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# *Sonohaler ApS*

c/o Adam Bohr, Fuglevadsvej 34, DK-2800 Kongens Lyngby

## Annual Report for 2022

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CVR No. 39 30 46 35

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 22/6 2023

Ashwini Pradhan  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Sonohaler ApS for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act. The Company complies with the exemption provisions governing the omission to have its Financial Statements audited.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Kongens Lyngby, 7 June 2023

## Executive Board

Ashwini Pradhan

Adam Jun Bohr

## Board of Directors

Adam Jun Bohr

Jorrit Jeroen Water

Ashwini Pradhan

# Practitioner's Statement on Compilation of Financial Statements

To the Management of Sonohaler ApS

We have compiled the Financial Statements of Sonohaler ApS for the financial year 1 January - 31 December 2022 on the basis of the Company's accounting records and other information you have provided.

The Financial Statements comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies.

We performed our work in accordance with ISRS 4410, Engagements to Compile Financial Information.

Based on our professional expertise, we have assisted you with the preparation and presentation of the Financial Statements in accordance with the Danish Financial Statements Act. We have complied with relevant provisions of the Danish Act on Approved Auditors and Audit Firms and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), including the principles of integrity, objectivity, professional competence and due care.

The Financial Statements and the accuracy and completeness of the information forming the basis of the compilation of the Financial Statements are your responsibility.

As an engagement to compile financial information is not an assurance engagement, we are under no duty to verify the accuracy or completeness of the information you provided to us to compile the Financial Statements. Accordingly, we express no audit opinion or review opinion as to whether the Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

Hellerup, 7 June 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Mads Lundemann

State Authorised Public Accountant

mne44181

## Company information

<b>The Company</b>	Sonohaler ApS Adam Bohr Fuglevadsvej 34 DK-2800 Kongens Lyngby  CVR No: 39 30 46 35 Financial period: 1 January - 31 December Incorporated: 1 February 2018 Financial year: 5th financial year Municipality of reg. office: Kongens Lyngby
<b>Board of Directors</b>	Adam Jun Bohr Jorrit Jeroen Water Ashwini Pradhan
<b>Executive Board</b>	Ashwini Pradhan Adam Jun Bohr
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

# Management's review

## Key activities

The key activities are development of next-gen digital inhaler solutions based on acoustical technologies and AI, enabling enhanced management of acute and chronic respiratory conditions.

## Development in the year

The income statement of the Company for 2022 shows a loss of DKK 237,222, and at 31 December 2022 the balance sheet of the Company shows negative equity of DKK 56,195.

## Capital resources

The company is subject to the capital loss rules in section 119 of the Danish Companies Act, as the company as per 31 December 2022 has lost its equity. The company expects to re-establish the share capital through future earnings. The company's major shareholders Formata Ltd and Bohring Aps have submitted a letter of support that they will provide the company with financial support up to and including 30. June 2024, so that the company can pay and settle its obligations in line with these due dates.

On this basis, the management assesses that the company has adequate capital resources.

Reference is also made to the mention in note 1.

## Subsequent events

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

## Income statement 1 January - 31 December

	Note	2022	2021
		DKK	DKK
<b>Gross loss</b>		<b>-127,990</b>	<b>-213,963</b>
Staff expenses	2	-146,454	-11,909
Amortisation and impairment losses of intangible assets	3	-38,276	0
<b>Profit/loss before financial income and expenses</b>		<b>-312,720</b>	<b>-225,872</b>
Financial expenses		-25,551	-9,702
<b>Profit/loss before tax</b>		<b>-338,271</b>	<b>-235,574</b>
Tax on profit/loss for the year	4	101,049	0
<b>Net profit/loss for the year</b>		<b>-237,222</b>	<b>-235,574</b>

## Distribution of profit

	2022	2021
	DKK	DKK
<b>Proposed distribution of profit</b>		
Retained earnings	-237,222	-235,574
	<b>-237,222</b>	<b>-235,574</b>

# Balance sheet 31 December

## Assets

	Note	2022 DKK	2021 DKK
Completed development projects		421,037	0
Acquired patents		185,890	0
<b>Intangible assets</b>	5	<b>606,927</b>	<b>0</b>
Investments in subsidiaries	6	1,149	1,149
<b>Fixed asset investments</b>		<b>1,149</b>	<b>1,149</b>
<b>Fixed assets</b>		<b>608,076</b>	<b>1,149</b>
Other receivables		11,299	34,237
Corporation tax		101,049	0
<b>Receivables</b>		<b>112,348</b>	<b>34,237</b>
Cash at bank and in hand		25,455	334,005
<b>Current assets</b>		<b>137,803</b>	<b>368,242</b>
<b>Assets</b>		<b>745,879</b>	<b>369,391</b>



## Balance sheet 31 December

### Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		43,712	40,000
Reserve for development costs		328,409	0
Retained earnings		-428,316	-565,406
<b>Equity</b>		<b>-56,195</b>	<b>-525,406</b>
Other payables		210,000	270,000
Deferred income		254,169	0
<b>Long-term debt</b>	7	<b>464,169</b>	<b>270,000</b>
Trade payables		33,929	23,913
Payables to owners and Management		173,045	562,164
Corporation tax		0	8,714
Other payables	7	60,000	30,006
Deferred income		70,931	0
<b>Short-term debt</b>		<b>337,905</b>	<b>624,797</b>
<b>Debt</b>		<b>802,074</b>	<b>894,797</b>
<b>Liabilities and equity</b>		<b>745,879</b>	<b>369,391</b>
Going concern	1		
Accounting Policies	8		

## Statement of changes in equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	40,000	0	0	-565,406	-525,406
Cash capital increase	3,712	702,721	0	0	706,433
Other equity movements	0	0	328,409	-328,409	0
Net profit/loss for the year	0	0	0	-237,222	-237,222
Transfer from share premium account	0	-702,721	0	702,721	0
<b>Equity at 31 December</b>	<b>43,712</b>	<b>0</b>	<b>328,409</b>	<b>-428,316</b>	<b>-56,195</b>

# Notes to the Financial Statements

## 1. Going concern

The company expects to re-establish the share capital through future earnings. The company's major shareholders Formata Ltd and Bohring Aps have submitted a letter of support that they will provide the company with financial support up to and including 30. June 2024, so that the company can pay and settle its obligations in line with these due dates. On this basis, the management assesses that the company has adequate capital resources.

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>2. Staff Expenses</b>		
Wages and salaries	146,454	11,625
Other staff expenses	<u>0</u>	<u>284</u>
	<u><b>146,454</b></u>	<u><b>11,909</b></u>
Average number of employees	<u>1</u>	<u>1</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>3. Amortisation and impairment losses of intangible assets</b>		
Amortisation of intangible assets	<u>38,276</u>	<u>0</u>
	<u><b>38,276</b></u>	<u><b>0</b></u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>4. Income tax expense</b>		
Current tax for the year	<u>-101,049</u>	<u>0</u>
	<u><b>-101,049</b></u>	<u><b>0</b></u>

# Notes to the Financial Statements

## 5. Intangible fixed assets

	Completed development projects	Acquired patents
	DKK	DKK
Cost at 1 January	0	0
Additions for the year	459,313	185,890
Cost at 31 December	<u>459,313</u>	<u>185,890</u>
Impairment losses and amortisation at 1 January	0	0
Amortisation for the year	38,276	0
Impairment losses and amortisation at 31 December	<u>38,276</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>421,037</u></b>	<b><u>185,890</u></b>

Development projects include Sono One mobile app, two new technology patents, and investment to support the existing patent application. The development costs are expected to add significant value to Sonohaler's product portfolio and protect Sonohaler's technology globally.

	2022	2021
	DKK	DKK
Cost at 1 January	1,149	1,149
Cost at 31 December	<u>1,149</u>	<u>1,149</u>
<b>Carrying amount at 31 December</b>	<b><u>1,149</u></b>	<b><u>1,149</u></b>

## 6. Investments in subsidiaries

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Sonohaler LLC	Delaware, USA	100%

# Notes to the Financial Statements

## 7. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>Other payables</b>		
After 5 years	0	0
Between 1 and 5 years	<u>210,000</u>	<u>270,000</u>
Long-term part	210,000	270,000
Within 1 year	60,000	30,000
Other short-term payables	<u>0</u>	<u>6</u>
	<b><u>270,000</u></b>	<b><u>300,006</u></b>
<b>Deferred income</b>		
After 5 years	0	0
Between 1 and 5 years	<u>254,169</u>	<u>0</u>
Long-term part	254,169	0
Within 1 year	0	0
Other deferred income	<u>70,931</u>	<u>0</u>
Short-term part	70,931	0
	<b><u>325,100</u></b>	<b><u>0</u></b>

# Notes to the Financial Statements

## 8. Accounting policies

The Annual Report of Sonohaler ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

### Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Income statement

#### Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

#### Gross loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, direct expenses and other external expenses.

# Notes to the Financial Statements

## **Staff expenses**

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

## **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation and impairment of intangible assets.

## **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets.

## **Income from investments in subsidiaries**

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

## **Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

#### *Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

#### *Other intangible fixed assets*

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 5 years.

### Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.



## Notes to the Financial Statements

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### **Deferred income**

Deferred income comprises payments received in respect of income in subsequent years.