as of June 30, 2023, respectively 10.0 years as of December 31, 2022.

15. Leases

Lease contracts consist of non-cancellable lease agreements mainly relating to the Company`s leases of office space in Halle (Saale) and München (Germany). Set out below, are the carrying amounts of the Company`s right of use assets, lease liabilities and recognized expenses in connection with leases:

in kEUR	**For the six months ended June 30, 2023**	**For the twelve months ended December 31, 2022**
Right of use assets		
Balance at January 1	**127**	**219**
Additions	—	—
Depreciation	(46)	(91)
Balance at June 30 / December 31	**81**	**127**
Lease Liabilities		
Balance at January 1	**133**	**225**
Additions	—	—
Repayments	(48)	(96)
Interest	1	4
Balance at June 30 / December 31	**86**	**133**
thereof short-term lease liabilities	75	94

in kEUR	**For the six months ended June 30, 2023**	**2022**
Expenses in connection with leases		
Depreciation of RoU assets	(46)	(46)
Interest expenses on lease liabilities	(1)	(2)
Lease expenses of low-value assets	—	—
Total	**(47)**	**(48)**

16. Other liabilities

in kEUR	As of June 30, 2023	As of December 31, 2022
Other current liabilities		
Accrued Chinese withholding taxes	368	375
Liabilities from employee benefits	156	190
Social charges, wage tax	87	57
Other financial liabilities	323	6
Total other liabilities	**934**	**628**

The Chinese government claims 10 % withholding tax (WHT) on the Company`s payments from Simcere under the license contract or other service contracts (also see 0.).

17. Loss per share

As of June 30, 2023, Vivoryon's issue capital consisted of 25,961,892 common shares (24,105,278 on December 31, 2022). All common shares are registered with no par value common shares. The calculated nominal amount per share is EUR 1.00. The net loss for the period amounted to EUR 10,716 thousands in the six months ended June 30, 2023 (2022: net loss of EUR 12,583 thousands). The loss per share was calculated as follows:

	For the six months ended June 30, 2023	2022
Loss per share calculation		
Weighted average number of common shares outstanding	25,961,892	21,050,482
Loss for the period (in kEUR)	(10,716)	(12,583)
Loss per share (basic/diluted) in Euro	**(0.44)**	**(0.60)**

As of June 30, 2023 and 2022, no items had a dilutive effect. The Company is loss making and therefore any dilutive additional shares, e.g., share options, were excluded from the diluted weighted average of common shares calculation because their effect would have been anti-dilutive.

18. 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.

As of the date of these unaudited condensed interim financial statements, we do not have any, and during the periods presented we did not have any, contractual obligations and commitments other than as described under "9.2 Contingencies and other financial commitments" in the Annual Report 2022.

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.

19. 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

20. Significant events after the reporting date

This section captures the events occurring after the reporting date of June 30, 2023, until the publication of half year results on September 7, 2023.

Varoglutamstat Clinical Program

VIVIAD

- In July 2023, Vivoryon presented a poster titled, "VIVIAD, a Phase 2b Study Investigating Varoglutamstat in Patients with MCI or Mild AD: Analysis of Baseline Cognition Data" at the Alzheimer's Association International Conference (AAIC), in Amsterdam, the Netherlands. These data demonstrated that Vivoryon's strategy of precisely recruiting individuals with evidence of at least minimal baseline deficits on the WAIS-IV Coding test, a well-known measure of cognitive function, successfully identifies patients with MCI, enabling a reliable assessment of potential cognitive improvement after treatment.
- In July 2023, Vivoryon announced a safety update based on data from all 259 randomized patients which showed no clinical signs of varoglutamstat associated ARIA`s at the cutoff date of June 14, 2023. After carefully reviewing the updated safety data, the independent Data Safety Monitoring Board (DSMB) decided in its recent meeting on June 22, 2023, that the study should continue as planned and that no additional DSMB meeting will be required until study completion.
- In July 2023, Vivoryon announced that it commenced preparations for an open-label extension (OLE) study to provide a long-term treatment option to patients after completion of treatment under the VIVIAD or VIVA-MIND protocol. The launch of the OLE study is contingent on the outcome of VIVIAD.

VIVA-MIND

- In July 2023, Vivoryon announced that the first cohort was fully randomized into the study as planned and the study is now recruiting participants into the second cohort, with 19 sites open across the U.S. In June 2023, the study's independent DSMB recommended to continue the study without modification, supporting the rationale for accelerated uptitration to 600 mg BID dosing.

Corporate Developments

- On August 4, 2023, the board approved a settlement agreement with Ulrich Dauer and decided that Frank Weber will replace Ulrich Dauer as Chief Executive Officer from August 14, 2023, respectively after an extraordinary shareholder meeting to be held mid of September 2023. Additionally, the Board has proposed a newly created position, Chief Strategy & Investor Relations Officer, to be assumed by current Head of Investor Relations, Anne Doering, CFA, also from August 14, 2023, respectively after an extraordinary shareholder meeting to be held mid of September 2023.
- In August 2023, Vivoryon and Scenic Biotech B.V. ("Scenic") reached an agreement regarding the settlement of their patent dispute. In 2019, Vivoryon had initiated proceedings on the merits with the District Court of The Hague against Scenic, Stichting Het Nederlands Kanker Instituut-Antoni van Leeuwenhoek Ziekenhuis and Academisch Ziekenhuis Leiden h.o.d.n LUMC, in connection with certain of Vivoryon's patents related to varoglutamstat (PQ912) and certain other QPCT inhibitors. As part of the settlement, Scenic's affiliate, Scenic Immunology B.V., and Vivoryon have entered into a patent license agreement, under which Scenic Immunology B.V. granted to Vivoryon certain rights to certain patents controlled by Scenic Immunology B.V. in the field of oncology.