VIVORYON THERAPEUTICS N.V.

INTERIM REPORT AS OF AND FOR THE SIX-MONTH PERIOD ENDED

JUNE 30, 2022

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, 2022 AND 2021

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 generate 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 2022

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).

VIVIAD
VIVIAD (NCT04498650) is a state-of-the-art Phase 2b study conducted in Europe and designed to evaluate the safety, tolerability and efficacy of varoglutamstat in 250 subjects with mild cognitive impairment (MCI) and mild Alzheimer's disease (AD).

- On June 23, 2022, Vivoryon announced that it has completed the parallel group, dose-finding part of its VIVIAD study and that the independent Data Safety Monitoring Board (DSMB) has selected the highest dose investigated, 600 mg twice daily (BID), as the final dose to be administered in the second part of the study. The DSMB decision is based on safety data from 181 patients, 90 of which had completed the week 24 treatment visit at the May 17 cut-off date. All subjects randomized to the treatment arm will be treated at the selected dose of 600 mg BID moving forward and will continue treatment for up to 48-96 weeks dependent on study entry date.

- VIVIAD is actively enrolling patients at 22 study centers in five European countries and will continue to evaluate its primary and secondary outcome measures, which include multiple cognitive, safety and biomarker endpoints. Vivoryon remains on track for final data readout for the study in the second half of 2023.

VIVA-MIND

VIVA-MIND (NCT03919162) is a combined Phase 2a/b study for varoglutamstat conducted in the U.S. which seeks to enroll 180 patients with early AD into the Phase 2a adaptive dose finding part. If predefined criteria are fulfilled, the trial will pass a stage-gate into the Phase 2b part, enrolling an additional 234 patients treated at the selected dose for at least 72 weeks. Thus, taken together a total of 414 patients will be treated on stable doses of varoglutamstat for 18 months in the course of the study. The primary endpoint for this study is CDR-SB (clinical dementia rating scale – sum of boxes), an established approvable endpoint measuring a combination of cognitive abilities and activities of daily living. The study is coordinated by the Alzheimer's Disease Cooperative Study (ADCS) and supported by a USD15 million grant from the National Institute on Aging (NIA award number R01AG061146).

- VIVA-MIND is actively enrolling patients, with currently 14 sites open and on track for an interim futility analysis planned for the first half of 2023.

Partnered Programs:

- On February 28, 2022, Vivoryon and its partner Simcere announced that China's Center for Drug Evaluation (CDE) of National Medical Products Administration (NMPA) has approved the Clinical Trial Application for varoglutamstat for the development in Greater China by Simcere. Simcere has communicated that the company is currently preparing for initiation of clinical studies in China.

Corporate Developments

- On June 22, 2022, Vivoryon held its Annual General Meeting where all voting items were approved with a large majority. Voting items included the re-appointment of Charlotte Lohmann, Dr. Erich Platzer, Dr. Dinnies von der Osten and Dr. Jörg Neermann as members of the Company's Non-Executive Board, as well as the appointment of Dr. Claudia Riedl and Samir Shah, MD, to its Non-Executive Board of Directors.
- On April 1, 2022 Vivoryon announced the successful completion of a private placement, raising gross proceeds of EUR 21 million, with net proceeds from the offering intended to be used to support the ongoing clinical development of varoglutamstat, as well as for general corporate purposes. The capital raise was supported by a number of high-quality institutional investors from Europe and the U.S. as well as members of Vivoryon's Executive and Non-Executive Boards.

4. Risk Factors

We refer to the description of risk factors in our 2022 annual report, pp. 22–36, which remains valid and unaltered and which is hereby incorporated by reference.

5. Related Party Transactions

We refer to the description under no. 20 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, 2022, the Company has recognized EUR 988 thousand of share-based payment expense in the Statements of Operations and Comprehensive Income and Loss, relating to executive board members:

in kEUR	**2022**	**2021**
Compensation		
Ulrich Dauer (CEO)	345	464
Florian Schmid (CFO)	342	—
Michael Schaeffer (CBO)	301	464
Total	**988**	**928**

For the six months ended June 30, 2023, the Company has recognized EUR 44 thousand of share-based payment expense in the Statements of Operations and Comprehensive Income and Loss, relating to non-executive board members:

in kEUR	**2022**	**2021**
Compensation		
Erich Platzer	7	—
Claudia Riedl	6	n/a
Charlotte Lohmann	7	—
Samir Shah	10	n/a
Dinnies von der Osten	7	—
Jörg Neermann	7	—
Total	**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, 2022 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, 2022, and of the result of our operations for the six-month period ended June 30, 2022; and
- The unaudited management report for the six-month period ended June 30, 2022 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*).

Vivoryon Therapeutics N.V.
Unaudited Condensed Statements of Profit or Loss and Other Comprehensive Income for the six-month ended June 30, 2022 and 2021

in kEUR, except for share data	Note	For the six months ended June 30, 2022	2021
Research and development expenses		(11,067)	(9,456)
General and administrative expenses		(2,311)	(2,337)
Other operating income		—	5
Operating loss		**(13,378)**	**(11,788)**
Finance income	7.	989	219
Finance expenses	7.	(105)	(102)
Finance result	7.	**884**	**117**
Result before income taxes		**(12,494)**	**(11,671)**
Income taxes	8.	(89)	—
Net loss for the period		**(12,583)**	**(11,671)**
Items not to be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit pension liability		261	—
Total other comprehensive income / (loss)		261	—
Comprehensive loss		**(12,322)**	**(11,671)**
Loss per share in EUR (basic and diluted)	18.	(0.60)	(0.58)

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

Vivoryon Therapeutics N.V.
Unaudited Condensed Statements of Financial Position as of June 30, 2022 and December 31, 2021

in kEUR	Note	June 30, 2022	December 31, 2021
ASSETS			
Non-current assets			
Intangible assets		512	533
Property, plant and equipment		54	66
Right-of-use assets	16.	173	219
Financial assets	9.	14	3,473
Total non-current assets		**753**	**4,291**
Current assets			
Financial assets	9.	3,812	3,074
Other current assets and prepayments	11.	2,795	2,494
Cash and cash equivalents	12.	24,383	14,661
Total current assets		**30,990**	**20,229**
TOTAL ASSETS		**31,743**	**24,520**
Equity			
Share capital	13.	22,050	20,050
Share premium		101,181	83,211
Other capital reserves		7,200	6,168
Accumulated other comprehensive loss		(311)	(572)
Accumulated deficit		(104,883)	(92,300)
Total equity		**25,237**	**16,557**
Non-current liabilities			
Pension liability	15.	1,505	1,823
Provisions long-term		12	12
Lease liabilities	16.	86	132
Other liabilities	17.	—	513
Deferred tax liabilities	8.	521	432
Total non-current liabilities		**2,124**	**2,912**
Current liabilities			
Provisions		35	35
Trade payables	9.	3,681	4,360
Lease liabilities	16.	93	92
Other liabilities	17.	573	564
Total current liabilities		**4,382**	**5,051**
Total Liabilities		**6,506**	**7,963**
TOTAL EQUITY AND LIABILITIES		**31,743**	**24,520**

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

Vivoryon Therapeutics N.V.
Unaudited Condensed Statements of Changes in Shareholders' Equity for the six-months ended June 30, 2022 and 2021

(in kEUR)	Note	Share capital	Share premium	Other capital reserves	Accumulated other comprehensive loss	Accumulated deficit	Total equity
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	15.	—	—	—	261	—	261
Comprehensive income / (loss)		**—**	**—**	**—**	**261**	**(12,583)**	**(12,322)**
Proceeds from the issuance of common shares	13.	2,000	19,000	—	—	—	21,000
Transaction costs of equity transactions	13.	—	(1,030)	—	—	—	(1,030)
Share-based payments	14(c)	—	—	1,032	—	—	1,032
June 30, 2022		**22,050**	**101,181**	**7,200**	**(311)**	**(104,883)**	**25,237**
January 1, 2021		**19,975**	**82,143**	**4,404**	**(655)**	**(79,646)**	**26,221**
Net loss for the period		—	—	—	—	(11,671)	(11,671)
Comprehensive loss		**—**	**—**	**—**	**—**	**(11,671)**	**(11,671)**
Share-based payments	14(c)	—	—	921	—	—	921
June 30, 2021		**19,975**	**82,143**	**5,325**	**(655)**	**(91,317)**	**15,471**

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

Vivoryon Therapeutics N.V.
Unaudited Condensed Statements of Cash Flows for the six-months ended June 30, 2022 and 2021

(in kEUR)	Note	For the six months ended June 30, 2022	2021
Operating activities			
Result before income taxes		(12,494)	(11,671)
Adjustments for:			
Finance result	7.	(884)	(117)
Depreciation and amortization		81	82
Share based payments	14(c)	1,032	921
Other non-cash adjustments		764	(10)
Changing in:			
Financial assets	9.	2,721	(660)
Other current assets and prepayments	11.	44	1,302
Pension liabilities	15.	(318)	(40)
Trade payables	9.	(679)	4,076
Other liabilities	17.	(504)	49
Interest received		3	4
Interest paid		(3)	(9)
Cash flows used in operating activities		**(10,237)**	**(6,072)**
Investing activities			
Purchase of plant and equipment		(2)	(16)
Purchase of intangible assets		—	(8)
Cash flows used in investing activities		**(2)**	**(24)**
Financing activities			
Proceeds from the issuance of common shares	13.	21,000	—
Capital raising costs	13.	(1,374)	(468)
Payment of lease liabilities	16.	(46)	(45)
Cash flows provided by / (used in) financing activities		**19,581**	**(513)**
Net increase / (decrease) in cash and cash equivalents		**9,342**	**(6,609)**
Cash and cash equivalents at the beginning of period	12.	14,661	26,306
Effect of exchange rate fluctuation on cash held		380	135
Cash and cash equivalents at end of period	12.	**24,383**	**19,832**

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

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

1. Reporting entity

Vivoryon Therapeutics N.V. (or the 'Company'; until November 28, 2020 Vivoryon Therapeutics AG) is a Dutch public company with limited liability ('Naamloze Vennootschap') incorporated and domiciled in Amsterdam, the Netherlands. The Company is registered in the Commercial Register of The Netherlands Chamber of Commerce Business Register under CCI number 81075480. Its registered office and principal place of business is in Germany, Halle (Saale), Weinbergweg 22. Since October 27, 2014, Vivoryon listed common shares under the symbol 'VVY' on the EURONEXT Amsterdam.

Based on the resolution of the Annual General Meeting of September 30, 2020, Vivoryon Therapeutics AG has moved its statutory seat from Halle (Saale), Germany to Amsterdam, Netherlands and has changed its legal form from the German stock corporation to the Dutch N.V. ('Naamloze Vennootschap').

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.

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').

2. Basis of accounting

These condensed interim financial statements for the six-month reporting periods ended June 30, 2022 and 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and International Financial Reporting Standards as adopted in the European Union (herein 'IFRS'). 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, 2021.

The condensed interim financial statements were authorized for issue by the board of directors on September 16, 2022. The Board declares that, to the best of its knowledge, the condensed interim financial statements for the six months ended June 30, 2022 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, 2022 and the development of the business during the six months period ended June 30, 2022.

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, 2021.

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

3. Going Concern

As a clinical stage biopharmaceutical company, the Company has incurred operating losses since inception. For the six months ended June 30, 2022, the Company incurred a net loss of EUR 12.6 million (including an operating loss amounting to EUR 13.4 million, resulting in an operating cash outflow of EUR 10.2 million). As of June 30, 2022, the Company had generated an accumulated deficit of EUR 104.9 million and had an equity position amounting to EUR 25.2 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.

To date the Company largely financed its operations through equity raises, licensing proceeds and government grants. At the end of September 2022, the Company entered into an investment agreement for the private placement of 2,054,796 registered shares at an offering price of EUR 7.30 per share. In addition, the Company granted the option to the investors to purchase up to another 2,054,796 registered shares at a price of EUR 7.30 following a period of twelve months after the date of the approval of a EU Recovery prospectus (in accordance with Section 14a Prospectus Regulation) or the achievement date of a defined clinical milestone. The gross proceeds of the offering amount to EUR 15.0 million, and up to an additional EUR 15.0 million if the option to purchase the additional shares is exercised.

As of September 30, 2022, the issuance date of the Company`s condensed interim financial statements for the six months periods ended June 30, 2022, 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 as well the general and administrative expenses and cash flows from investing and financing activities at least through December 2023 in case none of the above mentioned warrants will be exercised.

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 30, 2022, the issuance date of the financial statements for the six months periods ended June 30, 2022, the Company has concluded that there is no doubt about its ability to continue as a going concern for a period of at least one year from the date that these financial statements are issued. Consequently, the accompanying 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.

The future viability of the Company beyond December 2023 is dependent on its ability to raise additional funds to finance its operations. In the event the Company does not receive additional funds from the exercise of the above mentioned warrants in until December 2023, and the Company does not complete a secondary listing of its common shares on the Nasdaq Global Market, the Company expects to be required to seek additional funding through private equity financings, 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 exploring various financing alternatives to meet the Company's future cash requirements, including 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.

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, 2022 and have not a material impact on the financial statements of Vivoryon:

- Annual Improvements to IFRS Standards 2018–2020 (January 1, 2022)
- Amendment to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (January 1, 2022)
- Amendment to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use (January 1, 2022)
- Amendment to IFRS 3: Reference to the Conceptual Framework (January 1, 2022)

The following amendments will be adopted effective January 1, 2023 or later and are not expected to have a material impact on the financial statements of Vivoryon:

- Amendment to IAS 1: Classification of Liabilities as Current or Non-current (January 1, 2023)
- Amendment to IFRS 17 Insurance Contracts (January 1, 2023)
- Amendment to IFRS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (January 1, 2023)
- Amendment to IAS 8: Definition of Accounting Estimates (January 1, 2023)
- Amendment to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (January 1, 2023)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Available for optional adoption/ effective date deferred indefinitely)

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, 2022 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. With respect to the revenue recognized in these financial statements, management has made significant judgements and estimates in the following steps.

Management has applied judgement in the assessment if the transferred licenses fulfilled the IFRS 15 criteria for ‘right-to-use’ vs. ‘right-to-access’ license. Due to the transfer of the rights including the entire know-how and the lack of further involvement in the subsequent regulatory approval steps of a drug in Greater China, management has recognized a 'right-to-use' license in the year ended on December 31, 2021.

In a further step of IFRS 15 management identified variable compensation with highly probably outcome where significant reversals will not occur, i.e. when contractual perquisites for milestones and related payments are

unavoidable for the customer. Additionally, given the range of possible outcomes for milestones and related payments and the uncertainty for each scenario, management applied the expected value estimation method.

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 Annual Report 2021.

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. Contracts with customers

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 glutaminyl 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. The 'fixed' considerations totaling EUR 7.4 million (USD 8.8 million) as well as a variable compensation from the first development milestone in the amount of EUR 3.4 million was recognized in revenues in 2021. So far Simcere has made its payments in a timely manner, the Company expects with a very high probability that the revenues for the first variable consideration (EUR 3.4 million) will not be reversed in future. The transaction price will be re-assessed at each following reporting date. Future milestones from this agreement cannot be realized in these condensed interim financial statements, as they are contingent upon the achievement of certain development and sales milestones and significant reversal of related revenues are possible.

On February 28, 2022, Simcere announced that China's Center for Drug Evaluation of National Medical Products Administration has approved the Clinical Trial Application for *varoglutamstat*. Upon request of Simcere the Company has agreed to support Simcere in conducting and accelerating the preparation of the first human trial in Greater China. The underlying support contract will be finalized in the third quarter of 2022.

7. Finance result

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

in kEUR	For the six months ended June 30, 2022	2021
Finance income		
Foreign exchange income	916	216
Reversed expected credit loss allowance	50	—
Interest income	23	3
Total	**989**	**219**
Finance expenses		
Foreign exchange expense	(78)	(60)
Impairments on quoted money market funds	(16)	(34)
Interest expenses	(12)	(8)
Total	**(105)**	**(102)**
Finance result	**884**	**117**

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 U.S. Dollar deposits.

The expected credit loss (ECL) allowances (2022: EUR 46 thousands, 2021: nil) were deducted from receivables which have a term of 10 months at June 30, 2022, the Company determines the exposure to credit default using customer specific default probabilities from Bloomberg databases. In the six months ended on June 30, 2022 the ECL allowance was reduced from EUR 96 thousands to EUR 46 thousands, as one receivable was paid and the second receivable came closer to its payment date (see note 6.).

Interest expenses for June 30, 2022 as well as for 2021 includes interest expense from pensions and leasing.

8. 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 2021. 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 0.5 million as of June 30, 2022, EUR 0.4 million as of December 31, 2021). The increase of deferred tax liabilities in the six months ended June 30, 2022 of EUR 0.1 million was recognized as tax expense in the six months ended June 30, 2022 (2021: nil) any mainly caused by further capitalization of capital raising costs (see note 11.).

9. 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, 2022 and December 31, 2021:

in kEUR	As of June 30, 2022	As of December 31, 2021
Financial assets, non-current		
Receivable after ECL allowance	—	3,459
Other non-current financial assets	14	14
	14	**3,473**
Financial assets, current		
Receivable after ECL allowance	3,805	3,067
Other current financial assets	7	7
	3,812	**3,074**

As of June 30, 2022, a receivable, already recognized in September 2021, from a variable compensation in the amount of EUR 3.9 million (USD 4.0 million from a first development milestone) is not yet paid. The payment for the receivable is contractually not due before April 30, 2023 and was reclassified to current financial assets as of June 30, 2022. The last outstanding receivable from 'fixed' considerations of the licensing deal (see note 6.), was paid in April 2022. The expected credit loss allowances (June 30, 2022: EUR 46 thousands, 2021: EUR 96 thousands) were deducted from receivables.

As of June 30, 2022 and December 31, 2021, the fair value of current and non-current financial assets is estimated with the carrying amount.

in kEUR	As of June 30, 2022	As of December 31, 2021
Financial liabilities, non-current		
Accrued liabilities	—	160
	—	**160**
Financial liabilities, current		
Trade Payables	3,681	4,360
Other financial liabilities	12	3
	3,693	**4,363**

Trade payables decreased to EUR 3,681 thousand as of June 30 from EUR 4,360 thousand as of December 31, 2021 as a higher volume of services had been accrued as of December 31, 2021 and have been paid in the following six months ended on June 30, 2022.

10. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers as of June 30, 2022 and December 31, 2021:

in kEUR	As of June 30, 2022	As of December 31, 2021
Contract balances		
Receivables included in 'Financial asset'		
Receivable from first development milestone, non-current	—	3,532
ECL allowance, non-current	—	*(73)*
Receivable from first development milestone, current	3,851	—
Receivable from unavoidable license payment, current	—	3,090
ECL allowance, current	*(46)*	*(23)*
Total receivables included in 'Financial assets'	**3,851**	**6,622**
Total receivables included in 'Financial assets' after ECL allowance	*3,805*	*6,526*
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. For the year ending December 31, 2021, the Company recognized unavoidable license payments, as the license and of know-how has been transferred and variable compensation for the first development milestone under receivables. The last outstanding part of the receivables related to the unavoidable license payments was paid in April 2022. The receivable from the first development milestone is contractually not due before April 30, 2023 and was reclassified to current financial assets as of June 30, 2022.

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.

11. Other non-financial assets

in kEUR	As of June 30, 2022	As of December 31, 2021
Current other assets		
Capital raising costs	2,224	1,881
Prepayments	235	320
Value-added tax receivables	329	281
Other taxes	7	12
Total	**2,795**	**2,494**

Capital raising costs consist of expenses that have been capitalized as they relate to preparations for potential future issuance of new shares on Nasdaq.

As of June 30, 2022 the prepayments include the conduct of VIVA-MIND the clinical 2a trial with EUR 95 thousands (2021: EUR 134 thousands) and other advance payments for G&A services with EUR 140 thousands (2021: EUR 141 thousands).

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

12. Cash and cash equivalents

in kEUR	As of June 30, 2022	As of December 31, 2021
Cash Equivalents		
Money market funds	845	861
Total	**845**	**861**
Cash at banks		
Cash held in U.S. Dollars	6,105	7,274
Cash held in Euro	17,433	6,526
Total	**23,538**	**13,800**
Total cash and cash equivalents	**24,383**	**14,661**

The banks and the issuer of the money-market funds (Commerzbank and Landesbank Baden Württemberg) are all investment graded (BBB or better; S&P). Observable quoted prices in active markets were used as fair value (level 1).

13. Equity

As of June 30, 2022, Vivoryon's issued capital comprised 22,050,482 common shares (as of December 31, 2021: 20,050,482). The nominal amount per share is EUR 1.00.

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. The new shares from the capital increase represents 10.0% 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 22,050,482. The gross proceeds of the offering amount to EUR 21.0 million.

Pursuant to the Pricing and Volume Agreement from April 1, 2022, in the aggregate 2,000,000 new shares were issued, of which 133,331 new shares have been directly subscribed by Executive Board Members (4,761 shares) and Non-Executive Board Members (128,570 shares).

14. Share based payments

(a) Equity settled share-based payment arrangements

Under the 2014 Share Option Programme ("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. As of December 31, 2017, no new grants could be issued under the 2014 Plan.

Number of share options	2022	2021
Outstanding as of January 1,	**332,375**	**407,375**
Exercised during the six months ended June 30	—	—
Forfeited during the six months ended June 30	—	—
Outstanding as of June 30,	**332,375**	**407,375**
thereof exercisable	*332,375*	*407,375*

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 governs issuances of share options to current or future employees and members of the board. The initial maximum number of common shares available for issuance under option awards granted pursuant to the 2020 Plan equals 615,000 options. Under this program up to 615,000 options can be issued to current or future employees and executive directors in one or several steps until December 31, 2023.

Number of share options	2022	2021
Outstanding as of January 1,	**473,550**	**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**	**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).

On June 28, 2021 the Company established a new omnibus equity incentive plan ("2021 Plan") governing the issuance of equity incentive awards to enhance the 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.

Number of share options	2022	2021
Outstanding as of January 1,	**—**	**—**
Granted during the six months ended June 30	1,225,000	—
Exercised during the six months ended June 30	—	—
Forfeited during the six months ended June 30	—	—
Outstanding as of June 30,*	**1,225,000**	**—**
*thereof exercisable***	*39,808*	—

* The contractual life of the options is 10 years from the date of grant, exercisable after the first vesting period.
** Vesting over 3-year period (33,3% after the first year of the respective service contract, the rest linearly over the following two years in monthly equal tranches).

The number of share options granted during the six months ended June 30, 2022 under the 2021 Plan was as follows:

Share options granted in 2022	Number	Fair value per option	Share price at grant date / Exercise price	Expected volatility of Company`s share	Risk-free rate
April 25	625,000	EUR 4.71	EUR 9.39	60%	0.87%
June 22	600,000	EUR 3.96	EUR 7.42	65%	1.70%
	1,225,000				

All 1,225,000 options granted in the six months ended June 30, 2022, were granted to members of the Board. Lifetime of the options was estimated with a minimum of 3 years with an early exercise when the share reaches a value of 150% of the exercise price. Expected dividends are nil for all share options listed above.

(b) Share options exercised

In the six months ended June 30, 2022 as well as in the six months ending June 30, 2021, no shares were issued upon the exercise of share options.

(c) Share-based payment expense recognized

For the six months ended June 30, 2022, the Company has recognized EUR 1,032 thousand, (2021: EUR 921 thousand) of share-based payment expense 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.

15. Pension liability

in kEUR	As of June 30, 2022	As of December 31, 2021
Pension liability		
Defined benefit obligation	1,339	1,631
Obligations for granted and vested pension commitment	165	192
Total pension liability	**1,505**	**1,823**

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 2.63% p.a. (December 31, 2021: 1.03 % 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.

Defined benefit obligation	As of June 30, 2022	As of December 31, 2021
As of January 1,	**1,631**	**1,783**
Interest	8	9
Benefit payments	(39)	(78)
Actuarial gains (-)/ losses (+)		
- Changes in financial assumptions	(260)	(98)
- Experience adjustments	(1)	15
As of June 30 / December 31	**1,339**	**1,631**

In the reporting period, interest expenses in the amount of EUR 8 thousand (total year 2021: EUR 9 thousand) associated with defined benefit obligations were recognized in the statement of profit and loss.

The weighted average duration of the pension commitments was 11.3 years as of June 30, 2022, respectively 12.3 years as of December 31, 2021.

16. 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) and IT assets. 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, 2022	For the twelve months ended December 31, 2021
Right of use assets		
Balance at January 1	**219**	**310**
Additions	—	—
Depreciation	(46)	(91)
Balance at June 30 / December 31	**173**	**219**
Lease Liabilities		
Balance at January 1	**225**	**315**
Additions	—	—
Repayments	(48)	(96)
Interest	2	6
Balance at June 30 / December 31	**179**	**225**
thereof short-term lease liabilities	93	92

in kEUR	For the six months ended June 30, 2022	2021
Expenses in connection with leases		
Depreciation of RoU assets	(46)	(46)
Interest expenses on lease liabilities	(2)	(3)
Lease expenses of low-value assets	—	1
Total	**(48)**	**(48)**

17. Other liabilities

in kEUR	As of June 30, 2022	As of December 31, 2021
Other non-current liabilities		
Accrued Chinese withholding taxes	—	353
Accrued liabilities	—	160
Total non-current liabilities	**—**	**513**
Other current liabilities		
Accrued Chinese withholding taxes	385	309
Liabilities from employee benefits	112	182
Social charges, wage tax	52	51
Other	24	22
Total current liabilities	**573**	**564**
Total other liabilities	**573**	**1.077**

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 notes 1. and 9.). The WHT on the short-term unavoidable license payment was paid in April 2022, while the WHT on the first development milestone payment was reclassified to current, as the underlying payment is due within 12 months from the reporting date.

18. Loss per share

As of June 30, 2022, Vivoryon's issue capital consisted of 22,050,482 common shares (20,050,482 on December 31, 2021). 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 12,583 thousands in the six months ended on June 30, 2022 (2021: net loss of EUR 11,671 thousands). The loss per share was calculated as follows:

	For the six months ended June 30, 2022	2021
Loss per share calculation		
Weighted average number of common shares outstanding	21,050,482	19,975,482
Loss for the period (in kEUR)	(12,583)	(11,671)
Loss per share (basic/diluted) in Euro	**(0.60)**	**(0.58)**

As of June 30, 2022 and 2021, 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.

19. 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 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 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.

20. 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

21. COVID-19 Pandemic

Despite strict national lockdown regulations, Vivoryon has managed to maintain the work ability of all employees. For this purpose, individual solutions such as working from home and time-shifted working in the offices were used. Business travel typically used to identify potential investors or cooperation partners, was largely replaced by using video conference systems. All employees of the Company are still encouraged to act in accordance with the recommendations for protection against Sars-CoV2 infections, i.e. comply with the specified minimum distances and, where this is not possible, wear mouth and nose protection. Business trips should only be undertaken if absolutely necessary.

Vivoryon sources certain services from contract research organizations (CROs) in its development projects. The lockdown regulations in Europe, the United States and China have had a negative impact on the timelines of projects resulting in a slight delay of patient enrollment in the Phase 2b, randomized and multi-center clinical VIVIAD study in Europe ("VIVIAD"). Moreover, with the outbreak of the pandemic, Vivoryon carried out a respective risk analysis for its projects. Since Alzheimer's patients are mostly elderly individuals and thus are representing a particular risk group towards severe COVID progressions, Vivoryon has made the initiation of its clinical study in relation to the community-spreading situations in participating countries (Denmark, the Netherlands, Germany, Spain, Poland). Additionally, appropriate precautionary measures have been established at all test centers. These analyses and measures were part of the applications to the respective competent national authorities for approval of the clinical trial.

This situation is being re-evaluated at regular intervals and, if necessary, appropriate measures will be implemented which may include the complete stop of the recruitment of study participants leading to a delay of the trial timelines and study results.

A further risk resulting from the pandemic, is the increased vulnerability of the supply chain for clinical study materials. To mitigate this risk, the Company has been establishing a second source for the synthesis of the active pharmaceutical ingredient (API).

22. Russian-Ukraine Conflict

The recent conflict in Europe between Russia and the Ukraine resulted in sanctions and will further provoke retaliatory measures. This change may have a wide impact on the availability and price of various materials and services and might also sustainably affect global financial markets. Cost inflation may negatively impact our cash reach while capital markets disruptions may adversely affect investor`s demand and thus financing possibilities. The development of current geo-political conflicts is subject to considerable uncertainty and as such the impact on our business will be monitored and assessed going forward.

23. Significant events after the reporting date

- Vivoryon presented detailed safety data from the VIVIAD study at the Alzheimer's Association International Conference (AAIC) in San Diego (July 31 to August 4, 2022). The safety data showed that varoglutamstat was well tolerated with only 14% of overall reported adverse events (AEs) considered to be potentially related to study treatment. All of the AEs were gastrointestinal, general, or related to the nervous system or skin. Only four patients (2.2%) experienced serious AEs (SAEs) and only two patients (1.1%) discontinued the study. Both the total number of SAEs and the discontinuation rate were considerably lower than the respective numbers at the 800 mg BID varoglutamstat dose in Vivoryon's completed Phase 2a SAPHIR study (NCT02389413; 15% SAEs, 33% discontinuation), while retaining a similar level of target inhibition.
- In an in-person and webcasted breakfast and networking event at AAIC 2022, held on August 2, 2022, Vivoryon met with researchers, clinicians and the investment community to discuss the future of AD treatments and provided updates on its VIVA-MIND and VIVIAD studies for varoglutamstat. The event also featured spotlight presentations by Prof. Howard Feldman, MD, Professor of Neurosciences and Director of the ADCS at UC San Diego and VIVA-MIND study director, Cynthia Lemere, PhD, Associate Professor of Neurology, Ann Romney Center for Neurologic Diseases, Brigham and Women's Hospital, Harvard Medical School, Boston and Dr. Frank Weber, CMO of Vivoryon.

- Also, at AAIC 2022, Vivoryon presented preclinical data on the Company's N3pE amyloid-targeting molecules. The results underscore the unique potential of Vivoryon's N3pE amyloid-targeting therapeutic strategy in both mono- and combination therapy settings in AD. The data show, that a combination treatment of aducanumab and varoglutamstat achieves additive effect on Abeta pathology, indicating feasibility of dose reduction to improve safety of Abeta antibody-based AD treatments. This demonstrates the potential benefit of a combination therapy designed to simultaneously make use of two different and independent molecular N3pE-related mode of actions – small molecule based QPCT/L inhibition and anti-N3pE-immunotherapy. Additional data from murine analog of PBD-C06 highlight the differentiated safety profile vs. other anti-Abeta antibodies at N3pE amyloid-lowering concentrations.

- On September 30, 2022, the Company entered into a private placement of 2,054,796 registered shares at an offering price of EUR 7.30 per share. The new shares from the capital increase represent 9.3% of Vivoryon's existing share capital and will be issued from the Company's authorized capital under exclusion of the existing shareholders' pre-emptive rights. Consequently, the Company's issued share capital will increase to EUR 24,105,278.00 on completion of the private placement. In addition, the investors will have the option to purchase, in aggregate, up to another 2,054,796 registered shares at a price of EUR 7.30 during a period ending twelve months after the date of the approval of a EU Recovery prospectus (in accordance with Section 14a Prospectus Regulation) or three months after the achievement date of a defined clinical milestone, whichever is later. The gross proceeds of the private placement amount to EUR 15.0 million, and up to an additional EUR 15.0 million will be raised if the option to purchase the additional shares is exercised in full. Vivoryon intends to use the net proceeds from the offering to support the ongoing clinical development of its lead candidate varoglutamstat, currently in Phase 2 in Europe and the United States for the treatment of patients with Alzheimer's disease, as well as for general corporate purposes. The private placement was

supported by Vivoryon's longstanding investor Claus Christiansen and KKR Dawn Aggregator L.P. ("Dawn Biopharma"), a platform controlled by affiliates of Kohlberg Kravis Roberts & Co. L.P. ("KKR"), a leading global investment firm, as new investor to the Company. Completion of the private placement is expected to occur on October 6, 2022.

Beyond this and before reporting of the financial results on September 30, 2022, there were no events of particular significance subsequent to the balance sheet date.