



ANNUAL REPORT

For the Period 1 April 2021 to 31 March 2022

Veloxis Pharmaceuticals A/S
c/o Bech-Bruun
Langelinie Allé 35
DK-2100 Copenhagen
CVR No.: 26 52 77 67

**The Annual Report was presented and
approved at the Annual General Meeting
on 31/8 2022**

Chairman of the Meeting

Jacob Hjortshøj
Advokat

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Management Review

(in thousands USD)

Key activities

The company sold all activities in 2020/21 and is without operating activities.

Veloxis Pharmaceuticals A/S was acquired by Asahi Kasei Pharma Denmark A/S (“AKPD”) effective 23 January 2020. Following the acquisition, AKPD’s ultimate Parent, Asahi Kasei Corporation (“AKC”) set forth a restructuring plan for Veloxis Pharmaceuticals A/S and its previous subsidiary, Veloxis Pharmaceuticals, Inc. In conjunction with the restructuring process, Veloxis Pharmaceuticals A/S (“A/S”, “Veloxis” or “the Company”) transferred the intellectual property (“IP”) relating to Envarsus to Veloxis Pharmaceuticals, Inc. (“Inc.”) effective 1 January 2021.

Furthermore A/S’s shares in Inc. were transferred to AKC effective 31 March 2021, consequently there were no subsidiaries at 31 March 2021 and no requirement for consolidated figures as of that date and going forward. A/S received a USD 1,300,000 intercompany note receivable from AKC in consideration for the transfer.

On 27 September 2021, the Board of Directors adopted a proposal to distribute an extraordinary dividend in the amount of USD 1,303,094. The dividend was distributed to AKC in the form of the note receivable discussed above.

The plan is to liquidate the Company, which is currently expected to occur during fiscal year 2022/23.

Development in the year

During 2021/22, Veloxis recognized net income of USD 2,060 compared with USD 1,057,461 in net income in 2020/21. The decrease in net income is primarily due to the gains recognized during the restructuring process in 2020/21 that did not occur in 2021/22.

The decrease in net income is in line with Management’s expectation as reported on 20 August 2021 in connection with the prior year annual report.

As of 31 March 2022, the balance sheet reflects cash and cash equivalents of USD 3,715 compared with USD 3,546 as of 31 March 2021.

As of 31 March 2022, total assets and shareholder’s equity were USD 3,885 and USD 2,881, respectively compared with USD 1,304,141 and USD 1,303,915 as of 31 March 2021. The decrease in both total assets and shareholder’s equity is mainly due to the extraordinary dividend transaction executed on 27 September 2021.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Executive Management and Board of Directors' Statement on the Annual Report

The Executive Management and the Board of Directors have today considered and adopted the Annual Report of Veloxis Pharmaceuticals A/S for the financial year 1 April 2021 to 31 March 2022.

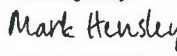
The Annual Report is prepared in accordance with International Financial Reporting standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position as of 31 March 2022 of the Company and of the results of the Company operations and cash flows for the period from 1 April 2021 to 31 March 2022.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 31 August 2022

Executive Management

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Mark Hensley

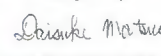
CEO

Board of Directors

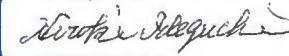
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Chairman

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Daisuke Matsuo

Member

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Hiroki Ideguchi

Member

Independent Auditor's Report

To the shareholder of Veloxis Pharmaceuticals A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2022, and of the results of the Company's operations and cash flows for the financial year 1 April 2021 - 31 March 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Veloxis Pharmaceuticals A/S for the financial year 1 April 2021 - 31 March 2022, which comprise the income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 31 August 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Henrik Ødegaard
State Authorised Public Accountant
mne31489

Financial Statements

Income Statement

(USD'000)	Note	12 Months 2021/22	12 Months 2020/21
Revenue	3	-	45,335
Gross profit		-	45,335
Selling, general and administrative costs	4, 5	(377)	(1,327)
Other operating income (loss)		(8)	1,212,467
Operating result		(385)	1,256,475
Intercompany interest	1, 6	3,077	17
Financial income	6	90	2,604
Financial expenses	7	(158)	(1,385)
Result before tax		2,624	1,257,711
Tax for the year	8	(564)	(200,250)
Net income		2,060	1,057,461

The Board of Directors proposes that the net result for the year to be carried forward to next year.

Statement of Comprehensive Income

(USD'000)	12 Months 2021/22	12 Months 2020/21
Net income for the period	2,060	1,057,461
Other comprehensive income for the period	-	-
Total comprehensive income for the period	2,060	1,057,461

Balance Sheet

Assets

(USD'000)	Note	31 Mar. 2022	31 Mar. 2021
Patent rights and software	9	-	9
Intangible assets		-	9
Property, plant and equipment	9	-	13
Tangible fixed assets		-	13
Non-current assets		-	22
Tax receivables		-	64
Other receivables		8	310
Prepayments		162	182
Intercompany receivables	14	-	1,300,017
Receivables		170	1,300,573
Cash		3,715	3,546
Cash and cash equivalents		3,715	3,546
Current assets		3,885	1,304,119
Assets		3,885	1,304,141

Balance Sheet
Equity and Liabilities

(USD'000)	Note	31 Mar. 2022	31 Mar. 2021
Share capital	10	57	26,422
Share premium		-	329,672
Retained earnings/ loss		2,824	947,821
Equity		2,881	1,303,915
Intercompany payables		400	168
Tax payable		564	-
Other payables		40	58
Current liabilities		1,004	226
Liabilities		1,004	226
Equity and liabilities		3,885	1,304,141
Summary of significant accounting policies	1		
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Financial risks	11		
Related parties	12		

Cash Flow Statement

(USD'000)	Note	12 Months 2021/22	12 Months 2020/21
Operating result		(385)	1,256,475
Depreciation and amortization	4	13	57
Changes in working capital	13	622	(1,226,240)
Cash flow from operating activities before interest		250	30,292
Corporate tax paid		-	(151,073)
Cash flow from operating activities		250	(120,781)
Cash flow from investing activities		-	-
Cash contribution		-	108,758
Cash flow from financing activities		-	108,758
Increase/(decrease) in cash		250	(12,023)
Cash at beginning of period		3,546	14,750
Exchange gains/(losses) on cash		(81)	819
Cash at end of period		3,715	3,546

A non-cash extraordinary dividend of USD 1,303,094 was distributed in 2021/22. Veloxis Pharmaceuticals A/S contributed USD 922,121 as a non-cash contribution through investment in sub to its previous subsidiary Veloxis Pharmaceuticals, Inc. in 2020/21.

Statement of Changes in Equity

USD	Number of Shares	Share Capital USD'000	Special Reserve USD'000	Share Premium USD'000	Translation Reserves USD'000	Retained Earnings USD'000	Total USD'000
Equity as of 1 Apr. 2020	1,843,241,590	26,257	-	221,079	(4,297)	(105,343)	137,696
Net result for the period						1,057,461	1,057,461
Total comprehensive income		-	-	-	-	1,057,461	1,057,461
Cash contribution	10,100,000	165		108,593		-	108,758
Transfers to/from retained earnings					4,297	(4,297)	-
Other transactions	10,100,000	165	-	108,593	4,297	(4,297)	108,758
Equity as of 31 Mar. 2021	1,853,341,590	26,422	-	329,672	-	947,821	1,303,915
Net result for the period						2,060	2,060
Total comprehensive income		-	-	-	-	2,060	2,060
Capital reduction	(1,849,341,590)	(26,365)	26,365			-	-
Dividend in kind on 27 September 2021			(26,365)	(329,672)	-	(947,057)	(1,303,094)
Other transactions	(1,849,341,590)	(26,365)	-	(329,672)	-	(947,057)	(1,303,094)
Equity as of 31 Mar. 2022	4,000,000	57	-	-	-	2,824	2,881

Notes

NOTE 1 Summary of Significant Accounting Policies

General

The Annual Report of Veloxis Pharmaceuticals A/S for the 12 months ended 31 March 2022, comprising the financial statements of the Company (Financial Statements) has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act as required for medium-sized reporting class C entities.

The financial statements are presented on a historical cost basis. Otherwise, the accounting policies are as described in the following.

Accounting Policy Changes

Adoption of new or amended IFRS's

No new, amended, or revised accounting standards and interpretations issued by the International Accounting Standards Board (IASB) and IFRS endorsed by the European Union have a material effect on the Financial Statements for 2021/22.

New Financial Standards Adopted

The IASB has issued a number of new or amended and revised accounting standards and interpretations that have not yet come into effect. New or amended and revised standards are implemented when taking effect. None of the changed standards or interpretations are expected to have any significant monetary effect on the statements of the Company's results, assets and liabilities or equity.

Foreign Currency

The financial statements are presented in USD, which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as financial income/expenses. Settlement gains and losses are recognized only for monetary items, not for non-monetary items such as prepayments.

Lease Commitments

The Company has no lease commitments that are required to be accounted for under IFRS 16 *Leases*.

Comprehensive Income

Veloxis presents comprehensive income in two statements: an income statement and a statement of total comprehensive income which includes results for the year and income recognized in other comprehensive income.

Income Statement

Revenues

Revenues are comprised solely of royalties, which are no longer applicable after the transfer of intellectual property to Veloxis Pharmaceuticals, Inc. effective 1 January 2021. Revenue is recognized when it is probable that future

economic benefits will flow to the Company and these benefits can be measured reliably. Performance obligations are satisfied at one point in time. Sales are measured at the fair value of consideration received or receivable.

Selling, General and Administrative Costs

Selling, general and administrative expenses comprise expenses incurred for the management and administration of the Company and include other expenses relating to various functions within the Company.

In addition, amortization/depreciation and other direct costs are included in this line item.

Financial Items

Financial income and expenses include interest, dividends, gains and losses related to transactions denominated in foreign currencies and amortization of financial obligations.

Interest income and expenses are accrued based on the outstanding principal and the nominal interest rate.

Corporate Tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the income for the year and recognized directly in equity by the portion attributable to transactions recognized directly in equity. Current tax payable or receivable is recognized in the balance sheet as tax calculated on the taxable income for the year adjusted for prepaid tax.

Balance Sheet

Non-Current Assets

Intangible Assets

Intangible assets comprise acquired patent rights.

Patent rights are measured at cost less accumulated amortization and impairment losses. The amortization period is determined based on the expected economic and technical useful life, and amortization is recognized on a straight-line basis over the expected useful life of 20 years.

Tangible Fixed Assets

Tangible fixed assets comprise process plant and machinery, other fixtures and fittings, hardware and computers, tools and equipment. Tangible fixed assets are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the assets will flow to the Company and the costs of the items can be measured reliably. All repair and maintenance costs are charged to the income statement during the financial periods in which they are incurred.

Depreciation of tangible fixed assets is calculated using the straight-line method to allocate the cost to the residual value of the assets over the expected useful life as follows:

Process plant and machinery:	7 years
Other fixtures and fittings, tools and equipment:	3-5 years
Hardware and computers:	1-3 years

Depreciation, impairment losses and gains or losses on disposal of tangible fixed assets is recognized in the income statement as part of selling, general and administrative costs.

Depreciation period and residual value are reassessed annually.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are such indications, an impairment test is performed. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's net selling price and its value in use. Value in use is calculated as the net present value of future cash inflow generated from the asset. For the purposes of assessing impairment, assets are grouped at the lower levels for which there are separately identifiable cash flows (cash-generating units). For corporate assets the assessment is carried out at an entity level. Impairment losses are recognized in the income statement under the same line items as the related depreciation or amortization.

Current Assets

Other Receivables

Other receivables are measured at fair value on initial recognition and subsequently measured at amortized cost according to the effective interest method less provision for impairment. Impairment losses are based on an individual evaluation of each amount collectible.

Prepayments

Prepayments comprise incurred costs related to a future financial period. Prepayments are measured at nominal value.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and deposits with financial institutions. Cash and cash equivalents are measured at amortized cost.

Shareholders' Equity

The share capital comprises the nominal amount of the Company's ordinary shares, each at a nominal value of DKK 0.1. All shares are fully paid.

Current Liabilities

Other Payables

Other payables are measured in the balance sheet at amortized cost, which is considered to be equal to the fair value due to the short-term nature of the liabilities.

Intercompany Payables

Intercompany payables are measured in the balance sheet at amortized cost, which is considered to be equal to the fair value due to the short-term nature of the liabilities.

Cash Flow Statement

The cash flow statement is presented using the indirect method with basis in operating result and shows cash flow from operating, investing and financing activities as well as the cash and cash equivalents at the beginning and end of each financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items such as depreciation, amortization and impairment losses, working capital changes and financial income and expenses received or paid.

Cash flows from investing activities comprise cash flows from the purchase and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise cash flows from raising and repayment of loans and intercompany contributions.

Cash and cash equivalents comprise cash on hand and deposits with financial institutions.

The cash flow statement cannot be derived solely from the financial statements.

NOTE 2 Significant Accounting Estimates and Judgments

In preparing financial statements under IFRS, certain provisions in the standards require Management's judgments. Such judgments are considered important to understand the accounting policies and Veloxis's compliance with the standards. No areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

NOTE 3 Revenue

The Company's revenue consists solely of royalty revenue related to sales by the previous subsidiary (Inc.), which was paid to A/S at arm's length until the transfer of the Envarsus intellectual property from A/S to Inc. effective 1 January 2021.

NOTE 4 Depreciation and Amortization

(USD'000)	12 months 2021/22	12 months 2020/21
Patent rights	-	8
Property, plant and equipment	13	49
Total	13	57
Allocated by function:		
Selling, general and administrative expenses	13	57
Total	13	57

NOTE 5 Staff Costs

(USD'000)	12 months 2021/22	12 months 2020/21
Wages and salaries	878	986
Share-based payment	-	-
Total	878	986
Allocated by function:		
Selling, general and administrative	878	986
Research and development costs	-	-
Total	878	986
Average number of employees (FTEs)	2	2
Remuneration of board of directors, and executive management:		
Board of directors		
Board fees	-	-
Share-based payment	-	-
	-	-
Executive management		
Gross salary	878	986
Bonus	738	668
Pension contributions	24	32
Share-based payment	-	-
	1,640	1,686
Total	1,640	1,686

Members of Executive Management are entitled to severance payments totaling 6 months of annual salary if they are terminated without cause in the ordinary course of business.

Veloxis's pension schemes are defined contribution schemes and Veloxis has no additional payment obligations.

Veloxis has implemented a Company-wide Remuneration Policy with a bonus element including both a cash element and a Long-Term Incentive-based element. Hence, a certain percentage of each employee's remuneration is dependent on the employee and the Company's specified goals and objectives agreed upon at the beginning of each year.

NOTE 6 Financial Income

<u>(USD'000)</u>	12 months 2021/22	12 months 2020/21
Intercompany interest - Note receivable	3,077	17
Exchange rate, net	90	2,604
Total	3,167	2,621

NOTE 7 Financial Expenses

<u>(USD'000)</u>	12 months 2021/22	12 months 2020/21
Interest expense	-	81
Exchange rate, net	158	1,304
Total	158	1,385

NOTE 8 Tax and Deferred Tax

(USD'000)	12 months 2021/22	12 months 2020/21
Actual Corporate tax	(564)	(150,045)
Change in deferred tax	-	(50,205)
Tax for the year	(564)	(200,250)
Tax for the year can be explained as follows:		
Income / (loss) for the year before tax	2,624	1,257,711
Tax rate	22.0%	22.0%
Computed tax on income / (loss) for the year	(577)	(276,696)
Reversal of writedown in previous years	66	-
Writedown of deferred tax assets	-	(273)
Exchange rate adjustment	-	7,715
Permanent differences	(53)	69,004
Tax for the year	(564)	(200,250)
Calculated deferred tax asset, beginning	273	50,205
Exchange rate adjustment	4	-
Change in deferred tax assets	(66)	(49,932)
Calculated deferred tax asset, ending	211	273
Write down to assessed value	(211)	(273)
Carrying amount	-	-

NOTE 9 Intangible and Tangible Fixed Assets

(USD'000)	Patent rights and software		Property, Plant & Equipment	
	2021/22	2020/21	2021/22	2020/21
Cost at 1 April 2021 / 1 April 2020	142	182	5,794	5,794
Disposals	(142)	(40)	-	-
Additions	-	-	-	-
Cost at 31 March 2022 / 31 March 2021	-	142	5,794	5,794
Amortization / Depreciation / Impairment loss at 1 April 2021 / 1 April 2020	(133)	(165)	(5,781)	(5,732)
Disposals	133	40	-	-
Amortization / Depreciation	-	(8)	(13)	(49)
Amortization / Depreciation / Impairment loss at 31 March 2022 / 31 March 2021	-	(133)	(5,794)	(5,781)
Net book value at 31 March 2022 / 31 March 2021	-	9	-	13

NOTE 10 Share Capital

On 31 March 2022 the total number of outstanding shares was 4,000,000. Each share has a nominal value of DKK 0.1 and one vote. The shares do not have any restrictions as to their transferability. The Board of Directors is authorized until 03 April 2024 to issue an additional 171,819,535 shares. Any new shares issued shall carry the same rights and other characteristics as the Company's existing shares.

Changes in Share Capital from 2017 - 2021/22

The table below sets forth the changes in our issued share capital since 2017:

Year	Transaction	Share Capital	Share classes after capital increase
2017	Cash contribution	9,064,650	1,712,438,531 shares
2018	Cash contribution	5,756,817	1,718,195,348 shares
2019/20	Cash contribution	125,046,242	1,843,241,590 shares
2020/21	Cash contribution	10,100,000	1,853,341,590 shares
2021/22	Reduction in capital	(1,849,341,590)	4,000,000 shares

NOTE 11 Financial Risks

Interest Rate Risk

Our interest rate risk primarily relates to our cash and cash equivalent balances. In order to mitigate such risk, Veloxis's Treasury Policy allows the Company to hold excess cash at deposits with major Danish and US banks and in short-term Danish and US government bonds or Danish mortgage bonds with limited duration.

Cash Management

The Company's Finance function ensures that Veloxis has sufficient and flexible financial resources at its disposal. Veloxis's short-term liquidity is managed with quarterly budget reviews to balance the demand for liquidity needs.

Capital Structure

It is the Company's aim to have an adequate capital structure in relation to the underlying operating results, so that it is always possible to provide sufficient capital to support operations and its long-term growth targets. The Board of Directors determined that the current capital and share structure is appropriate for the shareholders and the Company.

Credit Risk

The credit terms on the Company's receivables are considered to be at market conditions, and the Company has not encountered any losses as a result of credit risk during the years presented. In regard to cash deposits, the Company's bank has a credit rating of A2 according to Moody's. The credit risk attributable to the Company's receivables is considered low as such receivables arise from collaboration agreements with wholesale distributors.

Liquidity Risk

The Company is exposed to liquidity risk arising from short-term payables.

Currency Exposure

Veloxis is subject to currency risk, as the Company incurs income and expenses in a number of different currencies, mainly DKK and EUR. Changes in exchange rates of such foreign currencies towards the Company's functional currency may affect the results and cash position.

The Company's cash balances in foreign currencies are stated below:

	31 Mar. 2022	31 Mar. 2021
EUR'000	43	44
DKK'000	9,353	7,749

All net positions are current.

The carrying amount approximately equals the fair value. Changes in currencies may affect future income and expenses in such foreign currencies and may have an impact on the Company's operating results and cash flows. The Company is primarily exposed to such risk from currency fluctuations between USD and EUR. Based on the EURO position as of 31 March 2022, a 10% change in the USD/EUR rate will impact result and equity with approximately USD 5.

NOTE 12 Related Parties

Members of the Executive Management and Board of Directors

The members of the Executive Management and Board of Directors are considered related parties following their positions in the Company.

Executive Management has received remuneration from Veloxis as described in Note 5 to the financial statements.

Veloxis Pharmaceuticals, Inc.

Prior to A/S's transfer of its Inc. shares to AKC effective 31 March 2021, Veloxis Pharmaceuticals, Inc., was a wholly owned subsidiary of Veloxis Pharmaceuticals A/S.

Royalty was paid from the subsidiary to the Parent at arm's length prior to the transfer of the intellectual property from A/S to Inc. effective 1 January 2021.

Asahi Kasei Pharma Denmark A/S / Asahi Kasei Corporation

Veloxis Pharmaceuticals A/S was acquired by Asahi Kasei Pharma Denmark A/S, a subsidiary of Asahi Kasei Corporation ("AKC"). On 31 March 2021, Veloxis Pharmaceuticals A/S transferred its shares in Veloxis Pharmaceuticals, Inc. to AKC for a transfer price of USD 1,300,000 in an arm's length transaction.

On 27 September 2021, the Board of Directors adopted a proposal to distribute an extraordinary dividend in the amount of USD 1,303,094 in the form of non-cash assets. The dividend was distributed to AKC in the form of the note receivable discussed above.

Other Related Parties

Other related parties may exist as the members of Veloxis's Board of Directors and Executive Management hold positions as Board members in other companies, and as the shareholders of Veloxis may also be shareholders of other

companies. Except for the companies listed above, Veloxis has not identified any such parties as related parties and no transactions have been identified as related party transactions as we are not aware of such relationships.

Consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Asahi Kasei Corporation.

Copies of the consolidated financial statements of Asahi Kasei Corporation may be ordered at the following address: https://www.asahi-kasei.com/ir/library/asahikasei_report/

NOTE 13 Changes in Working Capital

<u>(USD'000)</u>	12 months 2021/22	12 months 2020/21
Other receivables	367	(81)
Note receivable	-	(1,300,000)
Equity investment	-	73,412
Prepayments	20	186
Trade payables	1	(3)
Other payables	296	(1,054)
Exchange gains/(losses)	(62)	1,300
Total	622	(1,226,240)

NOTE 14 Intercompany Receivables

The Company transferred its shares in Inc. to AKC as of 31 March 2021. The valuation of the Inc. shares transferred was determined to be USD 1,300,000. AKC issued a note to A/S for the value of the shares. The note carried an interest rate of 0.48% per annum, to be accrued as interest receivable on AS's balance sheet on a quarterly basis.

On 27 September 2021, the Board of Directors adopted a proposal to distribute an extraordinary dividend in the amount of USD 1,303,094. The dividend was distributed to AKC in the form of the note receivable discussed above.

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Søren Ørjan Jensen

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