

# 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 2021 - 31 March 2022

Approved at the Company's annual general meeting on 13 October 2022

Chair of the meeting:

.....  
Søren Skjærbæk

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## 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 2021 - 31 March 2022.

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 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022.

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, 13 October 2022  
Executive Board:

.....  
Torsten Meldgaard Madsen

Board of Directors:

.....  
Amanda Hayward  
Chair

.....  
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 2021 - 31 March 2022, 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 2022 and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022 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. 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, 13 October 2022  
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 2021 - 31 March 2022
Website	<a href="http://www.hobatherapeutics.com">www.hobatherapeutics.com</a>
E-mail	<a href="mailto:info@hobatherapeutics.com">info@hobatherapeutics.com</a>
Board of Directors	Amanda Hayward, Chair 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.

### Recognition and measurement uncertainties

The COVID-19 pandemic continued to generate significant uncertainty and delays in some collaborations, due to closed laboratories and delay of key deliverables and components. However, the company has managed to progress with development activities and does not expect the COVID-19 effect to have a long-term impact.

### Unusual matters having affected the financial statements

#### Correction of material misstatements

##### Capitalisation of R&D expenses

In 2022, management concluded that the Company incorrectly capitalised expenses related to research and development in the balance sheet as of 31 March 2021 and prior periods. Due to the significance of the matter the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding correction of material misstatements. Consequently, the comparatives and the equity as at 31 March 2021 has been restated in these financial statements, including income tax impact. Reference is made to note 1 for further description.

##### Grant income

In 2022, management concluded that the Company incorrectly recognised grant income in the balance sheet as of 31 March 2021. Due to the significance of the matter the Company has treated the matter in accordance with the provisions in section 52(2) of the Danish Financial Statements Act regarding correction of material misstatements. Consequently, the comparatives and the equity as at 31 March 2021 has been restated in these financial statements, including income tax impact.

The restatements impacts the comparatives and the opening equity as follows:

- In the comparative financial period ending 31 March 2021, other operating income increased from DKK 0 to DKK 1,214 thousand, other operating expenses increased by DKK 6,100 thousand (from DKK 1,393 thousand to DKK -4,407 thousand, and loss before tax increased DKK 4,886 thousand (from DKK -3,001 thousand to DKK -7,888 thousand), and loss after tax increased by DKK 4,555 thousand (from DKK -1,945 thousand to DKK -6,500 thousand). Income tax (income) increased by DKK 331 thousand (from DKK 1,057 thousand to DKK 1,387 thousand)
- The balance sheet total at 31 March 2021 decreased by DKK 20,319 thousand (from DKK 36,461 thousand to DKK 16,142 thousand).
- The equity at 1 April 2021 decreased by DKK 16,260 thousand (from DKK 8,184 thousand to DKK -8,076 thousand).
- The equity at 1 April 2020 decreased by DKK 11,704 thousand (from DKK 10,128 thousand to DKK -1,576 thousand).

For the year ended 31 March 2022, R&D expenses are expensed as incurred consistent with prior years. Further grant income is recognised in operating income consistent with prior years.

## Management's review

### Financial review

The income statement for 2021/22 shows a loss of DKK 10,898,671 against a loss of DKK 6,500,088 last year, and the balance sheet at 31 March 2022 shows a negative equity of DKK 18,974,916.

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.

No additional income has been added to the company or changes in activities in relation to the investment agreement entered.

In the financial year 2021-22, the company received a COVID-19 syndication loan from Vækstfonden and two convertible loans from Novo Holdings and Vækstfonden, respectively.

### Significant 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, 2022, the Company's available liquidity, comprised of cash and cash equivalents, amounted to DKK 1.2 million, and deposit on tax account amounted to DKK 15 million, in total DKK 16.2 million. For the year ending March 2022, the Company incurred a net loss of DKK 10.9 million.

The Company's ability to continue as a going concern is depending on its ability to raise additional funds. The current cash position is expected to last through into 2023, however funding is required in the first quarter of 2023 at the latest. The Company's budget for the 12-month period ending 31 March 2023 shows a funding need of DKK 11.1 million, after expected government grants for the period have been taken into consideration.

The Company has initiated a Series A financing round with the participation of current and new investors aiming to raise a large amount to cover the activities in 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 Series A is not completed.

In the event that the company is not able to secure additional funding, Management is able to reduce operational activities related to CMC (chemistry, manufacturing, and control) expenses by DKK 14 million and maintain the company as a going concern until 31 March 2023. This will require such a decision is taken no later than 30 November 2022.

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.

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. In the financial year 2021-22, the company received a COVID-19 syndication loan from Vækstfonden and two convertible loans from Novo Holdings and Vækstfonden, respectively, which also support the Company's ability to raise new funding.

Management has prepared the financial statements presented herein based on assumptions of being a going concern.



## Management's review

### 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, the first payment of the EIC Accelerator grant has been received, EUR 1.1 million. The grant has been treated as a non-adjusting event in the financial statements.

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

## Financial statements 1 April 2021 - 31 March 2022

### Income statement

Note	DKK	2021/22	2020/21
4	Other operating income	678,380	1,214,013
	Other external expenses	-7,860,075	-4,707,538
	<b>Gross profit</b>	<b>-7,181,695</b>	<b>-3,493,525</b>
5	Staff costs	-2,997,224	-2,899,562
6	Depreciation of property, plant and equipment	-2,985	-3,980
	<b>Profit/loss before net financials</b>	<b>-10,181,904</b>	<b>-6,397,067</b>
7	Financial income	0	15,958
8	Financial expenses	-2,523,799	-1,506,730
	<b>Profit/loss before tax</b>	<b>-12,705,703</b>	<b>-7,887,839</b>
9	Tax for the year	1,807,032	1,387,751
	<b>Profit/loss for the year</b>	<b>-10,898,671</b>	<b>-6,500,088</b>
	 <b>Recommended appropriation of profit/loss</b>		
	Retained earnings/accumulated loss	-10,898,671	-6,500,088
		<u>-10,898,671</u>	<u>-6,500,088</u>

## Financial statements 1 April 2021 - 31 March 2022

## Balance sheet

Note	DKK	2021/22	2020/21
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
10	<b>Property, plant and equipment</b>		
	Fixtures and fittings, other plant and equipment	0	2,985
		0	2,985
11	<b>Investments</b>		
	Other receivables	26,775	26,250
		26,775	26,250
	<b>Total fixed assets</b>	26,775	29,235
	<b>Non-fixed assets</b>		
	<b>Receivables</b>		
	Corporation tax receivable	1,807,032	1,387,751
12	Other receivables	16,638,027	701,818
		18,445,059	2,089,569
	<b>Cash</b>	1,174,468	14,023,237
	<b>Total non-fixed assets</b>	19,619,527	16,112,806
	<b>TOTAL ASSETS</b>	19,646,302	16,142,041

## Financial statements 1 April 2021 - 31 March 2022

### Balance sheet

Note	DKK	2021/22	2020/21
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	315,384	315,384
	Reserve for development costs	0	0
	Retained earnings	-19,290,300	-8,391,629
	<b>Total equity</b>	<u>-18,974,916</u>	<u>-8,076,245</u>
	<b>Liabilities other than provisions</b>		
	<b>Non-current liabilities other than provisions</b>		
14	Convertible debt instruments and other loans	36,986,081	23,192,005
	Other payables	0	98,071
		<u>36,986,081</u>	<u>23,290,076</u>
	<b>Current liabilities other than provisions</b>		
	Trade payables	1,274,100	683,891
	Other payables	361,037	244,319
		<u>1,635,137</u>	<u>928,210</u>
	<b>Total liabilities other than provisions</b>	<u>38,621,218</u>	<u>24,218,286</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>19,646,302</u></u>	<u><u>16,142,041</u></u>

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

## Financial statements 1 April 2021 - 31 March 2022

### Statement of changes in equity

DKK	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 April 2020	315,384	11,090,602	-1,277,659	10,128,327
Adjustment of equity through corrections of material misstatements	0	-11,090,602	-613,882	-11,704,484
Adjusted equity at 1 April 2020	315,384	0	-1,891,541	-1,576,157
Transfer through appropriation of loss	0	0	-6,500,088	-6,500,088
<b>Equity at 1 April 2021</b>	315,384	0	-8,391,629	-8,076,245
Transfer through appropriation of loss	0	0	-10,898,671	-10,898,671
<b>Equity at 31 March 2022</b>	315,384	0	-19,290,300	-18,974,916

Reference is made to accounting policies regarding correction of material misstatements.

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 2021 - 31 March 2022

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Hoba Therapeutics ApS for 2021/22 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.

#### Material misstatements

##### Capitalisation of R&D expenses

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##### Grant income

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For the year ended 31 March 2022, R&D expenses are expensed as incurred consistent with prior years. Further grant income is recognised in operating income consistent with prior years.

#### 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.

## Financial statements 1 April 2021 - 31 March 2022

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 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.

## Financial statements 1 April 2021 - 31 March 2022

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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 subsidiaries 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

Receivables are measured at amortised cost.

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

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.

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.



## Financial statements 1 April 2021 - 31 March 2022

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

#### 2 Significant 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, 2022, the Company's available liquidity, comprised of cash and cash equivalents, amounted to DKK 1.2 million, and deposit on tax account amounted to DKK 15 million, in total DKK 16.2 million. For the year ending March 2022, the Company incurred a net loss of DKK 10.9 million.

The Company's ability to continue as a going concern is depending on its ability to raise additional funds. The current cash position is expected to last through into 2023, however funding is required in the first quarter of 2023 at the latest. The Company's budget for the 12-month period ending 31 March 2023 shows a funding need of DKK 11.1 million, after expected government grants for the period have been taken into consideration.

The Company has initiated a Series A financing round with the participation of current and new investors aiming to raise a large amount to cover the activities in 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 Series A is not completed.

In the event that the company is not able to secure additional funding, Management is able to reduce operational activities related to CMC (chemistry, manufacturing, and control) expenses by DKK 14 million and maintain the company as a going concern until 31 March 2023. This will require such a decision is taken no later than 30 November 2022.

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.

## Financial statements 1 April 2021 - 31 March 2022

### Notes to the financial statements

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. In the financial year 2021-22, the company received a COVID-19 syndication loan from Vækstfonden and two convertible loans from Novo Holdings and Vækstfonden, respectively, which also support the Company's ability to raise new funding.

Management has prepared the financial statements presented herein based on assumptions of being a going concern.

### 3 Events after the balance sheet date

Subsequent to the balance sheet date, the first payment of the EIC Accelerator grant has been received, EUR 1.1 million. The grant has been treated as a non-adjusting event in the financial statements.

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

DKK	2021/22	2020/21
<b>4 Other operating income</b>		
Grants	678,380	1,214,013
	<u>678,380</u>	<u>1,214,013</u>
<b>DKK</b>	<b>2021/22</b>	<b>2020/21</b>
<b>5 Staff costs</b>		
Wages/salaries	2,843,261	2,781,056
Pensions	55,554	93,924
Other social security costs	18,751	15,375
Other staff costs	79,658	9,207
	<u>2,997,224</u>	<u>2,899,562</u>
	<u>2021/22</u>	<u>2020/21</u>
Average number of full-time employees	3	3
<b>DKK</b>	<b>2021/22</b>	<b>2020/21</b>
<b>6 Depreciation of property, plant and equipment</b>		
Depreciation of property, plant and equipment	2,985	3,980
	<u>2,985</u>	<u>3,980</u>
<b>DKK</b>	<b>2021/22</b>	<b>2020/21</b>
<b>7 Financial income</b>		
Exchange adjustments	0	15,958
	<u>0</u>	<u>15,958</u>

## Financial statements 1 April 2021 - 31 March 2022

### Notes to the financial statements

DKK	2021/22	2020/21
<b>8 Financial expenses</b>		
Interest expenses, loans	2,421,076	1,384,280
Interest expenses, bank	90,344	95,450
Exchange adjustments	10,332	0
Other financial expenses	2,047	27,000
	<u>2,523,799</u>	<u>1,506,730</u>
<b>DKK</b>	<b>2021/22</b>	<b>2020/21</b>
<b>9 Tax for the year</b>		
Estimated tax charge for the year	-1,807,032	-1,387,751
	<u>-1,807,032</u>	<u>-1,387,751</u>

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 2021	38,914
Cost at 31 March 2022	38,914
Impairment losses and depreciation at 1 April 2021	35,929
Depreciation	2,985
Impairment losses and depreciation at 31 March 2022	38,914
<b>Carrying amount at 31 March 2022</b>	<u>0</u>

### 11 Investments

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

DKK	2021/22	2020/21
<b>12 Other receivables</b>		
Deposit on tax account	15,000,000	0
VAT receivable	1,077,271	211,818
Receivables, government grants	518,019	490,000
Other receivables	42,737	0
	<u>16,638,027</u>	<u>701,818</u>

As of 31 March 2022, other receivables primarily include VAT (DKK 1.1 million), deposit on tax account which amounts to DKK 15 million and receivables related to government grants DKK 518 thousand. VAT and government grants has been collected after the balance sheet date, and deposit on tax account has been transferred back to the bank account after the balance sheet date.

## Financial statements 1 April 2021 - 31 March 2022

### Notes to the financial statements

#### 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.

#### 14 Convertible debt instruments or corresponding rights issued by the Company

	<u>Exchange deadline</u>	<u>2021/22</u> DKK
Loan 1, 3 and 4	22-05-2023	13,114,411
Loan 2 and 5	22-05-2023	21,791,670
Other loans	22-05-2023	2,080,000
		<u>36,986,081</u>

##### 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. 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.

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.

##### Other loans

## Financial statements 1 April 2021 - 31 March 2022

### Notes to the financial statements

This comprises of a loan obtained by the Company with an interest rate of 3- month CIBOR + 5%p.a. The repayment is in instalments starting from July 2024 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 Contractual obligations and contingencies, etc.

##### Other financial obligations

Other rent and lease liabilities:

DKK	2021/22	2020/21
Rent and lease liabilities	34,665	30,000

Liability relates to the companys current office space rental agreement.

#### 16 Collateral

The Company has not provided any security or other collateral in assets at 31 March 2022.

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### Executive Board

On behalf of: Hoba Therapeutics ApS

Serial number: ef59ff81-9df4-40ee-898a-092912d42f92

IP: 185.168.xxx.xxx

2022-10-13 10:50:26 UTC



## Amanda Hayward

### Chair

On behalf of: Hoba Therapeutics ApS

Serial number: ahayward@rallybio.com

IP: 131.239.xxx.xxx

2022-10-13 12:40:23 UTC

## Morten Døssing

### Board of Directors

On behalf of: Hoba Therapeutics ApS

Serial number: PID:9208-2002-2-985483173250

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2022-10-13 13:04:39 UTC



## Teit Eliot Johansen

### Board of Directors

On behalf of: Hoba Therapeutics ApS

Serial number: PID:9208-2002-2-930508002971

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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

Serial number: PID:9208-2002-2-996061086302

IP: 83.93.xxx.xxx

2022-10-14 08:13:31 UTC



## Anders Eriksen

### State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:15790088

IP: 87.61.xxx.xxx

2022-10-14 08:15:19 UTC



## Christian Schwenn Albrecht Johansen

### State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: PID:9208-2002-2-898106851417

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**Søren Sylvester Skjærbæk**

**Chairman**

On behalf of: Hoba Therapeutics ApS

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