

Hoba Therapeutics ApS

C/O COBIS, Ole Maaløes Vej 3, 2200 København N

CVR no. 38 23 11 70

Annual report

for the year 1 April 2022 - 31 March 2023

Approved at the Company's annual general meeting on 29 September 2023

Chair of the meeting:

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Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 April 2022 - 31 March 2023	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes to the financial statements	12

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Hoba Therapeutics ApS for the financial year 1 April 2022 - 31 March 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 September 2023
Executive Board:

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Torsten Meldgaard Madsen

Board of Directors:

.....
Amanda Hayward
Chairman

.....
Teit Eliot Johansen

.....
Camilla Petrycer Hansen

.....
Lene Gerlach

.....
Morten Døssing

Independent auditor's report

To the shareholders of Hoba Therapeutics ApS

Opinion

We have audited the financial statements of Hoba Therapeutics ApS for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Material uncertainty related to going concern

We wish to draw attention to the material uncertainty that may cast significant doubt to the Company's ability to continue as a going concern. We refer to note 2 to the financial statements, which states that it is uncertain whether financing of the Company's operations and the necessary investments in the coming years can be obtained and that an additional extension of the loans will be provided, or the loans will be converted into equity. However, as Management believes that such financing will be obtained, the financial statements have been prepared on a going concern basis. We have not modified our opinion in respect of this matter.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the financial statements.

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 September 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Christian Schwenn Johansen
State Authorised Public Accountant
mne33234

Anders Roe Eriksen
State Authorised Public Accountant
mne46667

Management's review

Company details

Name	Hoba Therapeutics ApS
Address, Postal code, City	C/O COBIS, Ole Maaløes Vej 3, 2200 København N
CVR no.	38 23 11 70
Established	28 November 2016
Registered office	København
Financial year	1 April 2022 - 31 March 2023
Website	www.hobatherapeutics.com
E-mail	info@hobatherapeutics.com
Board of Directors	Amanda Hayward, Chairman Teit Eliot Johansen Camilla Petrycer Hansen Lene Gerlach Morten Døssing
Executive Board	Torsten Meldgaard Madsen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Business review

The company is a biotech company whose main activity is the development of biological drugs for the treatment of pain, hearing loss, and other and other sensory neuron disorders.

Financial review

The income statement for 2022/23 shows a loss of DKK 13,930,313 against a loss of DKK 10,898,671 last year, and the balance sheet at 31 March 2023 shows a negative equity of DKK 32,905,229.

The company was established on 28 November 2016 with funding from Novo Seeds, Borean Innovation, and the Board of Research and Development ("Styrelsen for Forskning og Udvikling") respectively. In October 2018, the Company received new funding from InnovationsFonden, as well as commitments for new and extension of funding from existing investors Novo Holdings, Borean Innovation, and the Danish Agency for Research and Development.

In November 2021, the company was selected by The European Commission's European Innovation Council (EIC) as a start-up champion. Hoba will receive grant funding and qualifies for further equity investment from EIC Accelerator.

Material uncertainties regarding going concern

The Company monitors its funding position on a monthly basis to ensure that it has access to sufficient funds to meet its forecasted cash requirement. This includes investing in research technologies and clinical programs for the pipeline. Analyses are run to reflect different scenarios including, but not limited to, cash runway, human capital resources and pipeline priorities in order to identify risks to future liquidity and to enable Management to take corrective actions and allow the Company to continue as a going concern.

As of March 31, 2023, the Company's available liquidity, comprised of cash and cash equivalents, amounted to DKK 5.4 million. For the year ending March 2023, the Company incurred a net loss of DKK 13.9 million.

The company's budget for the period 1 April 2023 to 31 March 2024, shows a funding need in this coming financial year as expected expenditure will use all of the company's cash position and net working capital position by the end of the financial period. Further, the maturity of the company's current loans of DKK 28.5 million will either have to be further extended or converted into equity to the extent possible.

The Company's ability to continue as a going concern is depending on its ability to raise additional funds. At 31 March 2023, the convertible loan amounted to DKK 27.4 million, and original repayment date was set for 23 May 2023. Subsequent to the balance sheet date, the loan providers confirmed the extension for loan repayments until 31 December 2023. Therefore, in the annual report 2022/23, the convertible loan has been presented as short-term liability. The current cash position is expected to last through into 2024, however funding is required in the first quarter of 2024 at the latest if R&D expenditure is to be maintained at current levels. The Company's budget for the period of 1 April 2024 to 30 June 2024 shows a funding need of DKK 3 million, after expected government grants for the period have been taken into consideration.

The company has initiated a financing round (Series A) with the participation of current and new investors aiming to raise a large amount covering the activities for the next coming years. In addition, the company is in dialogue with current investors on financing the company beyond the current financial year, as a prolongment of their previous engagements in case of the Series A is not completed.

In the event, that the company is not able to secure additional funding, Management is able to reduce R&D activities and maintain the company as a going concern until 31 March 2024 assuming that the maturity date of convertible loans is postponed or converted into equity. This will require such a decision taken no later than the 15 December 2023.

As listed above, the management and the Board of Directors are working to obtain new long-term sources of funding for the Company and believes that new funding will be obtained in due time to enable the Company to continue as planned.

Management's review

Due to the uncertainty associated with the completion of the financing round, significant uncertainties regarding going concern exist, and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Based on this assessment Management has prepared the financial statements presented herein based on assumption of being a going concern.

Loss of share capital

The Company has lost more than 50% of the share capital. Management expects to take measures to reestablish the share capital by way of capital injections and/or converting debt into equity.

Events after the balance sheet date

Subsequent to the balance sheet date, DKK 10 million was received on the 28 April 2023 in convertible loans from Novo Holdings, EIFO, and Eir Venture with the maturity date of 31 December 2024. In addition, the convertible loans issued between 2019 and 2021 with the maturity date of 23 May 2023, have prolonged maturity date of 31 December 2023.

In addition, the Company has received the second payment of DKK 2.6 million of the EIC Accelerator grant and DKK 1.4 million of the Grand Solution grant from Innovationsfonden.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 April 2022 - 31 March 2023

Income statement

Note	DKK	2022/23	2021/22
4	Other operating income	7,334,636	678,380
	Other external expenses	-16,764,362	-7,860,075
	Gross profit	-9,429,726	-7,181,695
5	Staff costs	-5,980,413	-2,997,224
6	Depreciation of property, plant and equipment	0	-2,985
	Profit/loss before net financials	-15,410,139	-10,181,904
7	Financial income	12,825	0
8	Financial expenses	-2,629,219	-2,523,799
	Profit/loss before tax	-18,026,533	-12,705,703
9	Tax for the year	4,096,220	1,807,032
	Profit/loss for the year	-13,930,313	-10,898,671
	 Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-13,930,313	-10,898,671
		-13,930,313	-10,898,671

Financial statements 1 April 2022 - 31 March 2023

Balance sheet

Note	DKK	2022/23	2021/22
	ASSETS		
	Fixed assets		
10	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	0	0
		0	0
11	Investments		
	Other receivables	65,349	26,775
		65,349	26,775
	Total fixed assets	65,349	26,775
	Non-fixed assets		
	Receivables		
	Corporation tax receivable	4,096,220	1,807,032
12	Other receivables	5,669,995	16,638,027
	Prepayments	26,400	0
		9,792,615	18,445,059
	Cash	5,429,987	1,174,468
	Total non-fixed assets	15,222,602	19,619,527
	TOTAL ASSETS	15,287,951	19,646,302

Financial statements 1 April 2022 - 31 March 2023

Balance sheet

Note	DKK	2022/23	2021/22
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	315,384	315,384
	Retained earnings	-33,220,613	-19,290,300
	Total equity	-32,905,229	-18,974,916
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
14	Convertible debt instruments and other loans	11,059,190	36,986,081
		11,059,190	36,986,081
	Current liabilities other than provisions		
14	Convertible debt instruments and other loans	28,458,981	0
	Trade payables	1,429,843	1,274,100
	Other payables	518,727	361,037
15	Deferred income	6,726,439	0
		37,133,990	1,635,137
	Total liabilities other than provisions	48,193,180	38,621,218
	TOTAL EQUITY AND LIABILITIES	15,287,951	19,646,302

- 1 Accounting policies
- 2 Material uncertainties regarding going concern
- 3 Events after the balance sheet date
- 16 Contractual obligations and contingencies, etc.
- 17 Collateral

Financial statements 1 April 2022 - 31 March 2023

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 April 2021	315,384	-8,391,629	-8,076,245
Transfer through appropriation of loss	0	-10,898,671	-10,898,671
Equity at 1 April 2022	315,384	-19,290,300	-18,974,916
Transfer through appropriation of loss	0	-13,930,313	-13,930,313
Equity at 31 March 2023	315,384	-33,220,613	-32,905,229

The Company has lost more than 50% of the share capital. Management expects to take measures to reestablish the share capital by way of capital injections and/or converting debt into equity.

Financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies

The annual report of Hoba Therapeutics ApS for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including government grants and gains on the sale of fixed assets.

Government grants are recognized periodically when the work supported by the grant has been reported and presented as other operating income. Government grants are recognized when a final and firm right to the grant has been obtained. Government grants are recognised in the income statement in the same period as the work (external expenses) has been performed as the grants are considered to be reimbursement of research expenses.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Other external expenses includes research and development costs that do not qualify for capitalisation in the balance sheet.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Staff costs includes salary costs to employees which perform research and development activities and where the salary costs do not qualify for capitalisation in the balance sheet.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3 years
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Financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from loan arrangements, and further include exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Income tax of the year comprises refundable tax credits for costs incurred in connection with research and development activities under the Danish Tax Credit Regime.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments

Investments comprise of rent deposits measured at cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

1 Accounting policies (continued)

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Cash

Cash comprise bank accounts in DKK and EUR.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Convertible loans

A convertible debt instrument which does not contain an equity component is classified as a financial liability

Embedded conversion options determined to be not closely related to the host instrument are accounted for separately as derivatives.

At initial recognition all instruments are measured at fair value both in respect of the debt host contracts and the embedded derivatives.

At subsequent measurement the debt host instruments are measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

Subsequent to initial recognition, all embedded derivatives are accounted for as a derivative and thus, are measured at fair value through profit or loss. Any gains or losses are recognized in statement of profit and loss.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

2 Material uncertainties regarding going concern

The Company monitors its funding position on a monthly basis to ensure that it has access to sufficient funds to meet its forecasted cash requirement. This includes investing in research technologies and clinical programs for the pipeline. Analyses are run to reflect different scenarios including, but not limited to, cash runway, human capital resources and pipeline priorities in order to identify risks to future liquidity and to enable Management to take corrective actions and allow the Company to continue as a going concern.

As of March 31, 2023, the Company's available liquidity, comprised of cash and cash equivalents, amounted to DKK 5.4 million. For the year ending March 2023, the Company incurred a net loss of DKK 13.9 million.

The company's budget for the period 1 April 2023 to 31 March 2024, shows a funding need in this coming financial year as expected expenditure will use all of the company's cash position and net working capital position by the end of the financial period. Further, the maturity of the company's current loans of DKK 28.5 million will either have to be further extended or converted into equity to the extent possible.

The Company's ability to continue as a going concern is depending on its ability to raise additional funds. At 31 March 2023, the convertible loan amounted to DKK 27.4 million, and original repayment date was set for 23 May 2023. Subsequent to the balance sheet date, the loan providers confirmed the extension for loan repayments until 31 December 2023. Therefore, in the annual report 2022/23, the convertible loan has been presented as short-term liability. The current cash position is expected to last through into 2024, however funding is required in the first quarter of 2024 at the latest if R&D expenditure is to be maintained at current levels. The Company's budget for the period of 1 April 2024 to 30 June 2024 shows a funding need of DKK 3 million, after expected government grants for the period have been taken into consideration.

The company has initiated a financing round (Series A) with the participation of current and new investors aiming to raise a large amount covering the activities for the next coming years. In addition, the company is in dialogue with current investors on financing the company beyond the current financial year, as a prolongment of their previous engagements in case of the Series A is not completed.

In the event, that the company is not able to secure additional funding, Management is able to reduce R&D activities and maintain the company as a going concern until 31 March 2024 assuming that the maturity date of convertible loans is postponed or converted into equity. This will require such a decision taken no later than the 15 December 2023.

As listed above, the management and the Board of Directors are working to obtain new long-term sources of funding for the Company and believes that new funding will be obtained in due time to enable the Company to continue as planned.

Due to the uncertainty associated with the completion of the financing round, significant uncertainties regarding going concern exist, and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Based on this assessment Management has prepared the financial statements presented herein based on assumption of being a going concern.

Financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

3 Events after the balance sheet date

Subsequent to the balance sheet date, DKK 10 million was received on the 28 April 2023 in convertible loans from Novo Holdings, EIFO, and Eir Venture with the maturity date of 31 December 2024. In addition, the convertible loans issued between 2019 and 2021 with the maturity date of 23 May 2023, have prolonged maturity date of 31 December 2023.

In addition, the Company has received the second payment of DKK 2.6 million of the EIC Accelerator grant and DKK 1.4 million of the Grand Solution grant from Innovationsfonden.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

DKK	<u>2022/23</u>	<u>2021/22</u>
4 Other operating income		
Gran Solution	6,267,767	678,380
EIC	1,066,869	0
	<u>7,334,636</u>	<u>678,380</u>
DKK	<u>2022/23</u>	<u>2021/22</u>
5 Staff costs		
Wages/salaries	5,721,978	2,843,261
Pensions	84,000	55,554
Other social security costs	29,610	18,751
Other staff costs	144,825	79,658
	<u>5,980,413</u>	<u>2,997,224</u>
DKK	<u>2022/23</u>	<u>2021/22</u>
Average number of full-time employees	<u>6</u>	<u>3</u>
DKK	<u>2022/23</u>	<u>2021/22</u>
6 Depreciation of property, plant and equipment		
Depreciation of property, plant and equipment	0	2,985
	<u>0</u>	<u>2,985</u>
DKK	<u>2022/23</u>	<u>2021/22</u>
7 Financial income		
Exchange adjustments	12,825	0
	<u>12,825</u>	<u>0</u>
8 Financial expenses		
Interest expenses, loans	2,314,040	2,421,076
Interest expenses, bank	266,203	90,344
Exchange adjustments	48,374	10,332
Other financial expenses	602	2,047
	<u>2,629,219</u>	<u>2,523,799</u>

Financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

DKK	2022/23	2021/22
9 Tax for the year		
Estimated tax charge for the year	-4,096,220	-1,807,032
	-4,096,220	-1,807,032

Estimated tax for the year comprises recognised tax credits for the income year with reference to LL §8X regarding tax credits for research and development expenditures.

10 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment
Cost at 1 April 2022	38,914
Cost at 31 March 2023	38,914
Impairment losses and depreciation at 1 April 2022	38,914
Impairment losses and depreciation at 31 March 2023	38,914
Carrying amount at 31 March 2023	0

11 Investments

Receivables relate to deposits on the companys current office space rental agreement.

DKK	2022/23	2021/22
12 Other receivables		
Deposit on tax account	0	15,000,000
VAT receivable	832,777	1,077,271
Receivables, government grants	4,837,218	518,019
Other receivables	0	42,737
	5,669,995	16,638,027

13 Deferred tax

The Company has deferred tax asset which mainly relates to tax loss carry-forwards. As it is uncertain if these tax losses can be utilised within a foreseeable future, their carrying amount has not been recognised in the financial statements.

Financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

14 Convertible debt instruments or corresponding rights issued by the Company

	Exchange deadline	2022/23 DKK
Convertible debt, loan 1, 3 and 4	23-05-2023	12,005,107
Convertible debt, loan 2 and 5	23-05-2023	15,421,874
Other loans	01-10-2023	12,091,190
		39,518,171

Convertible debt total DKK 27,4 million and is presented as current liabilities in the balance sheet. Other loans total DKK 12,1 million and is presented as DKK 1 million as current liabilities and DKK 11,1 million as non-current liabilities in the balance sheet.

Loan 1, Loan 3 & Loan 4

The Company has issued these loan notes with 8% interest p.a. convertible at the option of the lender on maturity date postponed to 31 December 2023 as described under subsequent events. The repayment or conversion amount is principal along with interest accrued. If the loan has not been converted, it will be repaid in full on maturity date.

The conversion can take place at a fixed conversion price of DKK 65. However, this conversion price is subject to change due to the following events:

1. If an external independent investor enters into an agreement with the Company, the same conversion price with discount of 20% shall be used.
2. If a specific investor invests at a specific price, the same rate shall be used.

None of the conversion options are equity components. Accordingly, the conversion options are embedded derivatives which are not closely related to the host contract. The estimated value of embedded derivatives is not significant and hence, the same has not been recognized.

Loan 2 & Loan 5

The Company has issued loan notes with 8% interest p.a. convertible at the option of the lender on any of the following events:

1. Qualified financing
2. Exit event
3. Maturity date

The repayment or conversion amount is principal along with interest accrued. If the loan has not been converted at any of the above events, it will be repaid in full on maturity date postponed to 31 December 2023 as described under subsequent events.

The conversion shall take place at any of the following conversion rates based on the conversion event:

1. Subscription rate paid by investors in Qualified financing with a 20% discount,
2. A rate derived based on pre-determined valuation cap and diluted nominal capital, or
3. Most recent subscription rate.

If the loan is to be repaid at an exit event, an exit premium shall be paid to the lender.

None of the conversion options are equity components. Accordingly, the conversion options are embedded derivatives which are not closely related to the host contract. The estimated value of embedded derivatives is not significant and hence, the same has not been recognized.

Financial statements 1 April 2022 - 31 March 2023

Notes to the financial statements

Other loans

This comprises of two loans obtained by the Company with an interest rate of 3- month CIBOR + 5% p.a. The repayment is in instalments starting from October 2023 until April 2027 with an option to prepay the loan in full or in part before maturity. The repayment amount is principal along with interest accrued and in case of prepayment an additional interest for 2 years after prepayment date is to be paid to the lender.

In the event of a qualified sale, a bonus equal to the principal amount reduced by interest paid until that date will be paid to the lender. This option of bonus is an embedded derivative and is not closely related to the host contract. The estimated value of embedded derivatives is not significant and hence, the same has not been recognized.

15 Deferred income

Deferred income consists of grants which may not be recognised until the subsequent financial year.

16 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	<u>2022/23</u>	<u>2021/22</u>
Rent and lease liabilities	58,655	34,665

Liability relates to the companys current office space rental agreement.

17 Collateral

The Company has not provided any security or other collateral in assets at 31 March 2023.

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Lene Gerlach

Board of directors

On behalf of: Hoba Therapeutics ApS

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Camilla Petrycer Hansen

Board of directors

On behalf of: Hoba Therapeutics ApS

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Teit Eliot Johansen

Board of directors

On behalf of: Hoba Therapeutics ApS

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Torsten Meldgaard Madsen

Executive Board

On behalf of: Hoba Therapeutics ApS

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Morten Døssing

Board of directors

On behalf of: Hoba Therapeutics ApS

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Amanda Hayward

Chairman

On behalf of: Hoba Therapeutics ApS

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Simon Skjold Västernäs

Chair

On behalf of: Hoba Therapeutics ApS

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Anders Roe Eriksen

EY Godkendt Revisionspartnerselskab CVR: 30700228

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: 72ccc8ac-9171-4d19-8f5b-f5be2c8c604b

IP: 2.105.xxx.xxx

2023-09-29 20:18:12 UTC



Christian Schwenn Albrecht Johansen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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