european healthcare
acquisition & growth company

European Healthcare Acquisition & Growth Company B.V.

(*a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands*)

Shareholder circular relating to the proposed business combination with Croma-Pharma GmbH

including

Convocation of and agenda for the annual general meeting of shareholders of

European Healthcare Acquisition & Growth Company B.V.

This document is a circular and a convocation (the "**Circular**") relating to the definitive business combination agreement, dated as of December 22, 2022, entered into by and between European Healthcare Acquisition & Growth Company B.V. (the "**Company**" or "**EHC**"), Croma-Pharma GmbH, Prinz Holding GmbH ("**PH**"), OLIN Holding GmbH ("**OLIN**") and PMJ GmbH ("**PMJ**") (PH, OLIN and PMJ collectively, the "**Croma Shareholders**") (as amended on May 15, 2023, the "**Business Combination Agreement**") pursuant to which 100% of the issued and outstanding share capital of Croma-Pharma GmbH will be transferred to EHC and approximately 78.3% of the issued and outstanding share capital of EHC (assuming no redemptions and no additional financing) will be transferred to the Croma Shareholders by way of an exchange (the "**Business Combination**"). In connection with the Business Combination, it is envisaged for the Company to be converted into a public company with limited liability (*naamloze vennootschap*) and renamed Croma N.V.

This Circular is not a prospectus for the purposes of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended and thus has not been approved by, or filed with, the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "AFM"). This Circular does not constitute or form part of any offer or invitation to purchase, otherwise acquire or subscribe for, or any solicitation of any offer to purchase, otherwise acquire or subscribe for, any security.

The convocation, including the agenda, for the Company's annual general meeting, which will be held on June 27, 2023 in Amsterdam, the Netherlands, at 10:00 CEST (the "AGM"), is set out in section 3 of this Circular (the "Convocation"), and the explanatory notes to the agenda are set out in section 4 of this Circular.

This Circular, including the Convocation, is published electronically and in English only (with the exception of (i) the deed of conversion and amendment of the articles of association of the Company as drawn up by Houthoff Coöperatief U.A. (the "Deed of Conversion and Amendment of the Articles"), and (ii) the deed of partial amendment of the articles of association, as drawn up by Houthoff Coöperatief U.A. (the "Deed of Further Amendment of the Articles"), which will also be provided in Dutch).

This Circular is dated May 16, 2023

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1. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Date (Time)
Record Date	May 30, 2023, at 17:30 CEST
Redemption period starts	May 16, 2023
Deadline for (i) registration for the AGM and (ii) submitting electronic voting instructions or proxies	June 20, 2023, at 17:30 CEST
Redemption period ends	June 23, 2023, at 17:40 CEST
AGM	June 27, 2023, at 10:00 CEST
Repurchase of Class A Ordinary Shares in accordance with article 10 of the current articles of association of the Company	June 27, 2023
Completion of Business Combination and PIPE	July 5, 2023
Payment of consideration for redeemed Ordinary Shares	July 6, 2023
Conversion into an N.V.	July 6, 2023
Appointment of Management Board and Supervisory Board members becomes effective	July 6, 2023
Start trading Public Shares and Warrants under the name Croma N.V.	July 6, 2023

The dates and times given are based on the Company's current expectations and may be subject to change. Any revised dates and/or times will be notified to EHC's shareholders, by way of a press release published on the Company's website (www.ehc-company.com).

2. LETTER TO SHAREHOLDERS

Dear Shareholder,

On behalf of the Company, we are pleased to invite you to the AGM which is to be held on June 27, 2023 at 10:00 CEST and to provide you with this Circular.

The purpose of this Circular is to ensure that the shareholders of the Company (the "**Shareholders**") are adequately informed of the facts and circumstances relevant to the proposals on the agenda for the AGM. This should enable the Shareholders to vote on the proposed resolutions, including amongst others, to (i) approve the Business Combination; (ii) appoint the members of the management board of the Company (the "**Management Board**", and each member a "**Managing Director**") and the members of the supervisory board of the Company (the "**Supervisory Board**", and each member a "**Supervisory Director**"); (iii) adopt the remuneration policy for the Management Board and Supervisory Board; and (iv) resolve upon and authorize the amendments to the articles of association of the Company and the conversion of the Company into a public company with limited liability (*naamloze vennootschap*).

After careful consideration, the current one tier board of European Healthcare Acquisition & Growth Company B.V. (the "**EHC Board**") considers the terms and conditions of the Business Combination Agreement and the transactions contemplated thereby, including the Business Combination, to be in the best interest of the Company and its stakeholders, including the Shareholders, for the reasons set out under "*6.2 EHC's Reasons for the Business Combination*" and against the background of the target business profile as described in "*6.4 Target Business Profile*". The EHC Board unanimously recommends the Business Combination to you and since we cannot complete without the General Meeting's approval of the Business Combination (as described under "*7.1 Principal Terms of the Business Combination – 7.1.6.1 Closing Conditions to the Obligations of all Parties*"), recommends that you vote in favor of the Business Combination, including the transactions contemplated by the Business Combination Agreement, and the other resolutions proposed for adoption at the AGM.

The Business Combination will allow the Shareholders to become investors in Croma-Pharma GmbH, a specialty pharma company in the field of minimally invasive aesthetics and a leading manufacturer of premium quality hyaluronic acid dermal fillers, as well as a supplier of hyaluronic acid based products for medical applications in the field of orthopaedics and ophthalmology. The EHC Board and Croma-Pharma GmbH believe that the Business Combination is an attractive opportunity for the Shareholders to become investors in an established family-run specialty pharma company with high growth potential given its now comprehensive portfolio of aesthetics injectables, such as, hyaluronic acid fillers, non-hyaluronic acid products, medicinal products, such as a botulinum toxin, and complementary products. The Business Combination will provide Croma-Pharma GmbH with the opportunity to accelerate future value creation, in particular, to capture on geographic expansion and to strengthen the technology and product pipeline through the expertise of EHC's sponsors, as well as financial flexibility to continue its current strategy and invest in organic growth initiatives (see "*6.3 Croma's Reasons for the Business Combination*").

As part of the Business Combination, EHC will transfer to the Croma Shareholders approximately 73.2% of its issued and outstanding share capital as consideration assuming no redemptions and no private investment in public equity ("**PIPE Financing**") or other additional financing to occur. There will be no additional cash consideration for the Croma Shareholders (as described in "*7.1.2 Consideration to Croma Shareholders in the Business Combination*").

After completion of the Business Combination and the conversion into an N.V., the Company is to be renamed to Croma N.V.

Although we hope that our Shareholders will remain Shareholders post Business Combination, we are also providing our Public Shareholders with the opportunity to have part or all of their Class A Ordinary Shares repurchased subject to completion of the Business Combination (as described under "*7.2.6 Public Share Redemption Rights*"), even if they vote in favor of the Business Combination in accordance with the timeline set out in "*1. Expected Timetable of Principal Events*".

This Circular provides detailed information on the proposed Business Combination and on a number of related matters. It begins with the Convocation of the AGM and the agenda items to be voted upon as well as explanatory notes thereto which should be considered. It continues with a description of the background to, and rationale for, the Business Combination, followed by a more detailed description of the Business Combination.

Thereafter, this Circular sets out the risk factors and a detailed description of Croma-Pharma GmbH's business, its current shareholding structure and certain financial information of EHC and Croma-Pharma GmbH as well as their discussion and analysis by the respective managements.

We encourage you to read this Circular and the additional documentation referred to in it carefully. We hope you will agree with the recommendation of the EHC Board to approve the Business Combination, including the other transactions contemplated by the Business Combination Agreement, and the other resolutions proposed for adoption at the AGM.

We value and thank you for your continued support and look forward to welcoming you to our AGM on June 27, 2023.

Yours sincerely,

The EHC Board

3. CONVOCATION AND AGENDA FOR THE ANNUAL GENERAL MEETING

The AGM of the Company will be held on June 27, 2023 at 10:00 CEST at the offices of Houthoff Coöperatief U.A., Gustav Mahlerplein 50, Amsterdam, the Netherlands.

3.1 Agenda

The agenda for the AGM is as follows:

1. Opening
2. Language of financial reporting for an indefinite period of time (*voting item*)
3. Annual report for the financial year 2022 ("**Annual Report 2022**")
    a. Annual Report 2022 (*discussion item*)
    b. Remuneration report (*advisory vote*)
4. Dividend policy (*discussion item*)
5. Adoption of the financial statements for the financial year 2022 ("**Financial Statements 2022**") (*voting item*)
6. Discharge (*decharge*)
    a. Discharge of the executive directors of the Company for their responsibilities in the financial year 2022 (*voting item*)
    b. Discharge of the non-executive directors of the Company for their responsibilities in the financial year 2022 (*voting item*)
7. Reappointment of Deloitte Accountants B.V. as independent external auditor entrusted with the audit of the financial statements for the financial year 2023, subject to acceptance procedures to be performed by Deloitte Accountants B.V. (*voting item*)
8. The proposed Business Combination:
    a. Presentation on the proposed Business Combination (*discussion item*)
    b. Entering into and approval of the Business Combination in accordance with article 18 of the current articles of association of the Company, including the transactions contemplated by the Business Combination Agreement (*voting item*)
9. Conditional restructuring of the Company following the Business Combination
    a. Conversion of the Company from a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid – B.V.*) into a public company with limited liability (*naamloze vennootschap – N.V.*) (*voting item*)
    b. Amendment of the articles of association of the Company in accordance with the draft deed of conversion and amendment of the articles of association as drawn up by Houthoff Coöperatief U.A. ("**Deed of Conversion and Amendment of the Articles**") (*voting item*)
    c. Authorization of each member of the EHC Board, as well as each employee, (candidate or assigned) civil-law notary and each lawyer of the law firm Houthoff Coöperatief U.A., each of them individually, to sign the Deed of Conversion and Amendment of the Articles and all documents ancillary thereto, and to further carry out any act in connection therewith as deemed necessary by anyone authorized by this power of attorney (*voting item*)
10. Conditional appointment of Managing Directors
    a. Appointment of Andreas Prinz as Managing Director (*voting item*)
    b. Appointment of Peter Haidenek as Managing Director (*voting item*)
11. Conditional appointment of Supervisory Directors
    a. Appointment of Dr. Katharina Kiss as Supervisory Director, as designated for binding nomination by PMJ GmbH ("**PMJ**") (*voting item*)

b. Appointment of Martin Prinz as Supervisory Director, as designated for binding nomination by PMJ (*voting item*)

c. Appointment of Stefan Schmuckenschlager as Supervisory Director, as designated for binding nomination by OLIN Holding GmbH ("**OLIN**") (*voting item*)

d. Appointment of Dr. Stefan Oschmann as Supervisory Director, as designated for binding nomination by the Sponsors (*voting item*)

e. Appointment of Dr. Cornelius Baur as Supervisory Director, as designated for binding nomination by the Sponsors (*voting item*)

f. Appointment of Donatella Ceccarelli as Supervisory Director, as designated for binding nomination by OLIN (*voting item*)

12. Conditional full and final discharge

    a. Full and final discharge of the executive directors of the Company for their responsibilities (*voting item*)

    b. Full and final discharge of the non-executive directors of the Company for their responsibilities (*voting item*)

13. Conditional adoption of the combined remuneration policy of the Company for the Management Board and the Supervisory Board (*voting item*)

14. Conditional approval of awards to the Management Board (*voting item*)

15. Authorization of the Management Board to repurchase (*inkopen*) Class A Ordinary Shares (*voting item*)

16. Conditional cancellation (*intrekking*) of Treasury Shares (*voting item*)

17. Conditional partial amendment of the articles of association

    a. Partial amendment of the articles of association of the Company in accordance with the draft deed of amendment of the articles of association as drawn up by Houthoff Coöperatief U.A. (the "Deed of Further Amendment of the Articles") (*voting item*)

    b. Authorization of each member of the EHC Board, as well as each employee, (candidate or assigned) civil-law notary and each lawyer of the law firm Houthoff Coöperatief U.A., each of them individually, to sign the Deed of Further Amendment of the Articles and all documents ancillary thereto, and to further carry out any act in connection therewith as deemed necessary by anyone authorized by this power of attorney (*voting item*)

18. Conditional cancellation (*intrekking*) of Class B Ordinary Shares (*voting item*)

19. Closing

The proposals included in agenda items (9) – (18) are subject to the adoption by the General Meeting of the proposal under agenda item (8)(b). Furthermore, the proposal included in agenda item (18) is subject to the adoption by the General Meeting of the proposals under agenda items (17)(a) and (17)(b).

The above matters are more fully described in this Circular. We urge you to carefully read this Circular in its entirety. Furthermore, it is noted that, to the extent necessary, it will be at the discretion of the EHC Board to withdraw one or more proposals from the agenda in order to facilitate the adoption of the other proposals.

After careful consideration, the EHC Board has approved the Business Combination and unanimously recommends that the Shareholders vote "FOR" approval of the Business Combination, including the transactions contemplated by the Business Combination Agreement, and "FOR" the other proposed agenda items (9) – (18) as presented to the Shareholders in this Circular. When you consider the EHC Board's recommendation of these proposals, you should keep in mind that the members of the EHC Board have interests in the Business Combination that may conflict with your interests as a Shareholder. Please see "*6. Background to, and Rationale for, the Business Combination*" and "*7. Business Combination*" for additional information. In addition, you should read "*8. Risk Factors*" for a discussion of the risks you should consider in evaluating the proposed Business Combination and how it may affect you.

3.2 Available Information

As of today until the close of the AGM, the following documents and information are available for inspection on the Company's website (www.ehc-company.com) and at ABN AMRO Bank N.V. (via e-mail: ava@nl.abnamro.com) and copies are available free of charge by persons entitled to attend the AGM at the Company's offices (c/o ALR Treuhand GmbH, Theresienhöhe 28, 80339 Munich, Germany), upon appointment:

- the agenda and the explanatory notes thereto;
- the Annual Report 2022 (in ESEF-format) including, inter alia, the report of the EHC Board, the remuneration report, the Financial Statements 2022 and the independent auditor's report;
- the Deed of Conversion and Amendment of the Articles in the Dutch language with an (unofficial) English translation and a compare version against the current articles of association of the Company;
- the Deed of Further Amendment of the Articles in the Dutch language with an (unofficial) English translation;
- a form of proxy for representation and voting at the AGM ("**Proxy Form**") (please refer to further instructions on the use of the Proxy Form below); and
- the total number of Shares in issue and voting rights on the day hereof and, if changes take place, on the Record Date.

On May 16, 2023 the total number of Shares of the Company outstanding is 170,000,000 Class A Ordinary Shares, of which 150,000,000 Class A Ordinary Shares are being held in treasury by the Company, and 6,666,666 Class B Ordinary Shares. The aggregate number of votes that can be cast is 26,666,666.

3.3 Registration and Record Date

In accordance with the statutory record date as set out in the Dutch Civil Code (the "**DCC**"), those who are registered on May 30, 2023 ("**Record Date**"), after the processing of settlements on that date, in one of the registers as mentioned hereinafter and who have given notice of their wish to attend the AGM, in accordance with the provisions below, will have the right to attend the AGM. References in this Convocation to Shareholders as of the Record Date include a reference to others with statutory meeting rights with respect to Shares as of the Record Date, unless the context requires otherwise.

The registers, designated for registered Shares, forming part of the collective depot (*verzameldepot*), are the registers administered by the institutions affiliated to Euroclear Nederland (*aangesloten instellingen*). The register, designated for other registered Shares, is the shareholders' register of the Company.

3.3.1 Holders of Shares in the Collective Depot

Holders of Shares in the collective depot who wish to attend the AGM must register with ABN AMRO Bank N.V. via www.abnamro.com/evoting as from the Record Date and by no later than June 21, 2023 at 17:30 CEST. The intermediaries must issue an electronic statement to ABN AMRO Bank N.V. at the latest on June 20, 2023 at 14:00 CEST via www.abnamro.com/intermediary stating the number of Shares that the Shareholder holds at the Record Date and submitted for registration. With the statement, intermediaries are furthermore requested to include the full address details of the relevant Shareholder in order to be able to verify the shareholding on the Record Date in an efficient matter.

3.3.2 Holders of Other Registered Shares

Holders of other registered Shares who wish to attend the AGM must notify ABN AMRO Bank N.V. via ava@nl.abnamro.com. Shareholders must notify ABN AMRO Bank N.V., stating the name, e-mail address and the number of Shares, which are registered for the relevant Shareholder on the Record Date, no later than June 20, 2023 at 17:30 CEST.

3.4 Voting

Shareholders who wish to exercise their voting rights by means of an electronic proxy, which entails a voting instruction to a representative of the Company, can do this via (i) ABN AMRO Bank N.V. (www.abnamro.com/evoting) or (ii) via their intermediary at which their Shares are administrated no later than June 20, 2023, at 17:30 CEST. The intermediaries are requested to provide ABN AMRO Bank N.V. with an

electronic statement that includes the number of Shares held on the Record Date by the relevant Shareholder and the number of Shares which have been applied for registration at the latest by June 21, 2023, at 14:00 CEST.

Shareholders who wish to vote by means of a Proxy Form shall deposit a written (or electronically recorded) Proxy Form dated after the Record Date (in the form as made available on the Company's website www.ehc-company.com), to be received by the Company in respect of (i) the holders of Shares in the collective depot that are being traded on Euronext Amsterdam and (ii) all holders of other registered Shares via e-mail at ava@nl.abnamro.com and must be in the possession of ABN AMRO Bank N.V. no later than June 20, 2023 at 17:30 CEST.

3.5 Virtual Attendance

Shareholders who registered themselves following the registration process set out above and wish to attend the AGM by electronic means must send an e-mail to ABN AMRO Bank N.V. at ava@nl.abnamro.com. Shareholders must notify ABN AMRO Bank N.V., stating the name, e-mail address and the number of Shares, which are and will be registered for the relevant Shareholder on the Record Date, no later than June 20, 2023, at 17:30 CEST after which the Shareholder will receive a link from ABN AMRO Bank N.V. to join the meeting virtually. For the avoidance of doubt, voting is not possible for Shareholders who join the meeting virtually and those shareholders are encouraged to exercise their voting rights as described above no later than June 20, 2023 at 17:30 CEST.

4. EXPLANATORY NOTES TO THE AGENDA FOR THE ANNUAL GENERAL MEETING

4.1 Agenda Item (1): Opening

The AGM will be opened by Stefan Winners, the chairperson of the EHC Board in accordance with article 24, paragraph 1, of the current articles of association of the Company.

4.2 Agenda Item (2): Language of financial reporting for an indefinite period of time (*voting item*)

Due to the international nature of the Company, it is proposed to prepare the report of the Management Board and the financial statements in the English language for an indefinite period of time. The General Meeting should approve the use of the English language for the report of the Management Board in accordance with article 2:391 paragraph 1 of the DCC, and for the items of the financial statements in accordance with article 2:362 paragraph 7 of the DCC.

4.3 Agenda Item (3): Annual report for the financial year 2022 ("Annual Report 2022")

4.3.1 (a) Annual Report 2022 (discussion item)

Stefan Winners will give a presentation on the Annual Report 2022 and the Financial Statements 2022, as included in the Annual Report 2022. The Annual Report 2022 is available on the Company's website.

4.3.2 (b) Remuneration report (advisory vote)

The Company's remuneration report is included in the Annual Report 2022. An explanation will be provided on this. The part of the remuneration report relating to the implementation of the remuneration policy in the financial year 2022 will be submitted to the General Meeting for an advisory vote.

4.4 Agenda Item (4): Dividend policy (discussion)

The Company has not paid any dividends to date and will not pay dividend prior to the Business Combination.

The Company's dividend policy as it will read following the Business Combination, as adopted by the Management Board, subject to the approval of the Supervisory Board, will be available on the Company's website.

4.5 Agenda Item (5): Adoption of the financial statements for the financial year 2022 ("Financial Statements 2022") (voting item)

It is proposed to adopt the Financial Statements 2022. The Financial Statements 2022 were approved by the EHC Board and published on the Company's website on March 24, 2023.

The Financial Statements 2022 are included in the relevant section of the Annual Report 2022. Deloitte Accountants B.V., the independent external auditor of EHC, has audited the Financial Statements 2022. Deloitte Accountants B.V. will answer any questions about their audit.

4.6 Agenda Item (6): Discharge (*decharge*)

Discharge (*decharge*) granted to members of the EHC Board, consisting of the executive directors and non-executive directors of the Company, means a release from actual or potential liability. The discharge only covers facts that were disclosed in the Annual Report 2022 or otherwise disclosed to the General Meeting. In addition, the principles of reasonableness and fairness (*redelijkheid en billijkheid*) may prevent reliance on a discharge under certain circumstances.

4.6.1 (a) Discharge of the executive directors of the Company for their responsibilities in the financial year 2022 (voting item)

It is proposed to grant discharge to the executive directors of the Company in respect of the exercise of their duties throughout the financial year 2022, to the extent that such exercise is apparent from the Annual Report 2022 or from information otherwise disclosed to the General Meeting.

4.6.2 (b) Discharge of the non-executive directors of the Company for their responsibilities in the financial year 2022 (voting item)

It is proposed to grant discharge to the non-executive directors of the Company in respect of the exercise of their duties throughout the financial year 2022, to the extent that such exercise is apparent from the Annual Report 2022 or from information otherwise disclosed to the General Meeting.

4.7 Agenda Item (7): Reappointment of Deloitte Accountants B.V. as independent external auditor entrusted with the audit of the financial statements for the financial year 2023, subject to acceptance procedures to be performed by Deloitte Accountants B.V. (*voting item*)

Pursuant to article 30.1 of the current articles of association of the Company, the General Meeting is required to (re)appoint the external auditor.

It is proposed to reappoint Deloitte Accountants B.V. as the independent external auditor responsible for auditing the Company's financial statements for the financial year 2023, subject to acceptance procedures to be performed by Deloitte Accountants B.V.

4.8 Agenda Item (8): The proposed Business Combination

4.8.1 (a) Presentation on the proposed Business Combination (discussion item)

The EHC Board will give a presentation on the proposed Business Combination.

4.8.2 (b) Entering into and approval of the Business Combination in accordance with article 18 of the current articles of association of the Company, including the transactions contemplated by the Business Combination Agreement (voting item)

After careful consideration, the EHC Board has approved the Business Combination and unanimously recommends that the Shareholders, and therefore proposes to the General Meeting, to vote "FOR" approval of the Business Combination, including the transactions contemplated by the Business Combination Agreement, and "FOR" all other proposals presented to the Shareholders in this Circular. Please see "*6. Background to, and Rationale for, the Business Combination*" and "*7. Business Combination*" for additional information.

When you consider the EHC Board's recommendation of these proposals, you should keep in mind that the members of the EHC Board have interests in the Business Combination that may conflict with your interests as a shareholder. In addition, you should read "*8. Risk Factors*" for a discussion of the risks you should consider in evaluating the proposed Business Combination and how it may affect you.

The proposals included in agenda items (9) – (16) are subject to the adoption by the General Meeting of the proposal under this agenda item (8)(b).

4.9 Agenda Item (9): Conditional restructuring of the Company following the Business Combination

The resolutions proposed under agenda items 9a. through 9c. are inextricably linked together and, therefore, they should all be adopted by the General Meeting in order to become effective.

4.9.1 (a) Conversion of the Company from a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid – B.V.) into a public company with limited liability (naamloze vennootschap – N.V.) (voting item)

The EHC Board proposes to the General Meeting to resolve to convert the legal form of the Company from that of a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid, B.V.*) to that of a public company with limited liability (*naamloze vennootschap, N.V.*) following the Business Combination. As part of the conversion of the Company's legal form, the EHC Board proposes to the General Meeting to amend the current articles of association of the Company as set out below.

4.9.2 (b) Amendment of the articles of association of the Company in accordance with the draft deed of conversion and amendment of the articles of association as drawn up by Houthoff Coöperatief U.A. ("Deed of Conversion and Amendment of the Articles") (voting item)

The EHC Board proposes to the General Meeting to resolve to adopt the amendment of the current articles of association of the Company in accordance with the Deed of Conversion and Amendment of the Articles. The main items of the Deed of Conversion and Amendment of the Articles are to:

- change the Company's name into Croma N.V.;
- reflect mandatory Dutch law provisions in the articles of association of the Company applicable to an N.V.;
- adopt a two tier board governance structure (as described in more detail under "*7.3 Corporate Governance*");
- designate the Management Board as authorized to issue Class A Ordinary Shares or grant rights to subscribe for Class A Ordinary Shares up to 10% of the issued and outstanding Class A Ordinary Shares immediately following completion of the Business Combination, for a period of 18 months from the date of completion of the Business Combination, and designate the Management Board to restrict or exclude pre-emption rights with respect to any issue of Class A Ordinary Shares or grant of rights to subscribe for Class A Ordinary Shares, for the same period;
- designate the Management Board as authorized to issue Class A Ordinary Shares or grant rights to subscribe for Class A Ordinary Shares pursuant to, or substantially in accordance with (the terms of), the performance stock units plan of the Company ("**Croma PSU**"), as amended from time to time, up to 3% of the issued Class A Ordinary Shares issued from time to time, for a period of 5 years from the date of completion of the Business Combination, and designate the Management Board to restrict or exclude pre-emption rights with respect to an issue of Class A Ordinary Shares or grant of rights to subscribe for Class A Ordinary Shares pursuant to, or substantially in accordance with (the terms of) the Croma PSU, as amended from time to time, for the same period; and
- designate the Management Board as authorized, subject to the approval of the Supervisory Board, to issue preference shares or grant rights to subscribe for preference shares up to the maximum amount of preference shares as provided in the Company's authorized capital, for a period of 5 years from the date of completion of the Business Combination.

A transitional clause is included in the Deed of Conversion and Amendment of the Articles, governing the appointment of Supervisory Directors until the day after the date of the annual General Meeting which is held in the calendar year 2031. The General Meeting shall appoint the Supervisory Directors. Up until the day after the date of the annual General Meeting which is held in the calendar year 2031, the Supervisory Board will nominate one or more candidates for each vacant seat, whereby the Supervisory Board may make such nomination binding or non-binding. After said transitional clause lapses, the Supervisory Board may make a non-binding nomination of one or more candidates for each vacant seat in the Supervisory Board.

The proposed Deed of Conversion and Amendment of the Articles is available on the Company's website www.ehc-company.com, in the Dutch language with an (unofficial) English translation.

4.9.3 (c) Authorization of each member of the EHC Board, as well as each employee, (candidate or assigned) civil-law notary and each lawyer of the law firm Houthoff Coöperatief U.A., each of them individually, to sign the Deed of Conversion and Amendment of the Articles and all documents ancillary thereto, and to further carry out any act in connection therewith as deemed necessary by anyone authorized by this power of attorney (voting item)

This proposal is to ensure that each member of the EHC Board, as well as each employee, (candidate or assigned) civil-law notary and each lawyer of the law firm Houthoff Coöperatief U.A. shall be authorized to execute the Deed of Conversion and Amendment of the Articles and to undertake all other activities the authorized person deems necessary or useful in connection with the Deed of Conversion and Amendment of the Articles.

4.10 Agenda Item (10): Conditional appointment of Managing Directors

It has been agreed as part of the Business Combination that the board structure of EHC will change from a one tier board to a two tier board, which boards consist of Managing Directors and Supervisory Directors,

effective as from the execution of the Deed of Conversion and Amendment of the Articles. It is proposed to appoint the Managing Directors as set out below.

4.10.1 (a) Appointment of Andreas Prinz as Managing Director (voting item)

It is proposed to appoint Andreas Prinz as Managing Director, with the title CEO, for an initial term of four (4) years ending at the end of the annual general meeting of the Company which is held in 2027, subject to and effective immediately following the execution of the Deed of Conversion and Amendment of the Articles.

The personal details of Andreas Prinz and the motivation for his proposed appointment are as follows:

Name:	Andreas Prinz
Age:	47
Nationality:	Austrian
Current position:	CEO at Croma-Pharma GmbH
Previous positions:	Various positions within Croma-Pharma GmbH (*e.g.*, export manager)
Other (board) positions:	• Managing director at OLIN Holding GmbH • Managing director at I&O Immobilien GmbH • Managing director at JIPO GmbH • Managing director at IBA Immobilien GmbH
Holder of shares in the Company:	28,364,014 (subject to the consummation of the Business Combination and held via his investment vehicle OLIN Holding GmbH)
Motivation:	Andreas Prinz holds a master's degree in pharmacy and as managing director of Croma-Pharma GmbH since 2004 and son of the founder couple Karin and Gerhard Prinz, Andreas Prinz was a significant driver to turn the Company from a family pharmacy to a global player and challenger in the minimally invasive aesthetics market. As he led all important business development activities of Croma-Pharma GmbH and shaped the portfolio strategy and commercial infrastructure, he will continue to contribute his knowledge and experience to the Company's future growth and preserve the Company's DNA as a family business.

4.10.2 (b) Appointment of Peter Haidenek as Managing Director (voting item)

It is proposed to appoint Peter Haidenek as Managing Director, with the title CFO, for an initial term of four (4) years ending at the end of the annual general meeting of the Company which is held in 2027, subject to and effective immediately following the execution of the Deed of Conversion and Amendment of the Articles.

The personal details of Peter Haidenek and the motivation for his proposed appointment are as follows:

Name:	Peter Haidenek
Age:	57
Nationality:	German
Current position:	CFO at Croma-Pharma GmbH
Previous positions:	Member of the Executive Board, CFO at Polytec Holding AG
Other (board) positions:	–
Holder of shares in the Company:	No
Motivation:	As CFO of Croma-Pharma GmbH since 2022 and with many years of board and management experience at international, listed companies like Deutsche Lufthansa AG, adidas AG and Polytec Holding AG, Peter Haidenek will add his expertise to support the dynamic growth of the Company and will continue to contribute to

lead the Company to financial excellence.

4.11 Agenda Item (11): Conditional appointment of Supervisory Directors

It has been agreed as part of the Business Combination that the board structure of EHC will change from a one tier board to a two tier board, consisting of Managing Directors and Supervisory Directors, effective as from the execution of the Deed of Conversion and Amendment of the Articles. It is proposed to appoint the Supervisory Directors as set out below.

4.11.1 (a) Appointment of Dr. Katharina Kiss as Supervisory Director, as designated for binding nomination by PMJ (voting item)

It is proposed to appoint Dr. Katharina Kiss as Supervisory Director, as designated for binding nomination by PMJ, for an initial term of four (4) years ending at the end of the annual general meeting of the Company which is held in 2027, subject to and effective immediately following the execution of the Deed of Conversion and Amendment of the Articles.

The personal details of Dr. Katharina Kiss and the motivation for her proposed appointment are as follows:

Name:	Dr. Katharina Kiss
Age:	50
Nationality:	Austrian
Current position:	CEO and owner at P+F Products and Features GmbH
Previous positions:	Co-founder and majority shareholder at Translumina GmbH
Other (board) positions:	• Founder and owner at P+F Cardiovascular GmbH • Major shareholder and medical director at Cardiology-angiology Clinic Dr. Katharina Kiss
Holder of shares in the Company:	No
Independent / Non-independent:	Independent
Motivation:	Contributing longstanding experience as cardiologist to interpret medical needs and markets and her experience related to global medical business in her current function as CEO of a global medical device company.

4.11.2 (b) Appointment of Martin Prinz as Supervisory Director, as designated for binding nomination by PMJ (voting item)

It is proposed to appoint Martin Prinz as Supervisory Director, as designated for binding nomination by PMJ, for an initial term of four (4) years ending at the end of the annual general meeting of the Company which is held in 2027, subject to and effective immediately following the execution of the Deed of Conversion and Amendment of the Articles.

The personal details of Martin Prinz and the motivation for his proposed appointment are as follows:

Name:	Martin Prinz
Age:	53
Nationality:	Austrian
Current position:	CTO at Croma-Pharma GmbH
Previous positions:	• Managing director at Prinz Holding GmbH • Managing director at NonNomen GmbH • Liquidator at NonNomen GmbH • Authorized representative at Croma-Pharma GmbH • Managing director at Croma International Holding GmbH • Managing director at Croma Austria Holding GmbH

	• Managing director at Bey Pharma GmbH • Managing director at Croma GmbH
Other (board) positions:	• Managing director at JIPO GmbH • Managing director at IBA Immobilien GmbH • Managing director at PMJ GmbH • Board of directors at Berger Privatstiftung
Holder of shares in the Company:	28,364,014 (subject to the consummation of the Business Combination and held via his investment vehicle PMJ GmbH)
Independent / Non-independent:	Non-independent
Motivation:	With company affiliation of 25 years and as son of the founder couple Karin and Gerhard Prinz, Martin Prinz is a highly experienced chief technology officer and CEO with proven results in MedTech and Pharma product development and will therefore continue to share his know-how and expertise to further support the Company's growth and its high standards in the clinical development of its products.

4.11.3 (c) Appointment of Stefan Schmuckenschlager as Supervisory Director, as designated for binding nomination by OLIN (voting item)

It is proposed to appoint Mag. Stefan Schmuckenschlager as Supervisory Director, as designated for binding nomination by OLIN, for an initial term of four (4) years ending at the end of the annual general meeting of the Company which is held in 2027, subject to and effective immediately following the execution of the Deed of Conversion and Amendment of the Articles.

The personal details of Mag. Stefan Schmuckenschlager and the motivation for his proposed appointment are as follows:

Name:	Mag. Stefan Schmuckenschlager
Age:	44
Nationality:	Austrian
Current position:	Member of the supervisory board of Croma-Pharma GmbH
Previous positions:	• Key account team & public affairs at Bundesbeschaffungs GmbH (BBG) • Assistant of the company spokesperson at Österreich Werbung
Other (board) positions:	• Mayor of the Municipality of Klosterneuburg • Founder and manager of "Velowelle" Gastronomie GmbH • Public policy advisor at Backbone.one GmbH • Shareholder of Apptec Ventures GmbH
Holder of shares in the Company:	No
Independent / Non-independent:	Independent
Motivation:	Expertise in fiscal policy and strategic decisions, in particular, with multihierarchical decision structures and various stakeholders involved, through his role as public official which also provides experience with public affairs and public relations.

4.11.4 (d) Appointment of Dr. Stefan Oschmann as Supervisory Director, as designated for binding nomination by the Sponsors (voting item)

It is proposed to appoint Dr. Stefan Oschmann as Supervisory Director, as designated for binding nomination by the Sponsors, for an initial term of four (4) years ending at the end of the annual general meeting of the Company which is held in 2027, subject to and effective immediately following the execution of the Deed of Conversion and Amendment of the Articles.

The personal details of Dr. Stefan Oschmann and the motivation for his proposed appointment are as follows:

Name:	Dr. Stefan Oschmann
Age:	65
Nationality:	German
Current position:	Non-executive director at the Company
Previous positions:	• Managing director of MSD Germany • Senior vice president for worldwide human health marketing of MSD • Member of the senior management of MSD • Corporate officer responsible for Europe, the Middle East, Africa and Canada at MSD • President of MSD's emerging markets • CEO of Merck KGaA • Chairperson of Merck KGaA • Chair of the board and independent director at UCB S.A.
Other (board) positions:	• Chairman at AiCuris Anti-infective Cures AG • Board member at Springer Nature • Vice president of Acatech, Deutsche Akademie der Technikwissenschaften
Holder of shares in the Company	Yes
Independent / Non-independent:	Independent
Motivation:	Helping the Croma-Pharma GmbH team to create patient value and generate profitable growth for the company. Expanding into new key markets and launching Croma-Pharma GmbH's products successfully.

4.11.5 (e) Appointment of Dr. Cornelius Baur as Supervisory Director, as designated for binding nomination by the Sponsors (voting item)

It is proposed to appoint Dr. Cornelius Baur as Supervisory Director, as designated for binding nomination by the Sponsors, for an initial term of four (4) years ending at the end of the annual general meeting of the Company which is held in 2027, subject to and effective immediately following the execution of the Deed of Conversion and Amendment of the Articles.

The personal details of Dr. Cornelius Baur and the motivation for his proposed appointment are as follows:

Name:	Dr. Cornelius Baur
Age:	61
Nationality:	German
Current position:	Executive director and chief executive officer of EHC
Previous positions:	• Managing partner at McKinsey & Company, Inc. (Germany and Austria) • Member of the Global Shareholder Committee of McKinsey & Company, Inc. • Member of the global executive team of McKinsey & Company, Inc.
Other (board) positions:	• Deputy chairman of the supervisory board of CTS Eventim AG & Co. KGaA • Deputy chairman of the supervisory board of Eventim Management AG • Member of the supervisory board of Evonik Industries AG (expected, subject to shareholder vote)
Holder of shares in the Company:	Yes
Independent / Non-independent:	Non-independent

Motivation:	Leveraging best practices and knowledge for the Company, which was obtained during his career at McKinsey & Company, Inc.

4.11.6 (f) Appointment of Donatella Ceccarelli as Supervisory Director, as designated for binding nomination by OLIN (voting item)

It is proposed to appoint Dr. Donatella Ceccarelli as Supervisory Director, as designated for binding nomination by OLIN, for an initial term of four (4) years ending at the end of the annual general meeting of the Company which is held in 2027, subject to and effective immediately following the execution of the Deed of Conversion and Amendment of the Articles.

The personal details of Dr. Donatella Ceccarelli and the motivation for her proposed appointment are as follows:

Name:	Dr. Donatella Ceccarelli
Age:	63
Nationality:	Italian
Current position:	Managing director at Flick Family Office GmbH
Previous positions:	• Managing director Global Wealth Management at Merrill Lynch International • Non-executive director at GCS Business Capital, LLC • Executive director, head of client account management (Germany) and senior equity sales advisor at Lehman Brothers International Europe in Germany • Director and co-head of cash equity sales (Italy and Spain) at Deutsche Bank AG • Senior associate director of equity sales (Germany) at Deutsche Bank AG
Other (board) positions:	• Member of the supervisory board at Advanced Metallurgical Group N.V.: chair of the audit and risk committee and member of the selection and nomination committee • Board member of the Organisation for International Economic Relations (OIER) • Chairwoman of the executive board at Flick Privatstiftung
Holder of shares in the Company:	No
Independent / Non-independent:	Independent
Motivation:	Many years of experience on the stock exchange, in the financial field, as a global investing family officer as well as a supervisory board member and audit committee chair.

4.12 Agenda Item (12): Conditional full and final discharge

4.12.1 (a) Full and final discharge of the executive directors of the Company for their responsibilities (voting item)

It is proposed to grant full and final discharge to the executive directors of the Company in respect of the exercise of their duties up until the AGM. In principle, this proposed release from liability only extends to the facts that are made public by the Company.

4.12.2 (b) Full and final discharge of the non-executive directors of the Company for their responsibilities (voting item)

It is proposed to grant full and final discharge to the non-executive directors of the Company in respect of the exercise of their duties up until the AGM. In principle, this proposed release from liability only extends to the facts that are made public by the Company.

4.13 Agenda Item (13): Conditional adoption of the combined remuneration policy of the Company for the Management Board and the Supervisory Board (*voting item*)

As part of the Business Combination, the board structure of EHC changes from a one-tier board to a two-tier board, consisting of Managing Directors and Supervisory Directors, effective as from the execution of the Deed of Conversion and Amendment of the Articles, and in connection herewith it is proposed to adopt a new remuneration policy for the Management Board and the Supervisory Board subject to and effective immediately following the execution of the Deed of Conversion and Amendment of the Articles.

The EHC Board elaborated on the contents of the remuneration policy and proposes to the General Meeting to adopt the combined remuneration policy of the Company for the Management Board and the Supervisory Board as included in the meeting documents and as published on the Company's website (www.ehc-company.com), and as described under "*7.3.5 Management Board Remuneration*" and "*7.3.6 Supervisory Board Remuneration*", respectively.

4.14 Agenda Item (14): Conditional approval of awards to the Management Board (*voting item*)

It is proposed to approve the proposed awards, pursuant to, or in accordance with, and (substantially) under the terms and conditions set out in the Croma PSU, of grant rights to subscribe for Shares to the Managing Directors in accordance with article 19.2 of the Articles of Association and Dutch law. The Croma PSU and its main terms and conditions are described under "*7.3.5 Management Board Remuneration*" and "*7.3.14 Long-Term Incentive Plan*" of this Circular. Andreas Prinz will be granted 100,000 PSUs and Peter Haidenek is eligible to receive PSUs up to 20% of his annual gross fixed salary on an annual basis, in each case as set out in more detail in this Circular.

4.15 Agenda Item (15): Authorization of the Management Board to repurchase (*inkopen*) Class A Ordinary Shares (*voting item*)

It is envisaged to resolve to authorize the Management Board to repurchase Class A Ordinary Shares, including private transactions and transactions effected through a stock exchange, up to 10% of the issued share capital of the Company following the execution of the Deed of Conversion and Amendment of the Articles, provided that the repurchase price is between €0.01 and 110% of the stock market price of such Shares at the time of the transaction. This authorization will be valid for a period of 18 months following the date of execution of the Deed of Conversion and Amendment of the Articles.

For the avoidance of any doubt, this proposed agenda item is unrelated to the Redemption Arrangements (as set out in more detail in this Circular) of Shareholders who wish to redeem their Class A Ordinary Shares in relation to the proposed Business Combination.

4.16 Agenda Item (16): Conditional cancellation (*intrekking*) of Treasury Shares (*voting item*)

The EHC Board proposes to the General Meeting to resolve to cancel (*intrekken*) such number of Treasury Shares (as defined under "*7.4.1 Shares*") as required to retain a number of Treasury Shares representing 10% of the share capital of the Company following Closing of the Business Combination in issue immediately following the execution of the Deed of Conversion and Amendment of the Articles, rounded down to the nearest full number, which cancellation shall take place without repayment, and shall take place as of the moment immediately prior to the execution of the Deed of Conversion and Amendment of the Articles. For the avoidance of any doubt, these Shares to be cancelled shall include the Shares repurchased by the Company under the Redemption Arrangements (as set out in more detail in this Circular).

4.17 Agenda Item (17): Conditional partial amendment of the articles of association

The resolutions proposed under agenda items 17(a) and 17(b) are inextricably linked together and, therefore, they should both be adopted by the General Meeting in order to become effective.

Furthermore, the proposal included in agenda item (18) is subject to the adoption by the General Meeting of the proposals under this agenda item (17).

4.17.1 (a) Partial amendment of the articles of association of the Company in accordance with the draft deed of amendment of the articles of association as drawn up by Houthoff Coöperatief U.A. (the "Deed of Further Amendment of the Articles") (voting item)

The EHC Board proposes to the General Meeting to resolve to adopt a partial amendment to the Deed of Conversion and Amendment of the Articles in accordance with the Deed of Further Amendment of the Articles.

As part of the Business Combination and to support the overall economics and to reduce the dilution of the other shareholders, the Sponsors conditionally agreed to transfer for no consideration (*om niet*) 20% (*i.e.*, 1,333,332) of their Sponsor Shares to the Company, comprising 75% of the 20% of issued Class B Ordinary Shares that are subject to article 5.1 paragraph d of the current articles of association of the Company and 18.75% of the 26.67% of issued Class B Ordinary Shares that are subject to article 5.1 paragraph c of the current articles of association of the Company. In order to reflect this agreement, the articles of association of the Company will have to be amended in accordance with the Deed of Further Amendment of the Articles, so that the promote schedule of the conversion of the remaining issued Class B Ordinary Shares into Class A Ordinary Shares will be as follows: (i) 33.33% of the Class B Ordinary Shares on the Trading Day following the completion of the Business Combination, (ii) 33.33% of the Class B Ordinary Shares upon the closing price of the Class A Ordinary Shares exceeding €12.00 for any 10 Trading Days within a 30 Trading Days period, (iii) 27.09% of the Class B Ordinary Shares upon the closing price of Class A Ordinary Shares exceeding €15.00 for any 10 Trading Days within a 30 Trading Days period, and (iv) 6.25% of the Class B Ordinary Shares upon the closing price of the Class A Ordinary Shares exceeding €20.00 for any 10 Trading Days within a 30 Trading Days period. For further information, please refer to "*7.1.1 General Description of the Business Combination Agreement*".

The proposed Deed of Further Amendment of the Articles is available on the Company's website www.ehc-company.com, in the Dutch language with an (unofficial) English translation.

4.17.2 (b) Authorization of each member of the EHC Board, as well as each employee, (candidate or assigned) civil-law notary and each lawyer of the law firm Houthoff Coöperatief U.A., each of them individually, to sign the Deed of Further Amendment of the Articles and all documents ancillary thereto, and to further carry out any act in connection therewith as deemed necessary by anyone authorized by this power of attorney (voting item)

This proposal is to ensure that each member of the EHC Board, as well as each employee, (candidate or assigned) civil-law notary and each lawyer of the law firm Houthoff Coöperatief U.A. shall be authorized to execute the Deed of Further Amendment of the Articles and to undertake all other activities the authorized person deems necessary or useful in connection with the Deed of Further Amendment of the Articles.

4.18 Agenda Item (18): Conditional cancellation (*intrekking*) of Class B Ordinary Shares (*voting item*)

As part of the Sponsors' agreement in connection with the Business Combination to transfer for no consideration (*om niet*) 20% (*i.e.*, 1,333,332) of their Sponsor Shares to the Company, it is proposed to cancel (*intrekken*) these 1,333,332 Class B Ordinary Shares, which cancellation shall take place without repayment, subject to and with effect from the Company's acquisition of these 1,333,332 Class B Ordinary Shares. This agenda item is further subject to the adoption of the proposals under agenda item (17).

4.19 Agenda Item (19): Closing

The chairperson of the EHC Board will close the AGM.

5. IMPORTANT INFORMATION

5.1 General

NO OFFERING IS BEING MADE TO ANY PERSON IN ANY JURISDICTION. THIS CIRCULAR MAY NOT BE USED FOR, OR IN CONNECTION WITH, AND DOES NOT CONSTITUTE, OR FORM PART OF, AN OFFER BY, OR INVITATION BY OR ON BEHALF OF, THE COMPANY OR ANY REPRESENTATIVE OF THE COMPANY, TO PURCHASE ANY SECURITIES, OR THE SOLICITATION TO BUY SECURITIES BY ANY PERSON IN ANY JURISDICTION. NO ACTION HAS BEEN OR WILL BE TAKEN IN ANY JURISDICTION BY THE COMPANY THAT WOULD PERMIT AN OFFERING OF THE ORDINARY SHARES OR POSSESSION OR DISTRIBUTION OF A PROSPECTUS IN ANY JURISDICTION.

In particular, the Treasury Shares to be transferred in connection with the Business Combination have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the U.S. absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act.

The Company does not undertake to update this Circular unless required pursuant to applicable law and regulation, and therefore the Shareholders should not assume that the information in this Circular is accurate as at any date other than the date of this Circular. The Company, however, reserves the right to amend this Circular. Should the Company do so, it will make such amendment available through its website (www.ehc-company.com). No person is or has been authorized to give any information or to make any representation in connection with the Business Combination, other than as contained in this Circular. If any information or representation not contained in this Circular is given or made, the information or representation must not be relied upon as having been authorized by the Company or its directors or any of their respective affiliates or representatives.

Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the Netherlands should seek appropriate advice before taking any action. The distribution of this Circular and any accompanying documents into jurisdictions other than the Netherlands may be restricted by law. Any person not in the Netherlands into whose possession this Circular and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Company does not accept any responsibility for any violation by any persons of any of such restrictions.

This Circular is governed by Dutch law and must be read and interpreted in accordance therewith. Any dispute arising in connection with this Circular will be subject to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands.

5.2 Definitions

In this Circular, the "**Company**" refers to European Healthcare Acquisition & Growth Company B.V. (which will be renamed to Croma N.V. shortly after Consummation) prior to and/or after giving effect to the Business Combination, as the context may require. References to "**we**", "**us**" or "**our**", "**Croma**" and "**Croma Group**" refer to Croma-Pharma GmbH and its subsidiaries, prior to and/or after Consummation, unless the context requires otherwise.

These and certain other terms used in this Circular are defined under "*14. Defined Terms*".

5.3 Information Regarding Forward-Looking Statements

Certain statements in this Circular other than statements of historical facts are forward-looking statements. In particular, this Circular contains forward-looking statements regarding, among others, the Company's and Croma's strategy, targets, expectations, objectives, future plans and other future events or prospects under the following headings "*7.6 Dividend Policy*", "*8. Risk Factors*", "*9. Croma's Business*", "*12. Management Discussion and Analysis of Net Assets, Financial Condition and Results of Operation of Croma*" and "*13. Management Discussion and Analysis of Net Assets, Financial Condition and Results of Operation of EHC*". These forward-looking statements are based on the Company's and Croma's current beliefs and projections and on the information currently available to us. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's and Croma's control and all of

which are based on their current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believe", "expect", "may", "will", "seek", "would", "could", "should", "intend", "estimate", "plan", "assume", "predict", "anticipate", "annualized", "goal", "target", "potential", "continue", "hope", "objective", "position", "project", "risk" or "aim" or the highlights or negatives thereof or other variations thereof or comparable terminology, or by discussions of the Company's or Croma's strategy, short-term and mid-term objectives and future plans that involve risks and uncertainties.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Except as required by applicable law, the Company does not undertake and it expressly disclaims any duty to update or revise publicly any forward-looking statement in this Circular, whether as a result of new information, future events or otherwise. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections of the members of the EHC Board of, public statements made by it, present and future business strategies and the environment in which the Company will operate in the future. By their nature, they are subject to known and unknown risks and uncertainties, which could cause the Company's actual results and future events to differ materially from those implied or expressed by forward-looking statements. Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Circular include those described under "*8. Risk Factors*".

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of the members of the EHC Board at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors.

The Shareholders are advised to read "*7.6 Dividend Policy*", "*8. Risk Factors*", "*9. Croma's Business*", "*12. Management Discussion and Analysis of Net Assets, Financial Condition and Results of Operation of Croma*" and "*13. Management Discussion and Analysis of Net Assets, Financial Condition and Results of Operation of EHC*" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which Croma, and after completion of the Business Combination, the Company, operates. Should one or more of these risks or uncertainties materialize, or should any of the assumptions underlying the above or other factors prove to be incorrect, the Company's actual results of operations or future financial condition could differ materially from those described herein as currently anticipated, believed, estimated or expected. In light of the risks, uncertainties and assumptions underlying the above factors, the forward-looking events described in this Circular may not occur or be realized. Additional risks not known to the Company or that the Company does not currently consider material could also cause the forward-looking events discussed in this Circular not to occur.

5.4 Rounding and Negative Amounts

Certain figures in this Circular, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them. In tables, negative amounts are shown between parentheses.

In preparing the financial information included in this Circular, most numerical figures are presented in millions of Euro.

The percentages (for example as a percentage of revenue or costs and period-on-period percentage changes) presented in the textual financial disclosure in this Circular are derived directly from the financial information included elsewhere in this Circular. Such percentages may be computed on the numerical figures expressed in millions of Euro, rounded to the nearest hundred thousand. Therefore, such percentages are not calculated on the basis of the financial information in the textual disclosure that has been subjected to rounding adjustments in this Circular.

5.5 Currency

In this Circular, unless otherwise indicated: all references to the "EU" are to the European Union; all references to "Euro" or "€" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time; all references to the "United States", the "US" or the "U.S." are to the United States

of America, its territories and possessions, any state of the United States of America and the District of Columbia; all references to "USD", "US dollars" or "$" are to the lawful currency of the United States.

5.6 Sources of Market and Industry Data

Unless otherwise specified, the information contained in this Circular on the market environment (including market share and market data), market developments, growth rates, market trends and competition in the markets in which Croma operates are based on Croma's and EHC's assessments.

It should be noted, in particular, that reference has been made in this Circular to information concerning markets, industry and market as well industry trends. Such information was obtained from different, publicly available sources. EHC and Croma have accurately reproduced such information and, as far as Croma and EHC are aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Croma and EHC have, however, not independently verified the information.

Prospective investors are advised to consider these data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. In particular, Croma and EHC cannot guarantee that a third party using different methods to assemble, analyses or compute market data or public disclosure from competitors would obtain or generate the same results. Furthermore, competitors may define their markets and their own relative positions in these markets differently than Croma does and may also define various components of their business and operating results in a manner leading to them not being comparable.

Prospective investors should also note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

The following sources were used in the preparation of this Circular:

- Brand Essence, Medical Aesthetics Market Size, Share & Trends Analysis Report, November 2022, https://brandessenceresearch.com/consumer-goods/botox-market-size-share ("**Brand Essence**");
- Clarivate, Aesthetic Injectables - Market Insights: Europe, October 2022, https://clarivate.com/products/research-reports/report/47036934-medtech-aesthetic-injectables-market-insights-europe/ ("**DRG**");
- Euromonitor International, Beauty and Personal Care in 2021: The big picture, May 2022, https://www.euromonitor.com/beauty-and-personal-care-in-the-us/report ("**Euromonitor**");
- Global data, Aesthetics Injectables Market Size (Value, Volume, ASP) by Segments, Share, Trend and SWOT Analysis, Regulatory and Reimbursement Landscape, Procedures, and Forecast, 2015-2030, https://www.globaldata.com/store/report/aesthetic-injectables-devices-market-analysis/ ("**Global Data**");
- Grand View Research, Aesthetic Medicine Market Size, Share & Trends Analysis Report By Procedure Type, By Region And Segment Forecasts, 2022 - 2030, https://www.grandviewresearch.com/industry-analysis/medical-aesthetics-market ("**GVR**");
- Fitch ratings, Sovereign Rating History, November 2022, https://www.fitchratings.com/research/sovereigns/sovereign-rating-history-november-2022-01-12-2022 ("**Fitch**");
- ECB staff macroeconomic projections for the euro area, December 2022, https://www.ecb.europa.eu/pub/projections/html/ecb.projections202212_eurosystemstaff~6c1855c75b.en.html ("**ECB**");
- American Society of Plastic Surgeons, Plastic Surgery Statistics 2006-2017, https://www.plasticsurgery.org/news/plastic-surgery-statistics ("**ASPS**");
- S&P Capital IQ Pro, Global Market Intelligence, 2006-2017, https://www.spglobal.com/marketintelligence/en/solutions/sp-capital-iq-pro ("**S&P**").

5.7 Alternative Performance Measures

Throughout this Circular, we present financial information and operating data that is not prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), or any other internationally accepted accounting principles, including Croma Group's gross margin, EBITDA, EBITDA margin and capital expenditure (the "**APMs**").

- "**Gross Margin**" of the Croma Group is defined as the ratio of (i) revenues less cost of materials, less cost of services, less changes in inventories, divided by (ii) revenues. This Gross Margin is influenced by the fact that Croma Group's consolidated statement of profit or loss is prepared by using the total cost method (nature of expense) (*Gesamtkostenverfahren*), which groups costs according to their nature (*i.e.*, the Gross Margin does not reflect any personnel, marketing or other expenses required for the generation of revenues).

- "**EBITDA**" of the Croma Group is defined as profit/loss before tax, finance income, finance costs, depreciation and impairment losses. "**EBITDA margin**" is defined as EBITDA divided by revenues.

- "**Capital Expenditure**" of the Croma Group is defined as purchase of property, plant and equipment and purchase of intangible assets, as shown in the consolidated statement of cash flows.

We present these APMs because we use them to measure our operating performance and as a basis for our strategic planning, and because we believe that such APMs will be used by investors and analysts to assess our performance. Such APMs should not be considered as alternatives or substitutes for profit or loss for the period or other data from financial information prepared in accordance with IFRS, or as measures of profitability or liquidity. The APMs do not necessarily indicate whether cash flows will be sufficient to fulfil cash requirements and may not be indicative of future results. Furthermore, the APMs are not recognized under IFRS, should not be considered as substitutes for an analysis of operating results prepared in accordance with IFRS, and may not be comparable to similarly titled information published by other companies, in particular due to differences in the way our APMs are calculated. Even though the APMs are used by management to assess ongoing operating performance and though these types of measures are commonly used by investors, they have important limitations as analytical tools.

For more information on the alternative performance measures described above, including a reconciliation to IFRS measures, see "*12.2 Key Financial and Operating Data*" and "*12.6.2 Capital Expenditure*".

5.8 Additional Information on Financial Information of Croma

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Wien, Wagramer Str. 19, 1220 Wien, Austria ("**Ernst & Young**"), has audited the German language consolidated financial statements of Croma-Pharma GmbH as of and for the financial years ended December 31, 2022, December 31, 2021 and December 31, 2020, prepared in accordance with IFRS and the additional requirements under Section 245a Austrian Commercial Code (*Unternehmensgesetzbuch, UGB*), in accordance with Austrian standards on auditing, which require to comply with International Standards on Auditing (ISA). Ernst & Young issued a German language unqualified independent auditor's report with respect to each of the German language consolidated financial statements of Croma-Pharma GmbH as of and for the financial years ended December 31, 2022 and December 31, 2021 and a German language qualified auditor's report with respect to the German language consolidated financial statements of Croma-Pharma GmbH as of and for the financial year ended December 31, 2020.

The unqualified auditor's report on the consolidated financial statements of Croma-Pharma GmbH as of and for the financial year ended December 31, 2021 contains the following emphasis of matter paragraph:

> "***Emphasis of Matter***
>
> *We draw attention to the fact that the recoverability of significant balance sheet items (intangible assets, non-current financial assets) depends on the achievement of the planning assumptions made by the Executive Management in the short- to medium-term budget planning of the Company. If the Company does not succeed in achieving the planning targets then this could raise significant doubts about the recoverability of these assets and necessitate corresponding impairments. With regard to the planning assumptions made, we refer to chapter 11 "Intangible assets", chapter 12 "Goodwill" as well as chapter 13 "Financial assets and financial liabilities" in the notes. Our opinion is not modified in respect of this matter.*"

The qualified auditor's report on the consolidated financial statements of Croma-Pharma GmbH as of and for the financial year ended December 31, 2020 contains the following qualification:

"***Basis for Qualified Opinion***

By shareholders' resolution dated July 17, 2020, we were appointed as auditors of Croma-Pharma GmbH as of December 31, 2020 for the first time. Therefore, it was not possible for us to participate observationally in the inventory stock taking as of December 31, 2019. In addition, we were unable to obtain sufficient audit assurance on the recognition, valuation and presentation of inventories as of December 31, 2019 through alternative audit procedures. Since the opening balance values of the inventories affect the financial performance, we are not able to determine whether this would have necessitated corrections in the statement of profit or loss for the financial year 2020. We are therefore not in the position to express a final audit opinion on the financial performance of the Company for the financial year 2020."

Furthermore, the qualified auditor's report on the consolidated financial statements of Croma-Pharma GmbH as of and for the financial year ended December 31, 2020 contains the following emphasis of matter paragraphs and other matter paragraph:

"***Emphasis of Matters***

Without further qualifying the audit opinion, we draw attention to the fact that the existing financing and leasing agreements of Croma-Pharma GmbH contain financial covenants that were not met as of December 31, 2020. Non-compliance with the financial covenants entitles the financing and leasing providers to terminate the respective agreement. Hence, covenant waivers were agreed with the financing and leasing providers in 2021 in order to prevent the termination of the agreements.

However, individual covenant waivers were only granted, provided that certain conditions must be met by September 30, 2021. In this respect, a guarantee letter was therefore issued by the owners of the parent company in July 2021 to guarantee the fulfilment of the waiver conditions as well as compliance with the financial covenants. In this context, we refer to the explanations in chapter "15.2 Financial liabilities and interest-bearing loans" in the notes.

Furthermore, we draw attention to the fact that the recoverability of significant balance sheet items (intangible assets, non-current financial assets) depends on the achievement of the planning assumptions made by the Executive Management in the short- to medium-term budget planning of the Company. If the Company does not succeed in achieving the planning targets, then this could raise significant doubts about the recoverability of these assets and necessitate corresponding impairments. In this context, we refer to chapter 14 "Goodwill and Intangible assets with indefinite useful life" and chapter 15 "Financial assets and financial liabilities" in the notes.

In addition, during our audit of the consolidated financial statements as of December 31, 2020, we have identified material errors and misstatements in the audited consolidated financial statements as of December 31, 2019. These errors and misstatements were corrected in the financial year 2020 in accordance with IAS 8. In this context, we refer to chapter "2.5 Corrections of errors" in the notes.

Other Matter

Furthermore, we draw attention to the fact that the consolidated financial statements of Croma-Pharma GmbH for the financial year ended December 31, 2019 were audited by another auditor, who expressed an unmodified audit opinion on those consolidated financial statements on April 8, 2020."

5.9 Available Information

The following documents (or copies thereof) may be obtained free of charge from our website www.ehc-company.com:

- this Circular;
- the Proxy Form including voting instructions;
- the EHC Prospectus;

- the Investor Presentation;
- the Deed of Conversion and Amendment of the Articles; and
- the remuneration policy of the Management Board and the Supervisory Board.

6. BACKGROUND TO, AND RATIONALE FOR, THE BUSINESS COMBINATION

6.1 Background to the Business Combination

EHC was established on July 9, 2021 for the purpose of acquiring a company or business with principal business operations in Europe in the healthcare sector, with a special focus on the subsectors Biotechnology and Specialty Pharma, Pharma Services, Medical Technology and Medical Devices, Diagnostic and Lab Services, Bioinformatics as well as Life Science Tools ("**Specific Healthcare Sectors**") through a merger, capital stock exchange, share purchase, asset acquisition, reorganization or similar transactions.

On November 18, 2021, EHC completed its private placement of 20,000,000 units at a price of €10.00 per unit generating gross proceeds of €200,000,000 ("**Private Placement**") and as of that date was admitted to listing and trading on Euronext Amsterdam. Each unit consisted of one Class A Ordinary Share (a "**Public Share**") and 1/3 Class A Warrant (a "**Public Warrant**") to subscribe for a Public Share. In connection with the Private Placement, EHC completed an additional private placement of 5,128,000 Class B Warrants (each a "**Sponsor Warrant**") at a price of €1.50 per Sponsor Warrant to the Sponsors as well as an additional private placement to the Sponsors consisting of 1,640,000 Sponsor Warrants at a price of €1.50 per Sponsor Warrant to cover the negative effect of negative interest rates on the amounts held in the Escrow Account.

Since the completion of the Private Placement, EHC considered a number of potential target businesses with the objective of consummating a business combination. Representatives of EHC contacted, and were contacted by, a number of individuals and entities with respect to potential business combination opportunities, supported by their broad network and reputation in the market place. EHC primarily considered businesses that it believed could benefit from the substantial expertise, experience and network of its management team and that EHC determined have a competitive advantage in the markets in which they operate and that have attractive growth prospects. Based on the current market conditions, EHC also prioritized businesses with low scientific risk, high portions of self-pay by consumers (*i.e.*, less dependent on public healthcare systems and price regulations), historic resilience in economic downturns and operations without overly complex global supply chains.

Against this background, EHC and Croma entered into a non-disclosure agreement on June 10, 2022 and started negotiations on the terms and conditions of a potential business combination. Pursuant to the non-disclosure agreement, Croma provided EHC and its advisors with access to an online data room for purposes of EHC conducting commercial, financial, tax and legal due diligence with respect to Croma, which was conducted by EHC and its advisors until the Business Combination Agreement was executed.

On November 20, 2022, EHC, Croma and the Croma Shareholders entered into a letter of intent ("**LoI**") with a non-binding term sheet stipulating certain key terms and conditions of the Business Combination. After the execution of the LoI, EHC, Croma and the Croma Shareholders entered into negotiations of the Business Combination Agreement.

On December 20, 2022, EHC published an ad-hoc release confirming advanced discussions about a potential business combination with Croma.

On December 22, 2022, EHC, Croma and the Croma Shareholders executed the Business Combination Agreement and certain ancillary agreements (see "*7.1 Principal Terms of the Business Combination*"). On the same day, EHC issued an ad-hoc release announcing the signing of the Business Combination Agreement. Under the Business Combination Agreement, Croma was valued at an indicative enterprise value of €850 million.

On May 15, 2023, EHC, Croma and Croma Shareholders entered into an amendment agreement to the Business Combination Agreement. The amended terms include an adjusted enterprise value of Croma of €712.5 million compared to €850 million as announced in December 2022. In connection with the valuation adjustment and to support the overall economics as well as to reduce the dilution of the other shareholders, the Sponsors, the Croma Shareholders and EHC executed a sponsor share and sponsor warrant agreement, pursuant to which the Sponsors agreed, subject to the consummation of the Business Combination, to transfer, for no consideration, 20% of their Sponsor Shares (*i.e.*, 1,333,332 Sponsor Shares) to EHC for cancellation and agree to increase the exercise price from €11.50 to €400.00 for 20% of their Sponsor Warrants (*i.e.*, 1,353,600 Sponsor Warrants) resulting in a devaluation. On the same day, EHC issued and ad-hoc release announcing the signing of the amendment agreement to the Business Combination Agreement and the signing of the sponsor share and sponsor warrant agreement.

6.2 EHC's Reasons for the Business Combination

In reaching its resolution (i) that the terms and conditions of the Business Combination Agreement and the transactions contemplated thereby, including the Business Combination are advisable, fair to and in the best interests of EHC and its stakeholders, including the Shareholders, and (ii) to recommend that the Shareholders adopt the Business Combination Agreement and approve the Business Combination, the EHC Board considered and evaluated a certain number of factors.

In the view of the EHC Board, the following factors have been particularly relevant for the decision to enter into the Business Combination with Croma without having quantified or otherwise assigned relative weights to them:

- **Strong market opportunity**: The well-established and high-growth minimally invasive aesthetics market offers substantial upside potential for few high-quality market participants like Croma. In addition, we believe the minimally invasive aesthetics market to be resilient in economic downturns and, based on our analysis, has allowed companies to reach attractive profitability levels under the right circumstances. We also believe, based on the judgment and experience of our Sponsors' principals, that the available patient population is not yet penetrated to the extent forecasted by certain sources so that we believe that there is future growth to be expected.
- **Attractive positioning**: Croma is one of the minimally invasive aesthetics market leaders with a category-defining comprehensive portfolio consisting of proprietary hyaluronic acid fillers, non-hyaluronic acid-based products, such as biostimulators and threads, a botulinum toxin and complimentary products, such as an anesthetic topical and skincare products. In the last years, Croma has built a solid foundation by acquiring the rights to a botulinum toxin from Hugel, Inc., marketed by Croma under the Croma brand "Letybo", and, in particular, and, overall, by enhancing and bolstering their product portfolio to now be ready to compete with the tier 1 players in the minimally invasive aesthetics industry (*i.e.*, Allergan, Galderma, Merz).
- **Diversified product portfolio**: Croma maintains a comprehensive product portfolio to differentiate it from its competitors. Its product portfolio consists of proprietary products, such as its hyaluronic acid fillers, as well as in-licensed products, such as its threads, PhilArt non-hyaluronic acid fillers, and Arthrex ACP. The addition of a botulinum toxin through the partnering with Hugel, Inc. attributes further to Croma offering a comprehensive portfolio which in select global key markets is equal to the comprehensiveness of the tier 1 players or even more well-rounded as the tier 1 players do not offer threads and skincare only in the U.S. market.
- **Tech-enabled manufacturing excellence**: Croma has a highly automated and data-driven manufacturing plant enabling market leading manufacturing capabilities, in particular, lower waste rates compared to competitors and as the specifications of the products can be kept narrower a differentiated quality in the market. The high level of standardization and automation will allow Croma to scale capacity significantly without the need for substantial additional Capital Expenditure.
- **Compelling financial profile**: Croma has a resilient financial profile of positive EBITDA in the past years and historically proven profitability even though investments in manufacturing facilities and in the development of Croma's product offering have been made. An active and sticky customer base and attractive unit economics further attribute to the compelling financial profile, in particular, as we believe that there is an opportunity to significantly gain market shares, especially given the completeness of Croma's product offering because of in-licensing a botulinum toxin which has already received market authorizations throughout Europe.
- **Multidimensional growth opportunities**: Croma's accelerated growth prospects from the European roll-out of Letybo, an in-licensed and in certain European countries recently approved botulinum toxin product, continuing growth with respect to Croma's proprietary HA Filler, sold under the Croma brand "Saypha" and the offering of a comprehensive portfolio which allows for cross-selling. Further growth prospects are provided by geographic expansion opportunities (*i.e.*, expanding Croma's network of affiliates in select key regions such as Europe, LATAM or MENA) that now can be focused on due to a larger team, experienced talent base, the comprehensive portfolio and expertise of EHC's management team as well as the funding through the Business Combination.
- **Attractive valuation**: We believe that the attractive valuation compared to minimally invasive aesthetics peers (based on a regression analysis performed assuming an EBITDA margin and sales CAGR of 30%) leaves opportunities for significant shareholder value creation.

The EHC Board, in evaluating the Business Combination and, among others, the above mentioned factors, consulted with its legal counsel, financial and accounting advisors and other advisors. In this process, the EHC Board also considered a variety of uncertainties and risks and other potentially negative factors concerning the Business Combination, including, but not limited to, the following:

- ***Benefits not achieved.*** The risk that the potential benefits of the Business Combination, in particular, Croma's growth targets, may not be fully achieved, or may not be achieved within the expected timeframe.
- ***Public readiness, team, and related party transactions***. The risk that the management of Croma and its governance may not be public market ready, or not able to successfully lead the scaling of a mid-sized geographically focused player to a global leader and that, in the past, as it is not uncommon for family-owned, privately held companies, related party transactions may have been conducted in a significant amount.
- ***Clinical data and portfolio product quality***. The risk that clinical data to obtain regulatory approvals and market authorizations for its medicinal products and medical devices in the past is questioned, new data needs to be provided, or registrations, authorizations or approvals are withdrawn. The risk that unforeseen quality challenges with the products in the portfolio arise, or that products from partnered companies do not meet quality or regulatory standards in the future (either because of challenges with the products, or by rising regulatory standards).
- ***Shareholder vote.*** The risk that EHC's shareholders may fail to provide the respective votes necessary to effect the Business Combination.
- ***Closing conditions.*** The fact that consummation of the Business Combination is conditioned on the satisfaction of closing conditions, some of which are not within EHC's control.
- ***Litigation.*** The possibility of litigation challenging the Business Combination could indefinitely enjoin consummation of the Business Combination.
- ***Fees and expenses.*** The fees and expenses associated with completing the Business Combination.
- ***Liquidation of EHC.*** The risks and costs to EHC if the Business Combination is not completed, including the risk of diverting management focus and resources from other businesses combination opportunities, which could result in EHC being unable to effect a Business Combination within Business Combination Deadline and force EHC to liquidate.
- ***Other risks.*** Various other risks associated with the Business Combination, the business of EHC and the business of Croma described under "*8. Risk Factors*".

In addition to the factors above, the EHC Board also considered that the Sponsors may have interests in the Business Combination as individuals or legal persons that are in addition to, and that may be different from, the interests of EHC's shareholders (see "*6.5 Interests of Certain Persons in the Business Combination*").

6.3 Croma's Reasons for the Business Combination

Croma believes that the Business Combination will provide for a strong complementary partnership that will significantly accelerate future value creation. For that, Croma deems EHC the ideal strategic partner to unlock Croma's global growth potential and build a global leader in aesthetics and reconstructive medicine, supporting Croma's future operational excellence and market expansion.

There are clearly identified business areas where the EHC team can support Croma, including: (i) the evaluation and execution of our international expansion plans; (ii) the development of further cross-industry strategic partnerships; and (iii) the strengthening of our technology and product pipeline. In addition, Croma expects the combined company to benefit from EHC's strong pharma credentials, as well as its credibility among investors, its capital market experience and its experience leading pharma and technology companies through the various stages of their corporate lives. The Sponsors' principals Dr. Stefan Oschmann, the former CEO of Merck KGaA and Dr. Cornelius Baur, former managing partner of McKinsey & Company, with their expertise in healthcare, will join the Supervisory Board upon Closing, subject to the consummation of the Business Combination.

The Business Combination will provide Croma with additional capital. After deduction of the fees and expenses of the Business Combination, Croma expects to use the remainder of the proceeds to fund investments

in Croma's growth by accelerating the roll-out of its portfolio, by expanding regionally (new subsidiaries in key strategic markets, partnerships in other markets, selective M&A), leading to a significant market share and penetration growth, by pursuing research and development activities for new drugs and treatments backed by a strong clinical program, and by investing in organic growth initiatives, as well as general corporate purposes.

Croma expects the listing to create a new long-term shareholder base as well as liquidity for its strategic growth perspectives. The Business Combination and listing also aim to permit Croma to incentivize the existing and future management team and senior staff, and to continue to attract high caliber individuals, by way of awards of listed Public Shares, aligning their interests with the interests of Croma's shareholders.

6.4 Target Business Profile

As set forth above and in the EHC Prospectus, EHC set out to enter into a Business Combination with a company or business having its principal operations in Europe and the Specific Healthcare Sectors. EHC furthermore described certain non-binding general guidelines (see in the EHC Prospectus "3.1 Business Overview") and non-binding concrete acquisition criteria (see in the EHC Prospectus "3.5 Acquisition Criteria") for selecting and evaluating potential companies or businesses for the Business Combination.

As discussed in "EHC's Reasons for the Business Combination" (see "*6.2 EHC's Reasons for the Business Combination*"), the EHC Board believes that the proposed Business Combination is an attractive opportunity for EHC's shareholders to become investors in an established family-run specialty pharma company with high growth potential given its now comprehensive portfolio of aesthetics injectables, such as, hyaluronic acid fillers, non-hyaluronic acid products, medicinal products, such as a botulinum toxin, and complementary products.

In this context, the EHC Board also believes that Croma is a strong fit with the acquisition criteria described in the EHC Prospectus (and as referenced in the headings below):

- ***Strong and capable, public-ready management team***

  EHC believes that Croma's management team around founding family Prinz has proven its capabilities to execute and innovate by selling Croma's legacy ophthalmic and orthopedic business in 2014 and reposition Croma as minimally invasive aesthetics company. Even though not untypical for privately held companies, in particular, family-owned businesses, Croma may have yet to establish procedures deemed best practice for public companies with respect to corporate governance and related party transaction. Croma is also subject to challenges typical for companies that aim to grow from mid-sized geographically focused players into global companies, for example, with respect to talent base. EHC believes that its significant management and healthcare consulting experience of its Board members, particularly gained by working with or in public companies, will help Croma's management to adhere to public company governance requirements and augment its leadership team to allow the transition from a mid-sized company focused on select global key markets to a global competitor.

- ***Platform potential for bolt-on deals and external growth opportunities through geographic expansion, benefitting from access to capital markets and that are natural candidates for a listing in Europe***

  EHC believes that Croma's now comprehensive portfolio consisting of hyaluronic acid fillers, a botulinum toxin, non-hyaluronic acid-based products, such as biostimulators and threads, and complementary products will enable to better penetrate its existing customer base and expand geographically in further key markets, either organically or through joint ventures or other (product) acquisitions, such as licensing and distribution deals. To date, Croma maintains 13 affiliates, predominantly in key markets in Europe and one in Brazil, and through independent distributors is present in nearly 70 markets worldwide. Furthermore, Croma partnered with, among others, Hugel, Inc. for the commercialization of botulinum toxin and hyaluronic acid fillers in the United States by establishing a joint venture (*i.e.*, Hugel America, Inc.).

- ***High switching barriers to entry or strong competitive advantage***

  EHC believes that the market for each hyaluronic acid fillers and botulinum toxins provides significant entry barriers relating to, among others, manufacturing technology, medical and clinical differentiation, market knowledge, reputation with healthcare professionals as customers and varying regulations on a per country basis. In addition, portfolio breadths provide further entry barriers, with

Croma having the competitive advantage of a now comprehensive portfolio in select global key markets. In particular, Croma is positioned strongly with its manufacturing capabilities with respect to hyaluronic acid fillers which through the new EU Medical Devices Regulation 2017/745 ("**MDR**") are also subject to higher entry barriers in the EU compared to the situation before with respect to pre-clinical, clinical and regulatory burdens. In comparison to other market participants, Croma is already engaged with the new MDR Annex XVI standards and approval path for aesthetic devices and expecting the finalization of its MDR conformity assessment projects soon.

- ***Business model with downward risk protection***

  EHC believes that Croma, after having sold its legacy business in 2014, created a robust product portfolio differentiating it from its competitors, with further products from an internal and external promising pipeline of innovations yet to come. It is, in particular, EHC's view that Croma's manufacturing capabilities around an innovative cross-linking technology to manufacture hyaluronic acid-based products is market leading. Besides manufacturing hyaluronic acid-based products for the aesthetics applications and as contract manufacturer for the minimally invasive aesthetics industry, Croma is also active as contract manufacturer for the orthopaedics and ophthalmology industry with hyaluronic acid-based products. EHC believes that Croma's contract manufacturing business provides downward risk protection and is among the reasons that Croma has invested early-on in stricter quality criteria for its manufacturing, in particular, compared to some competitors with hyaluronic acid-based products (*i.e.*, dermacosmetics, dermal fillers).

- ***Recurring revenue with growth prospects and profitability***

  EHC believes that Croma achieves recurring revenue with its current product offering encompassing its proprietary hyaluronic acid fillers and non-hyaluronic acid-based products as well as its contract manufacturing business. Further growth prospects are, in the view of EHC, provided by Croma's now comprehensive portfolio, featuring also a botulinum toxin, which enables certain sales strategies and to further penetrate Croma's existing customer base and unlock new customers. In light of profitability, Croma had a positive EBITDA in the past years and historically proven positive net earnings that have been negatively effected in the past years by expenses to develop the product portfolio, transfer legacy products into the new manufacturing facility, and will be negatively effected by investments into infrastructure and manufacturing equipment in the future.

- ***Companies in which the Directors and Sponsors' principals can add further value***

  EHC believes that the significant experience of the members of the EHC Board as executives as well as management consultants in leading, advising and driving growth of healthcare and pharmaceuticals companies and, in this regard, specific background, network and know-how adds further value for Croma. With a long public company experience and broad expertise across markets and functions, as well as with respect to corporate governance, EHC believes to be helpful to the Croma team and the Croma Shareholders to transform the company from a focus on select global key markets into a globally leading player in the minimally invasive aesthetics industry.

- ***Strong ESG commitment***

  EHC Board believes that ESG is a fundamental pillar of Croma's DNA, as evidenced, among others, by Croma sponsoring a non-profit organization that provides eye care in underdeveloped countries and by Croma utilizing a photovoltaic system for environmentally friendly power generation since 2018. Moreover, additional electricity demand for the headquarters and the production site is sourced exclusively from renewable energy sources, namely 100% hydropower. This green electricity strategy is planned to be rolled out to the location of Croma's subsidiaries, wherever possible. Croma's commitment to sustainability shows also in the development of the Thioderm products, which promise less material, waste and energy needed for their manufacturing compared to traditional hyaluronic acid fillers based on BDDE resulting in an improved carbon footprint. With respect to its traditional products, Croma optimized the blistering process in packaging to significantly reduce waste packaging material. Croma furthermore is in the process of establishing state-of-the art ESG policies, which include the preparation of its first ESG report with the assistance of an ESG advisory. This clear commitment to sustainability is also reflected in the establishment of a dedicated global sustainability department and the development of a corresponding governance structure. The publication of relevant, sustainability-specific information and key figures for the financial year 2023 is planned for 2024.

6.5 Interests of Certain Persons in the Business Combination

The Sponsors may have interests in the Business Combination that are different from, or in addition to, those of other Shareholders generally. The EHC Board was aware of and considered these interests, among other matters, in evaluating and negotiating the Business Combination, and in recommending to the Shareholders that they approve the Business Combination proposal.

These interests include, but are not limited to:

- the fact that the Sponsors paid an aggregate of €1,466,666.60 for the 6,6666,666 Class B Ordinary Shares (the "**Sponsor Shares**") and such securities will have a significantly higher value of approximately €17.8 million at the time of the Business Combination (assuming that only the first tranche of the Sponsor Shares converts into Public Shares (see "*7.4.1.2 Sponsor Shares*"));
- the fact that the Sponsors under the Sponsor Share and Sponsor Warrant Agreement (as defined below) agreed to transfer the 1,333,332 Forfeited Sponsor Shares (as defined below) out of Tranche 3 (as defined below) and Tranche 4 (as defined below) of the Promote Schedule (as defined below) to EHC without consideration for cancellation, or if this transfer were to be unsuccessful waive any of their shareholder rights with respect to the Forfeited Sponsor Shares and, in addition, agreed to increase the exercise price of 1,353,600 Sponsor Warrants from €11.50 to €400.00;
- the fact that the Sponsors paid an aggregate of €7,692,000 for their 5,128,000 Sponsor Warrants ("**Sponsor Capital At-Risk**") and that such Sponsor Warrants will only become exercisable 30 days after the closing of the Business Combination at a stated exercise price of €11.50;
- the fact that the Sponsors paid an aggregate of €2,460,000 for 1,640,000 Sponsor Warrants to cover the effect of negative interest rates on the amounts held in the Escrow Account ("**Additional Sponsor Subscription**") and that such Sponsor Warrants will only become exercisable 30 days after the closing of the Business Combination at a stated exercise price of €11.50;
- the fact that the Sponsors will lose substantially all of their investment in EHC and will not be reimbursed for any out-of-pocket expenses if the initial Business Combination is not consummated by November 18, 2023.

These interests may have influenced the members of the EHC Board in making their recommendation that EHC's shareholders should vote in favor of the approval of the Business Combination.

7. BUSINESS COMBINATION

7.1 Principal Terms of the Business Combination

7.1.1 General Description of the Business Combination Agreement

On December 22, 2022, EHC, Croma and the Croma Shareholders entered into the Business Combination Agreement and certain ancillary agreements, pursuant to which, among others, the Croma Shareholders agreed to contribute and transfer their shares in the capital of Croma ("**Croma Shares**") to EHC and, in consideration for such Croma Shares, will receive in total 57,767,856 Treasury Shares in proportion to their original shareholdings in Croma. As a result of the Business Combination, Croma and its subsidiaries will become wholly-owned by EHC and the Croma Shareholders will become shareholders of EHC as well as the other investors. On May 15, 2023, EHC, Croma and the Croma Shareholders entered into an amendment agreement to the Business Combination Agreement ("**Business Combination Amendment Agreement**") following discussions among the Sponsors and Public Shareholders as well as with the Croma Shareholders and potential investors and as a result of the changing market developments and the current interest rate environment. Therefore, it was agreed to adjust the previous indicative enterprise value of Croma from €850 million to €712.5 million, resulting in the Croma Shareholders receiving 59,017,856 Treasury Shares from EHC.

Under the Business Combination Agreement, it is also stipulated, that EHC may, subject to market conditions, seek commitments from interested investors ("**PIPE Investors**") to purchase some or all of the remaining 90,982,144 Class A Ordinary Shares, issued in connection with the Private Placement and held as treasury shares by EHC, in a private investment in public equity transaction for a purchase price of €10.00 per share ("**PIPE Financing**"), with such shares being transferred to PIPE Investors on the date of the Croma Shares being transferred to EHC (together with any other transactions stipulated in the Business Combination Agreement and the ancillary agreements thereto (see "*7.1.13 Ancillary Agreements*"), the "**Other Transactions**"). The proceeds of such PIPE Financing will be paid in the Escrow Account and, in addition, count against the minimum cash condition contained as closing condition in the Business Combination Agreement.

The obligation of the parties to consummate the Business Combination as well as the Other Transactions is subject to customary closing conditions stipulated in the Business Combination Agreement, such as, among others, the shareholders of EHC approving of the Business Combination and the Other Transactions in a General Meeting (see "*7.1.6 Closing Conditions*").

In connection with the Business Combination Amendment Agreement, the Sponsors, under a separate sponsor share and sponsor warrant agreement concluded among the Sponsors, EHC and the Croma Shareholders ("**Sponsor Share and Sponsor Warrant Agreement**") to support the overall economics and to reduce the dilution of the other shareholders, agreed to transfer 20% of their Sponsor Shares, or 1,333,332 Sponsor Shares, to EHC without consideration for cancellation ("**Forfeited Sponsor Shares**"), compromising 18.75% of Sponsor Shares that convert into Class A Ordinary Shares under Tranche 3 of the Promote Schedule (each as defined below) and 75% of the Sponsor Shares that convert into Class A Ordinary Shares under Tranche 4 of the Promote Schedule (each as defined below, see "*7.4.1.2 Sponsor Shares*"). As the implementation of the Sponsor Share transfer from the Sponsors to EHC requires an amendment of the Articles of Association, EHC undertakes for the event that the General Meeting does not reach the majority or attendance rate required to resolve on this, to propose the same resolution again in the next General Meeting, but ultimately in the annual General Meeting to be held in 2024, and the Croma Shareholders irrevocably undertake to attend such meeting and vote in favor of the resolutions necessary for the Sponsor Share transfer. In the event, that the required majority or attendance rate is not met again in such General Meeting, even though the Croma Shareholders attended and voted with their shares in favor of it, the Sponsors will waive any shareholder rights they have with respect to Sponsor Shares that they agreed to transfer back to EHC. Furthermore, the Sponsors agreed to devalue 20% of their Sponsor Warrants, or 1,353,600 Sponsor Warrants, by irrevocably agreeing to an increase in the exercise price from €11.50 to €400.00 ("**Revised Sponsor Warrants**"). Both of these transactions stipulated in the Sponsor Share and Sponsor Warrant Agreement are subject to the consummation of the Business Combination.

7.1.2 Consideration to Croma Shareholders in the Business Combination

In the Business Combination Agreement, the parties have agreed that the Croma Shareholders are to receive a total consideration of €590,178,563.16 ("**Total Consideration**") for all Croma Shares and that such Total Consideration will consist of an aggregate number of Treasury Shares in EHC determined by dividing the

Total Consideration by €10.00, resulting in 59,017,856 Treasury Shares ("**Consideration Shares**") being transferred to the Croma Shareholders upon the consummation of the Business Combination.

The 59,017,856 Consideration Shares are allocated to the Croma Shareholders in proportion to their original shareholdings in Croma resulting in the following allocation:

Croma Shareholders	**Consideration Shares**
Prinz Holding GmbH[(1)]	1,062,328
OLIN Holding GmbH[(2)]	28,977,764
PMJ GmbH[(3)]	28,977,764
Total	**59,017,856**

(1) A limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria and registered in the business register (*Firmenbuch*) of the regional court (*Landesgericht*) of Korneuburg under FN 422705 a with registered office at Industriezeile 6, 2100 Leobendorf, Austria.

(2) A limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria and registered in the business register (*Firmenbuch*) of the commercial court (*Handelsgericht*) of Vienna under FN 431203 y with registered office at Franz-Josefs-Kai 53/10, 1010 Vienna, Austria.

(3) A limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria and registered in the business register (*Firmenbuch*) of the commercial court (*Handelsgericht*) of Vienna under FN 431204 z with registered office at Franz-Josefs-Kai 53/10, 1010 Vienna, Austria.

7.1.3 Representations and Warranties

Under the Business Combination, each party entered into customary representations and warranties.

The representations and warranties provided by Croma to EHC under the Business Combination Agreement relate to, among others, organization and qualification, capitalization of the group companies, authority, material contracts, litigation, intellectual property, labor and environmental matters, customers, data privacy and security, ownership of assets and tax matters.

EHC's representations and warranties made to Croma relate to, among others, organization and qualification, authority, brokers, issuance of shares, capitalization, escrow account, government approvals and transaction with affiliates.

The Croma Shareholders made representations and warranties to Croma and EHC relating to, among others, ownership of and rights to Croma Shares, organization and qualification, authority and governmental approvals.

Certain of the representations provided by Croma are qualified in whole or in part by materiality thresholds. In addition, all representations and warranties provided by EHC and Croma under the Business Combination Agreement are subject to the disclosures made in disclosure schedules attached to the Business Combination Agreement.

The sole remedy for a breach of any party to the representations and warranties is for the beneficiary of such representations and warranties to terminate the Business Combination Agreement.

7.1.4 Material Adverse Effect

Under the Business Combination Agreement, certain representations and warranties of EHC, Croma and the Croma Shareholders are qualified in whole or in part by a material adverse effect standard for purposes of determining whether a breach of such representations and warranties has occurred.

Pursuant to the Business Combination Agreement, material adverse effect is a defined as a failure of the representations and warranties to be true and correct in all respects as of the date on which all closing conditions are satisfied or waived ("**Closing Commencement Date**") as if made anew as of the Closing Commencement Date (except to the extent that any such representation and warranty is explicitly made as of any specific date other than the date of signing or the Closing Commencement Date, in which case such representation and warranty shall be true and correct in all material respects only as of such specific date) if such breach or breaches of the respective representations and warranties (i) has had or can be reasonably expected to have, individually or in the aggregate, a material adverse effect on the addressees (including their group companies, as

the case may be) of the respective representations and warranties, taken as a whole, and/or (ii) does or can reasonably be expected to, individually or in the aggregate, prevent or delay beyond June 22, 2023 the ability of the addressees to consummate the Business Combination as contemplated by the Business Combination Agreement and its ancillary agreements ("**Material Adverse Effect**").

7.1.5 Croma Shareholder Support

Under the Business Combination Agreement, in addition to its undertaking to enter into the Ultimate Shareholders Support Agreement (as defined below, see "*7.1.13.2 Ultimate Shareholders Support Agreement*") each Croma Shareholder agreed, severally but not jointly, to take all reasonably necessary, proper or advisable actions in order to consummate the Business Combination and the Other Transactions and to refrain from any actions (i) which would result in each Croma Shareholder ceding, among others, the full power of disposition with respect to his shares in Croma, (ii) publicly announce any intention to effect any transaction with respect to their shares in Croma contrary to the Business Combination and (iii) take any action that would make any representation or warranty of the relevant Croma Shareholder contained in the Business Combination Agreement untrue or incorrect or have the effect of preventing or disabling the relevant Croma Shareholder from performing its obligations under the Business Combination Agreement.

7.1.6 Closing Conditions

The Business Combination is expected to complete in July 2023. The respective obligations of the parties to consummate Business Combination and the Other Transactions are, however, subject to the satisfaction or waiver of certain closing conditions, either by all parties or at least one of the parties. In the event all closing conditions are satisfied or waived, as the case may be, the Business Combination and the Other Transactions will take legal effect under applicable law in a certain chronological and conditional order ("**Closing**").

7.1.6.1 Closing Conditions to the Obligations of all Parties

Under the Business Combination Agreement the following closing conditions are agreed upon for all parties:

- Croma's provision of financial statements: (i) an audited individual financial statement (*Jahresabschluss*) of Croma as of and for the financial year ended December 31, 2022, comprising a balance sheet and the respective related statements of profit and loss, (ii) an audited consolidated financial statement (*Konzernabschluss*) as of and for the financial year ended December 31, 2022, consolidated statements of profit and loss and comprehensive income, changes in equity and cash flows as well as a balance sheet with comparative information for the relevant previous financial year, and (iii) the pro forma statement of financial position and balance sheet as of December 31, 2022, giving effect to the Business Combination as if it had occurred on December 31, 2022;
- receipt of the approval of the Business Combination and the Other Transactions by the General Meeting;
- receipt of an independent auditor's statement on the interim equity statement required for the EHC's conversion from a B.V. into an N.V.;
- expiration or termination of any waiting periods and receipt of any consent under applicable antitrust law; and
- no governmental entity has issued an order or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions under the Business Combination Agreement.

7.1.6.2 Closing Conditions to the Obligations of Croma and the Croma Shareholders

In addition, Croma and the Croma Shareholders are only obliged to consummate the Business Combination and the Other Transactions if the following closing conditions are satisfied or waived, jointly by Croma and the Croma Shareholders:

- certain of the representations and warranties made by EHC are true and correct in all material respects;
- EHC has performed and complied in all material respects with the covenants and agreements required to be performed or complied with by it under the Business Combination Agreement;
- no Material Adverse Effect on part of EHC has occurred;

- the Public Shares and Public Warrants remain admitted to listing and trading on Euronext Amsterdam, and no proceeding has been initiated, or has been threatened to be initiated, to cancel such admissions;
- there being at least an amount in cash (as defined in the Business Combination Agreement) available in EHC (including any PIPE proceeds) of €100,000,000.00 after exercise of redemption rights by the EHC shareholders ("**Minimum Cash Condition**");
- the Croma Shareholders have received sufficient comfort by a tax opinion stating that the exchange of the Croma Shares against the Consideration Shares should be tax neutral according to Austrian law;
- the Sponsor Share Transfer Agreement has been executed by the Sponsors and the Croma Shareholders.

7.1.6.3 Closing Conditions to the Obligations of EHC

EHC is only obliged to consummate the Business Combination and the Other Transactions if the following closing conditions are satisfied or waived by EHC:

- certain of the representations made by Croma and the Croma Shareholders are true and correct in all material respects;
- Croma and the Croma Shareholders have performed and complied in all material respects with the covenants and agreements required to be performed or complied with by either of them under the Business Combination Agreement;
- no Material Adverse Effect on part of Croma and the Croma Shareholders has occurred;
- receipt of a confirmation from Hugel, Inc. confirming that the Business Combination does not trigger any rights or obligations of or by Hugel Pharma Co. Ltd., Croma or any of their respective affiliates under the joint venture agreement among Hugel America, Inc. and Croma USA, Inc. dated September 5, 2018 (see "*9.7.1 Hugel America, Inc.*");
- receipt of a confirmation from UniCredit Bank Austria AG in writing, amending the letter of comfort (*Patronatserklärung*) and waiver of termination rights dated December 3, 2021 and amending any other letter of comfort (*Patronatserklärung*) issued in favor of UniCredit Bank Austria AG, that Andreas Prinz, Martin Prinz, OLIN GmbH and PMJ GmbH can transfer their indirect and direct respective share in Croma to EHC; and
- receipt of a confirmation from Oberbank Leobendorf Immobilienleasing GmbH ("**Oberbank**") and Oberbank Leasing Gesellschaft mbH, amending the letter of comfort (*Patronatserklärung*) dated September 29, 2021 and amending any other letter of comfort (*Patronatserklärung*) issued in favor of Oberbank and Oberbank Leasing Gesellschaft mbH, that Andreas Prinz, Martin Prinz, OLIN and PMJ can transfer their indirect and direct respective share in Croma to EHC.

7.1.7 Covenants under the Business Combination Agreement

The parties to the Business Combination Agreement have made certain covenants under the Business Combination towards each other, some of which are illustrated below. Any failure to comply with the covenants by either party may lead to the respective closing conditions not being satisfied (see "*7.1.6 Closing Conditions*").

7.1.7.1 Covenants relating to all Parties

Besides certain customary covenants relating to, among others, confidentiality and access to information, public announcements, cooperation relating with respect to the PIPE Financing and post-Closing cooperation the parties, in particular, agreed to the following covenants:

7.1.7.1.1 Efforts to Consummate

Each party undertook, subject to the terms and conditions of the Business Combination Agreement, to use commercially reasonable best efforts to take all reasonably necessary, proper and advisable actions in order to consummate the Business Combination and the Other Transactions, including, among others, (i) the satisfaction, but not waiver, of the closing conditions (see "*7.1.6 Closing Conditions*"), (ii) using commercially reasonable best efforts to obtain any PIPE Financing, (iii) the receipt of any consents of any governmental entities or persons that either of the parties determines necessary, proper or advisable in order to consummate the Business

Combination and the Other Transactions and (iv) certain information undertakings for any matters relating to consents of governmental entities on part of either party towards the other parties for the time period between signing of the Business Combination Agreement (*i.e.*, December 22, 2022) and Closing.

7.1.7.1.2 Tax Loss Carry Forwards

The parties undertook to take all such actions within their respective powers as may be necessary or appropriate to ensure that the tax loss carry-forwards of Croma available as of the end of the last financial year before the Closing Commencement Date are not forfeited pursuant Section 8 para. 4 subpara. 2 lit. c of the Austrian Corporate Income Tax Act (*Körperschaftssteuergesetz* – "**KStG**"); in particular, the organizational as well as the economic structure of Croma will not be changed to an extent that would be deemed detrimental for purposes of such section in the KStG.

7.1.7.1.3 Covenants relating to Croma

Besides a customary covenant relating to exclusivity and non-solicitation on part of Croma and the Croma Shareholders, with its scope also encompassing their representatives, for the time period between December 22, 2022 and the Closing, the Croma Shareholders also provided a covenant with respect to corporate actions for the same time period, pursuant to which they as shareholders of Croma undertake to perform corporate actions to support the Business Combination and Other Transactions, and not to undertake such corporate actions that would be detrimental for such purpose.

In addition, Croma undertook to deliver the consolidated financial statements as of and for the financial year ended December 31, 2022 (see "*7.1.6.1 Closing Conditions to the Obligations of all Parties*"), the confirmation by Hugel, Inc. (see "*7.1.6.3 Closing Conditions to the Obligations of EHC*") and the bank confirmations (see "*7.1.6.3 Closing Conditions to the Obligations of EHC*"). Furthermore, Croma agreed to the following covenants:

Conduct of the Business of Croma

Under the conduct of business covenant, Croma agreed, for the time period between signing of the Business Combination Agreement (*i.e.*, December 22, 2022) and Closing to use commercially reasonable best efforts to (i) operate the business of the companies of the Croma Group in the ordinary course of business consistent with past practice (including recent past practices with respect to the COVID-19 pandemic) in all material respects and (ii) maintain and preserve intact the business organization, assets and properties of the companies of the Croma Group, taken as a whole.

In particular, except as permitted by the Business Combination Agreement, as required by law or as consented to in writing by EHC, Croma is prohibited to perform certain actions from the signing of the Business Combination Agreement (*i.e.*, December 22, 2022) and Closing until the Closing relating to, including,

- changes to the governing documents of Croma;
- making dividend payments or receiving such from group companies, or making changes to the equity securities of its group companies;
- merge, consolidate, combine or amalgamate any Croma Group company with any person or entity, including the purchase of equity securities or substantial portion of assets of any other person or entity;
- make any changes to Croma's equity securities;
- dispose of, among others, by sale, assignment, lease or license, other than inventory or obsolete equipment or otherwise in the ordinary course of business or grant collateral on any material assets or properties of Croma;
- cancellation of claims owed to Croma and settlements of any pending or threatened action, (i) if any settlement would require payment by Croma or its subsidiaries in an amount greater than €100,000.00, except for ordinary-course settlements with clients or subcontractors, (ii) to the extent such settlement includes an agreement to accept or concede injunctive relief or (iii) to the extent such settlement involves a governmental entity or alleged criminal wrongdoing;

- disposing of, among others, by issue, sale, grant any equity securities of the companies of the Croma Group, including any options, warrants or other rights obligation of any Croma Group company to issue, deliver or sell any equity securities of any Croma Group company;
- transfer, issue, sell, grant or otherwise directly or indirectly dispose of, or granting collateral on, any equity securities of any Croma Group company or any options, warrants, rights of conversion or other rights, agreements, arrangements or commitments obligating any Croma Group company to issue, deliver or sell any equity securities of any Croma Group company;
- enter into any new line of business;
- enter into, modify in any material respect or terminate (other than expiration in accordance with its terms) any material contract (as defined in the Business Combination Agreement), in each case, other than in the ordinary course of business consistent with past practice;
- acquire any ownership interest in any real property other than in the ordinary course of business;
- make any loans, advances or capital contributions to, or guarantees for the benefit of, or any investments in, any person or entity, other than intercompany loans or capital contributions between Croma and any of its direct or indirect wholly owned Subsidiaries and the reimbursement of expenses of employees in the ordinary course of business;
- except as required for the consummation of the Business Combination Agreement, (i) amend, modify, adopt, enter into or terminate any material equity incentive plan or any material benefit or compensation plan, or similar programs, or the terms of service, employment or engagement of any director, manager, officer, employee, individual independent contractor or other service providers of Croma who has an annual aggregate compensation (including bonus payments and awards) in excess of €200,000.00, (ii) increase the compensation or benefits payable to any current or former director, manager, officer, employee, individual independent contractor or other service providers of Croma by more than 5% (measured based on the compensation or benefits as of December 22, 2022) who has an annual aggregate compensation (including bonus payments and awards) in excess of €200,000.00, or (iii) waive or release any non-competition, non-solicitation, no-hire, non-disclosure or other restrictive covenant obligation of any current or former director, manager, officer, employee, individual independent contractor or other service providers of the Company, or (iv) initiate any proceeding with respect to any current or former director, manager, officer, employee, individual independent contractor or other service provider of Croma;
- make, change or revoke any election concerning certain taxes, enter into any certain tax closing agreements, settle a certain tax claim or assessment, or consent to any extension or waiver of the limitation period applicable to or relating to certain tax claim or assessment, other than any such extension or waiver that is obtained in the ordinary course of business;
- enter into any settlement, conciliation or similar contract, the performance of which would involve the payment by Croma in excess of €100,000.00, in the aggregate;
- authorize, recommend, propose or announce an intention to adopt, or otherwise effect, a plan of complete or partial liquidation, dissolution, restructuring, recapitalization, reorganization or similar transaction involving any Croma Group company;
- change any of Croma's methods of accounting in any material respect, other than changes that are made in accordance with changes of the applicable accounting standards;
- enter into any contract with any broker, finder, investment banker or other person or entity under which such person or entity is or will be entitled to any brokerage fee, finders' fee or other commission in connection with the transactions contemplated by the Business Combination Agreement;
- except in the ordinary course of business consistent with past practice, (i) grant to or acquire from, or agree to grant to or acquire from, any person or entity any intellectual property rights that are material to Croma and its subsidiaries, (ii) dispose of, abandon or permit to lapse any rights to certain intellectual property listed in the Business Combination Agreement or (iii) disclose any material trade secret of Croma to any person or entity who has not entered into a written confidentiality agreement and is not otherwise subject to confidentiality obligations;
- voluntarily fail to maintain, cancel or materially change coverage under, in a manner materially detrimental to Croma and the companies of the Croma Group, taken as a whole, any insurance policy

maintained with respect to the companies of the Croma Group and their assets and properties (other than in connection with normal annual renewal activities and insurance program management and changes arising from the consummation of the transactions contemplated hereby); and

- settle, compromise, withdraw, or commence any claim, litigation or other proceedings with a value in excess of €100,000.00.

7.1.7.2 Covenants relating to EHC

EHC provided customary covenants relating to escrow account, public filings and the compliance with the Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended (the "**Market Abuse Regulation**"), and the respective delegated EU regulations, and also committed itself to exclusivity for the time period from December 22, 2022 until Closing.

In addition, EHC, in particular, agreed to the following covenants:

7.1.7.2.1 EHC Shareholder Approval

EHC agreed, with the objective to achieve Closing in due time, to convene a general meeting for the purpose to obtain approval of the Business Combination and Other Transactions, and any such items as agreed in the Business Combination Agreement or elsewhere by Croma, Croma Shareholders and EHC, including,

(i) the implementation of the changes to EHC's supervisory board and its governing documents, both as agreed upon in the Business Combination Agreement, with effect as of Closing;

(ii) the conversion of EHC's legal form from a B.V. into an N.V.; and

(iii) the change of EHC's corporate name to "Croma N.V." and approve a mutually acceptable and available ticker symbol for Croma N.V., with effect as of Closing.

In this regard, EHC also undertook to use commercially reasonable best efforts to take all actions necessary to obtain such shareholder approvals.

7.1.7.2.2 Performance Stock Units Plan

Furthermore, EHC agreed that its corporate bodies implement a performance stock units plan according to the terms and conditions as agreed upon in the Business Combination Agreement the latest upon Closing.

7.1.7.2.3 Conduct of the Business of EHC

Under the conduct of business covenant, except as permitted by the Business Combination Agreement, as required by law or as consented to in writing by Croma and the Croma Shareholders, EHC is prohibited to perform certain actions from the signing of the Business Combination Agreement (*i.e.*, December 22, 2022) and Closing until the Closing relating to, including,

- adopt any amendments, supplements, restatements or modifications to the agreement relating to the Escrow Account, the Warrant T&C or the governing documents of EHC;
- establish or acquire any affiliates or Subsidiaries;
- declare, set aside, make or pay a dividend on, or make any other distribution or payment in respect of, any equity securities of EHC, or repurchase, redeem or otherwise acquire, or offer to repurchase, redeem or otherwise acquire, any outstanding equity securities of EHC or any of its affiliates, other than with respect to the Public Shares;
- merge, consolidate, combine or amalgamate EHC with any person or entity or purchase or otherwise acquire (whether by merging or consolidating with, purchasing any equity security in or a substantial portion of the assets of, or by any other manner) any person or entity or division thereof;
- make any changes to EHC's equity securities;
- incur, create or assume any indebtedness, except for indebtedness for certain transaction expenses and except for indebtedness for borrowed money in an amount not to exceed €100,000.00 in the aggregate that is incurred to fund actual obligations due and payable prior to Closing;

- make any loans or advances to, or capital contributions in, any other person or entity, other than to, or in, EHC;
- issue any equity securities of EHC or grant any additional options, warrants or stock appreciation rights with respect to equity securities of the foregoing of EHC;
- except as required for the consummation of the Business Combination Agreement, (i) put in place, amend, modify, adopt, enter into or terminate any material equity incentive plan or any material benefit or compensation plan, or similar program, or the terms of service, employment or engagement of any director, manager, officer, employee, individual independent contractor or other service provider of EHC who has an annual aggregate compensation (including bonus payments and awards) in excess of €200,000.00, (ii) increase the compensation or benefits payable to any current or former director, manager, officer, employee, individual independent contractor or other service provider of EHC by more than 5% (measured based on the compensation or benefits as of December 22, 2022) who has an annual aggregate compensation (including bonus payments and awards) in excess of €200,000.00, (iii) waive or release any non-competition, non-solicitation, no-hire, non-disclosure or other restrictive covenant obligation of any current or former director, manager, officer, employee, individual independent contractor or other service provider of EHC, or (iv) initiate any proceeding with respect to any current or former director, manager, officer, employee, individual independent contractor or other service provider of the EHC;
- enter into, renew, modify or revise any transaction with a related party of EHC or Sponsors that would require disclosure as a related party transaction under IAS 24.9 (or any contract or agreement that, if entered into prior to the execution of this Agreement, with EHC or Sponsors would be a related party transaction), other than the entry into any contract with EHC or Sponsors with respect to the incurrence of indebtedness permitted by section 11.3.2(b)(vi) in the Business Combination Agreement;
- engage in any activities or business, or incur any material liabilities, other than any activities, businesses or liabilities that are otherwise permitted under section 11.3.2 (including, for the avoidance of doubt, any activities or business contemplated by, or Liabilities incurred in connection with, the Business Combination Agreement or any Ancillary Document) in the Business Combination Agreement or consented to by the Company pursuant to this covenants relating to EHC;
- authorize, recommend, propose or announce an intention to adopt a plan of complete or partial liquidation or dissolution;
- make, change or revoke any election concerning certain taxes, enter into certain tax closing agreement, settle certain tax claims or assessments, or consent to any extension or waiver of the limitation period applicable to or relating to certain tax claims or assessments, other than any such extension or waiver that is obtained in the ordinary course of business;
- change any of EHC's methods of accounting in any material respect, other than changes that are made in accordance with changes of the applicable accounting standards; or
- enter into any contract with any broker, finder, investment banker or other person under which such person is or will be entitled to any brokerage fee, finders' fee or other commission in connection with the Business Combination and the Other Transactions.

7.1.8 Lock-Up Undertakings

7.1.8.1 Croma Shareholders Lock-Up

Under the Business Combination Agreement, each of the Croma Shareholders agreed that it will not, and will not agree to transfer, assign, pledge or sell any of its Consideration Shares during the period commencing on December 22, 2022 and ending, with respect to two-thirds of its Consideration Shares twelve months, and with respect to the remaining third of its Consideration Shares 24 months, after Closing, except for PMJ which may transfer, assign, pledge or sell up to such number of its Consideration Shares, representing 5% of the EHC Shares as of Closing (excluding any remaining Treasury Shares not issued to Croma Shareholders or other investors in connection with the Business Combination) starting six months after Closing ("**Croma Shareholders Lock-Up**").

Such Croma Shareholders Lock-up is subject to certain customary permitted transfers. In this regard, Croma Shareholders are not restricted from, either directly or indirectly, selling, transferring or otherwise disposing of any Consideration Shares (i) by means of an over-the-counter transaction at any time to affiliates of the respective Croma Shareholder, who have agreed in advance to be bound by the Croma Shareholders Lock-Up, (ii) disposal in accordance with a court order or as required by law or regulation, (iii) pursuant to a general offer made to all holders of Public Shares made in accordance with takeover regulations on terms which treat all such holders alike, (iv) for the purposes of pledging, charging or otherwise granting any security interest over any Consideration Shares or assigning any rights in relation to any Consideration Shares to or for the benefit of any finance provider(s), including any margin loan lender(s) (and if applicable, its or their permitted assignees and transferees) or any security agent or trustee on its or their behalf, in connection with a financing arrangement, including a margin loan, provided that each transferee or purchaser has agreed in advance to be bound by the foregoing restrictions for the remaining lock-up period, and (v) any disposal of Consideration Shares in order to fund the payment of any tax claims or tax obligations for the relevant Croma Shareholder arising from or in connection with the Business Combination, provided that such tax is due and payable and that the relevant Croma Shareholder has shown to EHC that it has used all reasonable efforts to achieve a suspension of payment (*Aussetzung der Einhebung* pursuant to Section 212a of the Austrian Federal Fiscal Code).

7.1.8.2 Sponsors Lock-Up

The Sponsor Shares and Sponsor Warrants held by the Sponsors are and, pursuant to the Business Combination Agreement continue to be, subject to the lock-up as described in the EHC Prospectus.

7.1.9 Sole Remedy and Termination

The sole remedy for representations and warranties (see "*7.1.3 Representations and Warranties*") not being true and correct as of their respective effective date, or the failure to perform any covenant (see "*7.1.7 Covenants under the Business Combination Agreement*") or agreement set forth in the Business Combination Agreement, such that, in each case, certain closing conditions could not be satisfied, is the right to beneficiary party to terminate the Business Combination Agreement, but only to extent that any breach causing such representations and warranties not to be true and correct, or any failure to perform any covenant or agreement, as applicable, is not cured or cannot be cured within the earlier of (i) thirty days after written notice thereof to the party which provided the respective representations and warranties or the covenant and (ii) the six calendar months after December 22, 2022.

Such termination right lapses and forfeits with retroactive effect to their existence (*ex tunc*) if the Closing occurs, or, as the case may be, becomes time-barred upon the occurrence of the Closing.

Any other rights or remedies of either party to the Business Combination Agreement for a breach of the representations and warranties and, among others, pre-contractual obligations, are excluded, to the extent permitted by mandatory law.

Other than that, the Business Combination Agreement may only be terminated, prior to Closing with effect to all parties, by mutual written consent of EHC, Croma and the Croma Shareholders. Any termination of the Business Combination Agreement, prior to Closing, would result in the Business Combination and the Other Transactions being abandoned.

7.1.10 Expenses

Except for transaction expenses of EHC in the amount of €10,000,000.00 which, together with a certain amount of debt and the value of the Sponsor Shares of the First Tranche, was deducted from the indicative enterprise value of Croma in order to calculate the Total Consideration for the Croma Shareholders, it is agreed upon in the Business Combination Agreement that all fees and expenses incurred by either party in connection with the Business Combination Agreement, its ancillary agreements and the Business Combination as well as the Other Transactions, including the fees and disbursements of legal counsel, financial advisors and accountants are to be borne by the party incurring such fees and expenses, except for certain cost overruns that will be borne by the combines business.

7.1.11 Governing Law and Dispute Resolution

The Business Combination Agreement is governed by the laws of the Netherlands. All disputes arising under or in connection with the Business Combination Agreement will be settled by an arbitral tribunal consisting of one arbitrator in accordance with the Rules of Arbitration of the International Chamber of

Commerce without recourse to the ordinary courts of law. The place of arbitration will be Amsterdam, the Netherlands, with physical meetings, if any, being held in Vienna, Austria. The language of the arbitral proceedings will be German.

7.1.12 Amendments

The Business Combination Agreement may be amended or modified only by a written agreement or, if and to the extent this is legally required by virtue of a notarized (*beurkundet*) agreement, executed and delivered by the parties.

On February 8, 2023, EHC, Croma-Pharma GmbH and the Croma Shareholders entered into an amendment agreement to the Business Combination Agreement in order to allow OLIN to grant Croma a shareholder loan in the amount of €8.0 million as a bridge loan allowing Croma to repay €9.0 million in promissory notes. The parties agreed that the bridge loan may be repaid before the Closing of the Business Combination even though, in general, the Business Combination Agreement prohibits any loan repayments by Croma prior to the Closing. Further, the Business Combination Agreement stipulates that Croma may repay debt up to €40.0 million following Closing only with the consent of the Supervisory Board. That provision is also waived by the supplement agreement with respect to the bridge loan. However, the repayment of the bridge loan is still subject to the Business Combination Agreement's provision that debt repayments are only permitted if they will be refinanced within three months at better financial terms. Furthermore, EHC gave its written consent to the bride loan as necessitated by the Business Combination Agreement's covenant for Croma's conduct of business from conclusion of the Business Combination Agreement until Closing.

7.1.13 Ancillary Agreements

The parties to the Business Combination Agreement and certain of their affiliates entered into certain ancillary agreements prior to or concurrently with the Business Combination Agreement.

7.1.13.1 EHC Voting and Non-Redemption Agreement

Under the EHC voting and non-redemption agreement, dated December 22, 2022 and concluded between the Sponsors, EHC and Croma, the Sponsors undertook towards the other Sponsors, EHC, Croma and the Croma Shareholders (i) to vote in favor of the Business Combination and the Other Transactions in the EHC's shareholder meeting, (ii) to take necessary actions in order to consummate the Business Combination and the Other Transactions, and (iii) not to exercise redemption rights in connection with the Business Combination.

In addition, the Sponsors agreed to comply and fully perform all of its obligations, covenants and agreements set forth in the sponsor agreement, dated November 16, 2021, by and among the Sponsors and EHC, and will not agree to any amendment or termination of such agreement before the consummation of the Business Combination Agreement and the Other Transactions.

Furthermore, the Sponsors agreed to waive any right of adjustment to the conversion ratio set forth in the Articles of Association or any other documents or agreements concluded between the Sponsors and EHC or any other anti-dilution or similar protection with respect to the Sponsor Shares related to the Business Combination and the Other Transactions. As a result, the Sponsor Shares will convert into Class A Ordinary Shares on a one-for-one basis pursuant to the Promote Schedule (see "*7.4.1.2 Sponsor Shares*").

7.1.13.2 Ultimate Shareholders Support Agreement

Under the ultimate shareholders support agreement, dated December 22, 2022 and concluded between the respective shareholders of the Croma Shareholders, Andreas Prinz, Martin Prinz, Gerhard Prinz, Karin Prinz and M. Schneider Holding GmbH ("**Ultimate Shareholders**"), EHC and Croma ("**Ultimate Shareholders Support Agreement**"), each Croma Shareholder agreed, severally but not jointly, to take all reasonably necessary, proper and advisable actions in order to consummate the Business Combination and the Other Transactions. The Ultimate Shareholders also committed to certain deal protection undertakings, among others, no solicitation provisions with respect to the Business Combination and a no transfer undertaking relating to their respective shares in the Croma Shareholder.

Furthermore, the Ultimate Shareholders under the Ultimate Shareholders Support Agreement agreed that, and undertook to cause the Croma Shareholders, in the event that the Business Combination consummates and Closing occurs, to enter into the Croma Shareholders' agreements termination agreement (see "*7.1.13.3 Croma Shareholders' Agreements Termination Agreement*").

In addition, Andreas Prinz and Martin Prinz, under the Ultimate Shareholders Support Agreement, entered into (i) a non-competition covenant and (ii) a non-solicitation agreement with respect to certain key employees of Croma and its subsidiaries, each for a period of three years after Closing and subject to customary exceptions.

7.1.13.3 Croma Shareholders' Agreements Termination Agreement

Prior to the execution of the Business Combination Agreement, Croma, the Croma Shareholders and the Ultimate Shareholders entered into a Croma Shareholders' agreements termination agreement, dated December 22, 2022, pursuant to which, *inter alia*, the Croma Shareholders agree to terminate any existing shareholders' agreement in place between any of the Croma Shareholders with effect subject to and from the consummation of the Business Combination, except for the consent agreement (*Einigung*), dated November 17, 2022, concluded between Croma's Ultimate Shareholders.

7.1.13.4 Tax Process Agreement

On May 15, 2023, Croma-Pharma GmbH, the Croma Shareholders and EHC (Croma-Pharma GmbH, Croma Shareholders and EHC collectively "**Parties**") entered into a tax process agreement ("**TPA**") under which the Parties acknowledged and agreed that the exchange of Treasury Shares in connection with the Business Combination should qualify as a cross-border reorganization under currently applicable Austrian law ("**Cross-Border Exchange of Shares**"). Based on the qualification as a Cross-Border Exchange of Shares, the change of EHC's tax residency from Germany to Austria following the consummation of the Business Combination, should result in a step-up of the tax book values of Croma Shares at the level of EHC ("**Step-Up**"). Therefore, the exchange of Treasury Shares should not result in deferred tax liabilities at the level of EHC with respect to the Croma Shares. However, in the event of a future sale or other kind of transfer of any or all of the Croma Shares by EHC ("Sale of Croma Shares"), or in the event of a reorganization measure involving the Croma Shares such as a merger of Croma into EHC or any other corporate reorganization measure in which Croma Shares cease to exist, a taxation of the hidden reserves in the Croma Shares accrued up to the exchange of Treasury Shares may occur at the level of OLIN and PMJ ("**Subsequent Taxation**").

The Parties furthermore acknowledged that, based on currently applicable Austrian tax law, it cannot be excluded that the exchange of Treasury Shares could be reclassified as an intra-border exchange of shares ("**Domestic Exchange of Shares**") in a later tax audit and/or potential subsequent judicial proceedings. A qualification as a Domestic Exchange of Shares would lead to deferred tax liabilities for EHC with respect to the Croma Shares as no Step-Up would arise at the level of EHC while no Subsequent Taxation risk would arise at the level of PMJ and OLIN. Therefore, a Domestic Exchange of Shares would economically attribute hidden reserves which accrued at the level of the Croma Shareholders before the exchange of Treasury Shares to EHC. Further, such hidden reserves would be taxed upon a Sale of Croma Shares which economically would attribute taxes from the Croma Shareholders level to EHC level ("**Re-Allocation of Taxes**"). To this end, the Parties further acknowledged that a new draft law was submitted by the Austrian Ministry of Finance, which might be enacted by the Austrian Parliament in the near future ("**Legislative Change**"). While details are not yet final, the Legislative Change could potentially already be applicable to the exchange of Treasury Shares and eliminate a Step-Up also in case of a Cross-Border Exchange of Shares (*i.e.*, a Sale of Croma Shares would trigger a Re-Allocation of Taxes, irrespective of whether the exchange of Treasury Shares qualifies as Cross-Border Exchange of Shares or Domestic Exchange of Shares).

In the event of a Re-Allocation of Taxes, the shareholders of EHC (including the sponsors of EHC) other than the Croma Shareholders ("**Other EHC Shareholders**") would economically bear the tax burden economically re-allocated from the Croma Shareholders to EHC by the economic attribution of the hidden reserves which accrued at the level of the Croma Shareholders before the exchange of Treasury Shares to EHC pro-rata to the Other EHC Shareholders' shareholding in EHC at the time such tax burden occurs.

Against this background, the Parties agreed that a Subsequent Taxation and, as the case may be, a qualification as a Domestic Exchange of Shares and a Re-Allocation of Taxes should be prevented as best as reasonably possible for the benefit of the OLIN and PMJ and, as the case may be, the Other EHC Shareholders. To this end, the Croma Shareholders undertook to vote against a Sale of Croma Shares that would trigger a Subsequent Taxation. If the Croma Shareholders vote in favor of a Sale of Croma Shares despite of their voting obligations pursuant to the TPA and a Subsequent Taxation has been triggered, the Croma Shareholders undertook to reimburse those other Croma Shareholders who have not also voted in favor of a Sale of Croma Shares for the tax amount payable by those other Croma Shareholders due to the Subsequent Taxation. Further, the Croma Shareholders undertook to abstain from voting if a Sale of Croma Shares would lead to a Re-Allocation of Taxes. If the Croma Shareholders vote in favor of a Sale of Croma Shares despite of their voting

obligations pursuant to the TPA and a Re-Allocation of Taxes has been caused, the Croma Shareholders agreed to consent to (x) a disproportional distribution of dividends to Other EHC Shareholders by EHC by (partially) waiving its claim to receive dividends from EHC or (y) a similar approach that does not require the Croma Shareholders to make any actual payments. The obligation to consent to a disproportional distribution of dividends does not apply if the Other EHC Shareholders have voted in favor of the Sale of Croma Shares with the relevant majority for such matter under the applicable law. Pursuant to the TPA, the amount of Re-Allocation of Taxes to be (economically) reimbursed by the Croma Shareholders to the Other EHC Shareholders will not exceed (x) the amount of taxes at EHC in case of a Re-Allocation of Taxes multiplied by (y) the Other EHC Shareholders' shareholding in EHC at the time of the consummation of the Business Combination ("**Maximum Re-Allocated Tax Amount**"). The Maximum Re-Allocated Tax Amount for each individual Croma Shareholder will generally be borne by each Croma Shareholder pro rata with the respective Croma Shareholder's shareholding in the share capital of EHC at the time of the consummation of the Business Combination. However, the Parties further agreed that the Maximum Re-Allocated Tax Amount of the respective Croma Shareholder will be decreased pro rata if the respective Croma Shareholder's shareholding in the share capital of EHC at the time of the adoption of the resolution on the general meeting approval is lower than upon the consummation of the Business Combination.

Correspondingly, EHC and Croma undertook to not implement a sale of all or essentially all of Croma's assets existing at the effective date of the exchange of Treasury Shares in a single or several related transactions ("**Sale of Croma Assets**") without general meeting approval. Further, the Croma Shareholders undertook to abstain from voting to such Sale of Croma Assets and to consent to an alinear distribution of dividends or similar approach if they vote in favor of such sale and the proceeds from such sale are distributed by Croma to EHC in a single or several related distributions. To this end, the provisions relating to the Sale of Croma Shares apply mutatis mutandis.

Further, each Croma Shareholder shall be allowed to accept any mandatory offer or voluntary public takeover offer made in relation to all or part of the shares in EHC held by it. If the offer terms contain the condition that the general meeting shall – prior to or after the settlement of the offer – resolve on a post-takeover offer restructuring of EHC and its subsidiaries by means of (i) a statutory (bilateral or triangular) legal merger, (ii) a statutory legal demerger, (iii) a distribution of assets to the shareholders of EHC, (iv) a sale and transfer of assets and liabilities by EHC or any of its subsidiaries, the above obligation of the Croma Shareholders to abstain from voting and to consent to an alinear distribution of dividends or similar approach apply mutatis mutandis in relation to such resolution by the General Meeting.

Finally, the TPA contains the undertaking of all Parties not to pursue, vote in favor of or arrange for any other economically comparable transaction that results in a Re-Allocation of Taxes that is not in line with the terms of the TPA.

The TPA has a term of eleven years from Consummation and terminates automatically upon the earlier of (i) the expiry of the aforementioned period or (ii) the Croma Shareholders no longer holding any shares in EHC (or with respect to any individual Croma Shareholder, if such individual Croma Shareholder no longer holds any shares in EHC).

7.2 Description of the Transaction

7.2.1 Structure of the Business Combination

Upon consummation of the Business Combination pursuant to the terms and conditions of the Business Combination Agreement (see "*7.1 Principal Terms of the Business Combination*"), the Croma Shareholders will become shareholders of EHC receiving 59,017,856 Class A Ordinary Shares. Further 20,000,000 Class A Ordinary Shares (immediately following the consummation of the Business Combination, assuming no redemptions), at the time of the consummation of the Business Combination, are held by shareholders of EHC that subscribed for Class A Ordinary Shares in connection with the Private Placement ("**Public Shareholders**") (see "*6.1 Background to the Business Combination*"). Further Class A Ordinary Shares, up to an amount of 90,982,144 Class A Ordinary Shares, may be purchased by the PIPE Investors under the PIPE Financing.

The Sponsors, following the consummation of the Business Combination, hold a total of 6,666,666 Class B Ordinary Shares (see *"7.4.1.2 Sponsor Shares*"), of which 1,333,332 Forfeited Sponsor Shares are, however, subject to the terms and conditions of the Sponsor Share and Sponsor Warrant Agreement.

In addition, EHC in connection with the Private Placement placed 6,666,666 redeemable Public Warrants, ISIN NL0015000K28, which entitle its holder to subscribe for one Class A Ordinary Share, with a stated exercise price of €11.50 (subject to customary anti-dilution adjustments). The Public Warrants will become exercisable 30 days after the consummation of the Business Combination and will expire five years from the date of the consummation of the Business Combination or earlier upon redemption or liquidation (see "*7.4.2.1 Public Warrants*"). EHC also sold a total of 6,768,000 Sponsor Warrants at a price of €1.50 per warrant to the Sponsors. The Sponsor Warrants entitle its holder to subscribe for one Class A Ordinary Share, with a stated exercise price of €11.50 (subject to customary anti-dilution adjustments), in principle. However, based on the Sponsor Share and Sponsor Warrant Agreement, for 1,353,600 Revised Sponsor Warrants the exercise price was increased from €11.50 to €400.00. Similar to the Public Warrants, the Sponsor Warrants will become exercisable 30 days after the consummation of the Business Combination and will expire five years from the date of the consummation of the Business Combination or earlier upon redemption or liquidation (see "*7.4.2.2 Sponsor Warrants*").

Upon consummation of the Business Combination, Croma will be a wholly-owned subsidiary of EHC.

7.2.2 Unaudited Illustrative Pro Forma Aggregated Financial Information

The Business Combination has a significant impact on the net assets, financial position and results of operations of EHC and Croma and will substantially affect the results of operations of the Company going forward. Therefore, the following illustrative pro forma aggregated financial information, consisting of an unaudited illustrative pro forma aggregated statement of financial position as of December 31, 2022 and an unaudited illustrative pro forma aggregated statement of profit or loss and other comprehensive income for the year ended December 31, 2022, each for a scenario in which Public Shares in the amount of €90 million are redeemed by the Public Shareholders ("**Illustrative Pro Forma Aggregated Financial Information**"), have been prepared in order to illustrate the effects of the Business Combination on the combined entity. For purposes of the Illustrative Pro Forma Aggregated Financial Information, it is assumed that the Business Combination completed on December 31, 2022.

The Illustrative Pro Forma Aggregated Financial Information should be considered illustrative as it has been prepared for information purposes and is only the aggregation of the financial information as of and for the financial year ended December 31, 2022 for both EHC and Croma, as the accounting treatment for the Business Combination, in particular if EHC or Croma will be the accounting acquirer, still needs to be finalized.

Therefore, the following Illustrative Pro Forma Aggregated Financial Information has not been prepared in accordance with the principles described in Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards to the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, Annex 20 Pro Forma Information and includes combined financial statements only without adjustments for consolidation purposes.

Nonetheless, the following was taken into account for the calculation of the Illustrative Pro Forma Aggregated Financial Information:

- The redeemable Public Shares of EHC shown under current liabilities in EHC's statement of financial position as of December 31, 2022 are reclassified to issued capital for the purposes of the Unaudited Illustrative Pro Forma Aggregated Statement of Financial Position since the redeemable ordinary shares will be reclassified to equity after the shareholder approval of the General Meeting.

- Redeeming Public Shareholders will pro-rata decrease the reclassified redeemable Public Shares and thus decrease the cash balance of EHC. For the scenario, under which 45% of the Public Shareholders redeem their Public Shares (*i.e.*, redemptions of in total €90 million), the issued capital shown in EHC's statement of financial position as of December 31, 2022 will be decreased by €90 million.

- In addition, in identifying Croma as the accounting acquirer on a pro forma basis, a high-level and preliminary analysis was taken into account on (i) the background of the Business Combination, (ii) the business combination agreement, (iii) the anticipated share ownership and voting rights of

the Company, (iv) the intended corporate governance structure of the Company, and (v) the designation of certain senior management positions.

7.2.2.1 Unaudited Illustrative Pro Forma Aggregated Statement of Financial Position as of December 31, 2022

	Croma Group IFRS audited	EHC B.V. IFRS audited	EHC B.V. reclassified unaudited	Pro forma aggregated unaudited
		(in € thousands)		
Assets				
Non-current assets				
Property, plant and equipment	6,329	0	0	6,329
Right-of-use assets	34,704	0	0	34,704
Intangible assets and goodwill	57,019	0	0	57,019
Non-current financial assets	41,442	0	0	41,442
Other non-current receivables	11,475	0	0	11,475
Non-current contract assets	566	0	0	566
Deferred tax assets	851	0	0	851
	152,385	**0**	**0**	**152,385**
Current assets				
Inventories	25,959	0	0	25,959
Trade receivables	33,565	0	0	33,565
Prepayments	1,814	0	0	1,814
Other current receivables	1,417	290	290	1,707
Deferred cost	0	249	249	249
Government grants	3,391	0	0	3,391
Cash and short-term deposits	7,092	204,316	114,316	121,408
	73,237	**204,855**	**114,855**	**188,092**
Total assets	**225,622**	**204,855**	**114,855**	**340,477**
Equity and liabilities				
Equity				
Issued capital	36	67	104,570	104,606
Share premium	0	7,971	7,971	7,971
Retained earnings	89,503	(32,621)	(32,621)	56,882
Other components of equity	1,143	0	0	1,143
Equity attributable to the equity holders of the parent	**90,683**	**(24,583)**	**79,920**	**170,603**
Non-controlling interests	658	0	0	658
Total equity	**91,340**	**(24,583)**	**79,920**	**171,260**
Non-current liabilities				
Interest-bearing loans and borrowings	36,318	0	0	36,318
Other non-current financial liabilities	34,433	0	0	34,433
Other non-current payables	1,748	0	0	1,748
Provisions	1,082	0	0	1,082
Government grants	3,099	0	0	3,099
Deferred tax liabilities	3,203	0	0	3,203
	79,883	**0**	**0**	**79,883**
Current liabilities				
Redeemable ordinary shares	0	194,503	0	0
Market warrants	0	14,227	14,227	14,227
Founder warrants	0	12,872	12,872	12,872
Trade and other payables	19,247	1,836	1,836	21,083
Contract liabilities	2,000	0	0	2,000
Interest-bearing loans and borrowings	25,788	0	0	25,788
Other current financial liabilities	4,494	0	0	4,494
Income tax payable	148	0	0	148

	Croma Group IFRS audited	EHC B.V. IFRS audited	EHC B.V. reclassified unaudited	Pro forma aggregated unaudited
		(in € thousands)		
Deferred underwriting fees	0	6,000	6,000	6,000
Provisions	2,723	0	0	2,273
	54,400	**229,438**	**34,935**	**89,335**
Total liabilities	**134,282**	**229,438**	**34,935**	**169,217**
Total equity and liabilities	**225,622**	**204,855**	**114,855**	**340,477**

7.2.2.2 Unaudited Illustrative Pro Forma Aggregated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2022

	Croma Group IFRS audited	EHC B.V. IFRS audited	Pro forma aggregated unaudited
		(in € thousands)	
Revenue from contracts with customers	120,712	0	120,712
Other income	489	0	489
Revenues	**121,201**	**0**	**121,201**
Other operating income	2,760	0	2,760
Income from internally generated intangible assets	6,677	0	6,677
Cost of materials	(28,467)	0	(28,467)
Cost of services	(417)	0	(417)
Changes in inventories	797	0	797
Employee benefits expenses	(44,348)	(1,244)	(45,592)
Depreciation	(10,040)	0	(10,040)
Impairment losses	(1,050)	0	(1,050)
Deferred underwriting fee	0	(6,000)	(6,000)
Other operating expenses	(39,846)	(2,931)	(42,777)
Fair value adjustments of warrants	0	(13,692)	(13,692)
Effective interest on ordinary shares subject to redemption	0	(6,068)	(6,068)
Finance costs	(2,049)	(809)	(2,858)
Finance income	35	649	684
Profit/(loss) before tax	**5,253**	**(30,095)**	**(24,842)**
Income tax expense	(1,037)	0	(1,037)
Profit/(loss) for the period	**4,216**	**(30,095)**	**(25,879)**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations	300	0	300
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain/(loss) on defined benefit plans	7	0	7
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	1,681	0	1,681
Other comprehensive income/(loss) for the year, net of tax	**1,988**	**0**	**1,988**
Total comprehensive income for the year, net of tax	**6,204**	**(30,095)**	**(23,891)**
Profit/(loss) for the period, attributable to:			
Equity holders of the parent	4,149	(30,095)	(25,946)
Non-controlling interests	67	0	67
	4,216	**(30,095)**	**(25,879)**
Total comprehensive result for the year, attributable to:			
Equity holders of the parent	6,137	(30,095)	(23,958)
Non-controlling interests	67	0	67

	Croma Group IFRS audited	EHC B.V. IFRS audited	Pro forma aggregated unaudited
		(in € thousands)	
	6,204	**(30,095)**	**(23,891)**

7.2.3 Sources and Uses of the Business Combination

The following table summarizes the sources and uses for funding the Business Combination:

Sources	(in € million)	Uses	(in € million)
Croma Shareholder rollover equity[(1)]	590.2	Croma Shareholders rollover equity[(1)]	590.2
Sponsor Shares[(2)]	17.8	Sponsor Shares[(2)]	17.8
EHC cash in escrow[(3)]	100.0	Transaction Costs[(4)]	10.0
		Cash to EHC[(5)]	90.0
Total sources	**718.0**	**Total uses**	**718.0**

(1) Includes the Consideration Shares and reflects the first tranche of Sponsor Shares, that will convert into Class A Ordinary Shares on the Trading Day following the consummation of the Business Combination (see "*7.2.1 Structure of the Business Combination*").
(2) Reflects only the first tranche of Sponsor Shares, that will convert into Class A Ordinary Shares on the Trading Day following the consummation of the Business Combination (see "*7.2.1 Structure of the Business Combination*").
(3) Reflects a scenario of redemptions in the amount of 9,000,000 Public Shares by EHC's Public Shareholders without any proceeds from the PIPE Financing.
(4) Reflects transaction costs, including M&A, legal, and other fees.
(5) The portion of the cash proceeds out of the Private Placement and the PIPE Financing in connection with the consummation of the Business Combination (subject to any redemptions of Public Shares by EHC's Public Shareholders) actually allocated to the Company to use in its sole discretion.

Additional sources may be realized from the proceeds of any PIPE Financing which will be paid in the Escrow Account and count against the Minimum Cash Condition. The proceeds of the PIPE Financing (if any) are the gross proceeds less expenses for placement agents retained by EHC, such as Joh. Berenberg, Gossler & Co. KG, Germany, and KPMG Advisory GmbH, Vienna, which receive of the gross proceeds of the PIPE Financing with respect to the investors presented by them 0.75% and 0.5%, respectively.

7.2.4 Ownership Structure of EHC after the Consummation of the Business Combination

Assuming redemptions of Public Shareholders in connection with the Business Combination of 9,000,000 Public Shares, or €90 million, and no PIPE Financing or other additional financing to occur, upon consummation of the Business Combination (i) EHC Public Shareholders will own approximately 14.6% of the Shares (without Treasury Shares); (ii) the Sponsors will own approximately 7.1% of the Shares; and (iii) the Croma Shareholders will own approximately 78.3% of the Shares.

The ownership percentages with respect to EHC following the Business Combination do not take into account the warrants to purchase Public Shares that will remain outstanding immediately following the Business Combination.

The following table illustrates the ownership structure in EHC immediately following the consummation of the Business Combination (subject to any proceeds from the PIPE Financing (if any), which may dilute any of the shareholders below).

	Share Ownership in EHC[(1)]	
	Number of Shares	Percentage of Outstanding Shares
Public Shareholders[(2)]	11,000,000	14.6%
Sponsors[(3)]	5,333,334	7.1%
Croma Shareholders[(4)]	59,017,856	78.3%
Total	75,351,190[(5)]	**100%**[(5)]

(1) The ownership structure presented in this table shows the total number of Shares issued by the Company in connection with the Business Combination other than Public Shares held as Treasury Shares by the Company or any of its subsidiaries as these Treasury Shares carry no voting and profit participation rights in the Company.

(2) Reflects a scenario of redemptions in the amount of 9,000,000 Public Shares redeemed in connection with the Business Combination, and does not include Public Warrants.
(3) Relates to all Sponsor Shares (less Forfeited Sponsor Shares) and not only the first tranche of Sponsor Shares that will convert into Public Shares on the Trading Day following the consummation of the Business Combination (see "*7.2.1 Structure of the Business Combination*"), however, does not include Sponsor Warrants.
(4) Includes 59,017,856 Consideration Shares transferred from EHC to the Croma Shareholders.
(5) Figure does not include Treasury Shares held by the Company and, thus, deviates from the total number of EHC Shares outstanding presented otherwise in this Circular.

7.2.5 Dilution Scenarios

The ownership percentages of the Public Shareholders with respect to EHC following the consummation the Business Combination are subject to possible dilutions due to the exercise of Public Warrants and Sponsor Warrants. In addition, further dilutions may occur if and to the extent EHC receives proceeds from the PIPE Financing (if any) in exchange for selling Treasury Shares to investors.

The following tables illustrate a dilution of the Public Shareholders assuming the satisfaction of the Minimum Cash Condition of the Business Combination Agreement of €100 million, *i.e.*, redemptions of €90 million of the Public Shareholders and no PIPE Financing or other additional financing to occur, plus transaction expenses of €10 million, for the scenario that the Sponsor Warrants are exercised (i) against payment in cash of the exercise price and (ii) on a cash-less basis. The Public Warrants as per their terms and conditions are only exercisable against payment in cash.

7.2.5.1 Exercise of Sponsor Warrants against Payment in Cash

Share Price	**€6.00**	**€8.00**	**€10.00**	**€11.50**	**€12.00**	**€15.00**	**€20.00**[5]
Public Shares[1] (in € million)	66	88	110	127	132	165	220
Public Warrants[2] (in € million)	0	0	0	77	80	100	133
Sponsor Shares[3] (in € million)	9	11	14	16	34	64	107
Sponsor Warrants[2] (in € million)	0	0	0	78	81	102	135
Croma Shareholders[4] (in € million)	437	582	728	837	873	1,092	1,455
Post-Money Equity Value (in € million)	513	684	855	1,138	1,209	1,538	2,077
Percentage change vs. transaction post-money equity value	*(40)*	*(20)*	*0*	*33*	*41*	*80*	*143*
Implied Ownership (%)							
Public Shares and Warrants[2]	15.6	15.6	15.6	21.0	20.6	20.2	19.9
Sponsor Shares and Warrants[2, 3]	2.0	2.0	2.0	9.8	11.2	12.6	13.6
Croma Shareholders[4]	82.4	82.4	82.4	69.2	68.2	67.2	66.5
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**

*Note: For details on transaction overview and structure, please see "7. Business Combination". Warrant dilution is calculated assuming the exercise of warrants at €11.50 (and for the Revised Sponsor Warrants at €400.00) and the simultaneous deployment of the proceeds to repurchase Public Shares (the "**Treasury Stock Method Approach**"); warrant value represents the value assuming exercise (when positive). No value is ascribed to Sponsor Shares that have not converted into Public Share.*

(1) Includes 11,000,000 Public Shares based on 20,000,000 Public Shares outstanding and assuming a redemption of 9,000,000 Public Shares, equaling €90 million.
(2) Includes 6,666,666 Public Warrants and 6,768,000 Sponsor Warrants with the Treasury Stock Method Approach assumed for dilution purposes.
(3) Includes 5,333,334 Sponsor Shares (equaling the total number of Sponsor Shares less the Forfeited Sponsor Shares) that covert into Public Shares in accordance with the Promote Schedule (see "*7.4.1.2 Sponsor Shares*"), subject to the lock-up provisions and assuming that under the last conversion all remaining Sponsor Shares convert.
(4) Includes 59,017,856 Consideration Shares transferred from EHC to the Croma Shareholders.
(5) Scenario in accordance with the Promote Schedule only to occur at the earliest 720 days following the consummation of the Business Combination (see "*7.4.1.2 Sponsor Shares*").

7.2.5.2 Exercise of Sponsor Warrants on a Cash-Less Basis

Share Price	**€ 6.00**	**€ 8.00**	**€ 10.00**	**€ 11.50**	**€ 12.00**	**€ 15.00**	**€ 20.00**[5]
Public Shares[1] (in € million)	66	88	110	127	132	165	220
Public Warrants[2] (in € million)	0	0	0	77	88	100	133
Sponsor Shares[3] (in € million)	11	14	17.8	20	43	75	107
Sponsor Warrants[2] (in € million)	0	0	0	0	3	19	46
Croma Shareholders[4] (in € million)	354	472	590.2	679	708	885	1,180
Post-Money Equity Value (in € million)	431	574	718	902	966	1,506	1,686
Percentage change vs. transaction post-money equity value	*(40)*	*(20)*	*0*	*26*	*34*	*73*	*135*
Implied Ownership (%)							
Public Shares and Warrants[2]	15.3	15.3	15.3	22.5	22.0	21.3	20.9
Sponsor Shares and Warrants[2, 3]	2.5	2.5	2.5	2.3	4.7	7.5	9.0
Croma Shareholders[4]	82.2	82.2	82.2	75.2	73.3	71.2	70.0
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Note: For details on transaction overview and structure, please see "7. Business Combination". Warrant dilution is calculated assuming the exercise of warrants at €11.50 (as the Public Warrants are not exercisable on a cash-less basis); warrant value represents the value assuming exercise (when positive). No value is ascribed to Sponsor Shares that have not converted into Public Share.

(1) Includes 11,000,000 Public Shares based on 20,000,000 Public Shares outstanding and assuming a redemption of 9,000,000 Public Shares, equaling €90 million.
(2) Includes 6,666,666 Public Warrants and 6,768,000 Sponsor Warrants.
(3) Includes 5,333,334 Sponsor Shares (equaling the total number of Sponsor Shares less the Forfeited Sponsor Shares) (see "*7.4.1.2 Sponsor Shares*"), subject to the lock-up provisions and assuming that under the last conversion all remaining Sponsor Shares convert.
(4) Includes 59,017,856 Consideration Shares transferred from the Treasury Shares to the Croma Shareholders.
(5) Scenario in accordance with the Promote Schedule only to occur at the earliest 720 days following the consummation of the Business Combination (see "*7.4.1.2 Sponsor Shares*").

7.2.6 Public Share Redemption Rights

7.2.6.1 Repurchase of Class A Ordinary Shares held by Shareholders at the time of the Business Combination

EHC will repurchase all Class A Ordinary Shares offered within the acceptance period and in accordance with the terms set out in this paragraph, by the Shareholders that so wish (the "**Redeeming Shareholders**"). The arrangements set out in this paragraph are referred to as the "**Redemption Arrangements**". For the avoidance of doubt, a Shareholder can vote on its Class A Ordinary Shares at the AGM irrespective of whether it has elected to exercise its rights to have such Class A Ordinary Shares repurchased under the Redemption Arrangements. The repurchase of Class A Ordinary Shares submitted for repurchase under the Redemption Arrangements by the Redeeming Shareholders before the end of the acceptance period becomes unconditional if and when the General Meeting resolves to approve the Business Combination at the AGM, after which the EHC Board shall resolve ultimately with effect immediately prior to the execution of the Deed of Conversion and Amendment of the Articles (which is expected on July 6, 2023) to repurchase these Class A Ordinary Shares (the "**Repurchase Effective Moment**"). Immediately after the Repurchase Effective Moment, the gross repurchase price becomes due and payable to the relevant Redeeming Shareholders and EHC will instruct ABN AMRO (as listing and paying agent) to pay-out such gross repurchase price from its bank account through Euroclear Nederland.

7.2.6.2 Gross Repurchase Price and Acceptance Period

The gross repurchase price of a Class A Ordinary Share under the Redemption Arrangements is equal to a pro rata share of funds in the Escrow Account as determined by the EHC Board two Business Days prior to the AGM, which is expected to be €10.00 per Class A Ordinary Share. BAUR I&C GmbH, RNRI GmbH, CCC Investment GmbH, SO I GmbH, PS Capital Management GmbH, and Winners & Co. GmbH (the "**Sponsors**") do not have any redemption rights in connection with the completion of the Business Combination with respect to any Class B Ordinary Shares held by them. The acceptance period for the repurchase of Class A Ordinary

Shares under the Redemption Arrangements starts at May 15, 2023 and ends at 17:40 CEST on June 23, 2023. Financial Intermediaries (as defined below) can determine that this deadline ends at any time prior to this deadline and will communicate this deviating timeline to their customers without the Company's involvement. The repurchase of Class A Ordinary Shares under the Redemption Arrangements is anticipated to take place ultimately on the day the Deed of Conversion and Amendment of the Articles is executed. By submitting their Class A Ordinary Shares for repurchase under the Redemption Arrangements during the abovementioned acceptance period, Redeeming Shareholders accept (*aanvaarden*) the offer (*aanbod*) of the Company to repurchase such Class A Ordinary Shares. The repurchase of Class A Ordinary Shares under the Redemption Arrangements becomes unconditional upon the Repurchase Effective Moment, immediately after which the Company will instruct ABN AMRO (as listing and paying agent) to pay-out the gross repurchase price due and payable to the Redeeming Shareholders from its bank account through Euroclear Nederland. The Redeeming Shareholders are expected to receive the gross repurchase price on or around July 6, 2023 from their bank or stockbroker (the "**Financial Intermediary**"). The Company can only repurchase Class A Ordinary Shares to the extent allowed under Dutch law and repurchases will be made in accordance with Dutch law.

7.2.6.3 Transfer Details

The Redeeming Shareholders must instruct their Financial Intermediary ultimately before 17:40 CEST on June 23, 2023 or at any earlier deadline communicated by the Financial Intermediary. The Financial Intermediary must submit their instruction for the Redemption Arrangements electronically through the system of Euroclear Nederland via MT565 SWIFT message or Easyway before 17:40 CEST on June 23, 2023. By doing so the Financial Intermediary must clearly state the name and address of the Redeeming Shareholders to ABN AMRO. As soon as it has been indicated in the Euroclear Nederland system that a Shareholder wants to use the option of having its Class A Ordinary Shares repurchased, these Class A Ordinary Shares will be blocked and can no longer be traded on Euronext Amsterdam or otherwise transferred.

7.2.6.4 Limitation on Redemption Rights of Class A Ordinary Shareholders Holding more than 15% of the Class A Ordinary Shares

The current articles of association of the Company provide that a holder of Class A Ordinary Shares, together with any affiliate of such holder of Class A Ordinary Shares or any other person with whom such holder of Class A Ordinary Shares is acting in concert, will be restricted from having its holder of Class A Ordinary Shares redeemed with respect to more than an aggregate of 15% of the Class A Ordinary Shares (the "**Excess Shares**"), without the prior consent of EHC. EHC believes this restriction will discourage holders of Class A Ordinary Shares from accumulating large blocks of Class A Ordinary Shares, and subsequent attempts by such holders of Class A Ordinary Shares to use their ability to redeem their Class A Ordinary Shares as a means to force EHC or a Sponsor or any of the Sponsors' affiliates to purchase their Class A Ordinary Shares at a significant premium to the then-current market price or on other undesirable terms. Absent this provision, a holder of Class A Ordinary Shares holding more than an aggregate of 15% of the Class A Ordinary Shares could threaten to exercise its redemption rights against a Business Combination if the Class A Ordinary Shares of such holder are not purchased by EHC or the Sponsor or any of their affiliates at a premium to the then-current market price or on other undesirable terms. By limiting the ability of holders of Class A Ordinary Shares to redeem to no more than 15% of the Class A Ordinary Shares, EHC believes it will limit the ability of a small group of holders of Class A Ordinary Shares to unreasonably attempt to block EHC's ability to complete a Business Combination, particularly in connection with a Business Combination with a target that requires as a closing condition that EHC has a minimum net worth or a certain amount of cash. However, EHC would not be restricting the ability of holders of Class A Ordinary Shares to vote all of their Class A Ordinary Shares (including any Excess Shares) for or against a Business Combination.

The current articles of association of the Company include certain provisions authorizing the EHC Board to request certain information from holders of Class A Ordinary Shares seeking to exercise their redemption rights and obligating such holder of Class A Ordinary Shares to provide such information, acting in good faith. The current articles of association of the Company also include certain provisions allowing the EHC Board to limit the redemption rights of holders of Class A Ordinary Shares if the EHC Board, acting in good faith, believes that a holder of Class A Ordinary Shares together with any other person with whom such holder of Class A Ordinary Shares is acting in concert, is seeking to redeem more than an aggregate of 15% of the Class A Ordinary Shares.

7.2.6.5 Withdrawal of Redemption Notification

To withdraw Class A Ordinary Shares previously submitted for repurchase under the Redemption Arrangements, holders of Class A Ordinary Shares must instruct the Financial Intermediary which they initially

instructed to submit their Class A Ordinary Shares for redemption, as described above, to arrange for the withdrawal of such Class A Ordinary Shares by the timely deliverance of a written or facsimile transmission notice of withdrawal to their Financial Intermediary in accordance with relevant procedures in the EHC Prospectus and their Financial Intermediary. The Financial Intermediary must submit their amended instruction electronically through the system of Euroclear Nederland via MT565 SWIFT message or Easyway. Any request to repurchase Class A Ordinary Shares, once made, may be withdrawn up to 17:40 CEST on June 23, 2023. Any notice of withdrawal must specify the name of the person having submitted the Class A Ordinary Shares for repurchase to be withdrawn, the number of Class A Ordinary Shares to be withdrawn and the name of the registered holder of the Class A Ordinary Shares to be withdrawn. All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by the Company, in its sole discretion, which determination will be final and binding. Holders of Class A Ordinary Shares should contact their Financial Intermediary to obtain information about the deadline by which such holder of Class A Ordinary Shares must send instructions to the Financial Intermediary to withdraw their Class A Ordinary Shares for redemption and should comply with the dates set by such Financial Intermediary, as such dates may differ from the dates and times noted in the EHC Prospectus, this Circular or any subsequent publication on redemption. Withdrawals of submissions for repurchase of Class A Ordinary Shares may not be rescinded, and any Class A Ordinary Shares properly withdrawn will be deemed not to have been validly submitted for repurchase. However, Class A Ordinary Shares may be re-submitted for repurchase. It may take up to two Trading Days for Class A Ordinary Shares that have been withdrawn to be unblocked and for the holder of Class A Ordinary Shares to have the ability to trade such Class A Ordinary Shares. In addition, should a holder of Class A Ordinary Shares withdraw its Class A Ordinary Shares and subsequently again wish to notify the Company of its intention to have its Class A Ordinary Shares repurchased, such notification may not be able to be made in a timely fashion and such Class A Ordinary Shares may therefore not be able to be repurchased.

7.2.6.6 Class A Ordinary Shares Repurchased

In accordance with the EHC Prospectus, the EHC Board may resolve within one month following repurchase, to place any or all of the Class A Ordinary Shares acquired by the Company from holders of Class A Ordinary Shares with existing Shareholders or with third parties seeking to obtain Class A Ordinary Shares.

The EHC Board proposes that all Class A Ordinary Shares repurchased by the Company from Redeeming Shareholders under the Redemption Arrangements, are cancelled (*ingetrokken*), as further described in relation to agenda item (15).

For the avoidance of doubt, the repurchase of the Class A Ordinary Shares held by a Redeeming Shareholder does not trigger the repurchase of the Warrants held by such Redeeming Shareholder (if any). Accordingly, Redeeming Shareholders whose Class A Ordinary Shares are repurchased by the Company will retain all rights to any Warrants that they may hold at the time of repurchase.

7.2.6.7 No redemption if the Business Combination is not completed

If the Business Combination is not approved for any reason, then the Redeeming Shareholders will not be entitled to redeem their Class A Ordinary Shares for the applicable pro rata share of the Escrow Account.

If the Business Combination is not completed, the Company may continue to try to complete a Business Combination with a different target until the Business Combination Deadline.

Tax matters are complicated, and the tax consequences of exercising your right to seek a repurchase will depend on the facts of your own situation. You should consult your own tax advisor as to the specific tax consequences of the exercise of this right to you in your particular circumstances.

7.2.7 Certain Tax Consequences of the Business Combination

Please see "*7.7 Taxation*" and "*7.8 Taxation in Germany*".

7.2.8 Material Agreements of EHC

The material contracts, EHC has entered into (other than the Business Combination Agreement as well as the other agreement concluded in connection therewith (see "*7.1 Business Combination Agreement and Ancillary Documents*")) are described in detail in the EHC Prospectus, some of which are also described below in a condensed version.

7.2.8.1 Escrow Agreement

EHC has entered into an escrow agreement with Deutsche Bank AG and Deutsche Bank AG, London branch, pursuant to which EHC established a segregated Escrow Account at Deutsche Bank for (i) the gross proceeds from the Private Placement, (ii) the gross proceeds from the Additional Sponsor Subscription, and (iii) the interest earned on these gross proceeds, if any. The escrow agreement is a German law governed contract with protective effect in favor of EHC and the Public Shareholders.

Pursuant to the escrow agreement, Deutsche Bank AG, London branch acted in the function as escrow agent and hold the escrow account. Deutsche Bank AG, London branch is only allowed to release the funds from the Escrow Account if instructed accordingly by EHC (i) in case of a consummation of the Business Combination, (ii) in case no Business Combination has been consummated by the business combination deadline, and (iii) to pay income tax on interest earned, if any, on the Escrow Account to EHC. In no other event is Deutsche Bank AG London branch permitted to release or to effect the release of funds from the Escrow Account, except in case legally required pursuant to a final or immediately enforceable judgment or other order of a competent court.

In case of the consummation of the Business Combination, the amounts held on deposit in the Escrow Account will first be used to (i) redeem the Class A Ordinary Shares for which a redemption right was validly exercised, (ii) pay any net positive interest accrued on the amount deposited in the Escrow Account (if any) pro rata to the redeeming shareholders, (iii) pay the deferred listing commissions (as described in the EHC Prospectus) and (iv) pay any remainder of any amount in the Escrow Account to EHC.

7.2.8.2 Warrant Purchase Agreement

EHC and the Sponsors entered into a warrant purchase agreement, pursuant to which the Sponsors agreed, among others, to subscribe for an aggregate of 5,128,000 Sponsor Warrants at a price of €1.50 per Sponsor Warrant (€7,692,000 in the aggregate) under the Sponsor Capital At-Risk and for 1,640,000 Sponsor Warrants at the same price under the Additional Sponsor Subscription (€2,460,000 in the aggregate). The Sponsors and EHC agreed to set off the principal amount due under a shareholder loan against a portion of the aggregate subscription price for the Sponsor Warrants under the Sponsor Capital At-Risk.

The Additional Sponsor Subscription is intended to cover negative interest charged on moneys standing to the credit of the Escrow Account ("**Deposit Fee**") up to an amount equal to the proceeds from the Additional Sponsor Subscription, and, thus allowing for a redemption of the Public Shares at a price of up to €10.00 per share. If no proceeds from the Additional Sponsor Subscription are remaining after the deduction of the Deposit Fee, the proceeds from the Private Placement will be taken. For any excess portion of the Additional Sponsor Subscription remaining after consummation of the Business Combination and redemption of Public Shares, the Sponsors may elect to either (i) request repayment of the remaining cash portion of the Additional Sponsor Subscription by redeeming the corresponding number of Sponsor Shares and Sponsor Warrants subscribed for under the Additional Sponsor Subscription, or (ii) to keep the Sponsor Shares and Sponsor Warrants subscribed for under the Additional Sponsor Subscription (in which case EHC may keep the remaining cash portion of the Additional Sponsor Subscription for discretionary use).

7.3 Corporate Governance

7.3.1 General

This section gives an overview of the material information concerning the Management Board, the Supervisory Board, Croma's employees and its corporate governance as of Consummation. It is based on and discusses relevant provisions of Dutch law as in effect on the date of this Circular, the Articles of Association, the Management Board Rules (as defined below under "*7.3.3.2 Management Board Rules*") and the Supervisory Board Rules (as defined below under "*7.3.4.2 Supervisory Board Rules*") as these will be in effect ultimately upon the execution of the Deed of Conversion and Amendment of the Articles. The full text of the Articles of Association (in Dutch, and an unofficial English translation thereof) is available free of charge on the Company's website (www.ehc-company.com) and the full text of the Management Board Rules and the Supervisory Board Rules (in English) will be available free of charge on the Company's website (www.croma.at).

7.3.2 Management Structure

After execution of the Deed of Conversion and Amendment of the Articles, the Company will have a two-tier board structure consisting of the Management Board and the Supervisory Board. The Management Board is the executive body (*bestuur*) and is responsible for the day-to-day management of the Company, which includes, among other things, formulating its strategies and policies and setting and achieving its objectives. The Supervisory Board (*raad van commissarissen*) supervises and advises the Management Board. The Management Board and the Supervisory Board are jointly responsible for the corporate governance structure of the Company.

Upon consummation of the Business Combination, the provisions in Dutch law which are commonly referred to as the 'large company regime' (*structuurregime*), do not apply to the Company. The Company does not intend to voluntarily apply the 'large company regime'. The Company may meet the requirements of the 'large company regime' in the future, which will have an impact on the governance described below.

In addition, upon Consummation a voluntarily scientific advisory board will be established at the level of Croma in order to allow Martin Prinz, who is transitioning from managing director of Croma to Supervisory Director, to continue its research and development activities for the benefit of Croma (see "*7.3.13 Scientific Board*").

7.3.3 Management Board

7.3.3.1 Powers, Responsibilities and Functioning

The Management Board is entrusted with the management of the Company and responsible for the continuity of the Company under the supervision of the Supervisory Board.

The Management Board's responsibilities include, among other things, setting the Company's management agenda, developing a view on sustainable long-term value creation by the Company, enhancing the performance of the Company, developing a strategy, identifying, analyzing and managing the risks associated with the Company's strategy and activities and establishing and implementing internal procedures, which safeguard that all relevant information is known to the Management Board and the Supervisory Board in a timely manner. The Management Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those expressly attributed to the General Meeting or the Supervisory Board as a matter of Dutch law or pursuant to the Articles of Association (see "*7.3.3.5 Meetings and Decisions*"). Pursuant to the Articles of Association and the Management Board Rules, the Management Board may allocate duties to individual Managing Directors and may establish committees consisting of one or more Managing Directors. In fulfilling their responsibilities, the Managing Directors must act in the interest of the Company and give specific attention to the relevant interests of the Company's employees, Shareholders, lenders, customers, suppliers and other stakeholders of the Company.

The Management Board shall timely provide the Supervisory Board with the information necessary for the performance of the Supervisory Board's duties. The Management Board is required to keep the Supervisory Board informed and to consult with the Supervisory Board on important matters. The Management Board shall inform the Supervisory Board, in writing, and at least once a year, of the main outlines of the Company's strategic policy, the general and financial risks, and the management and control systems.

The Management Board as a whole is authorized to represent the Company. Additionally, the Managing Director with the title CEO and the Managing Director with the title CFO are both authorized to individually represent the Company. Pursuant to the Articles of Association, the Management Board may grant one or more persons, whether or not in the Company's employ, a power of attorney or other form of continuing authority to represent the Company or to grant one or more persons such titles as it sees fit.

7.3.3.2 Management Board Rules

Pursuant to the Articles of Association, the Management Board may adopt rules and regulations that allocate duties to one or more Managing Directors and regulate such subjects as the Management Board deems necessary or appropriate such as the duties, tasks, composition, procedures and decision-making of the Management Board. The resolution of the Management Board to establish such rules and regulations and any amendment thereto requires the approval of the Supervisory Board. The management board rules of the Company are expected to become effective following consummation of the Business Combination Agreement (the "**Management Board Rules**") and will upon adoption be available on the Company's website (www.ehc-company.com).

7.3.3.3 Composition, Appointment, Dismissal and Suspension

The Articles of Association and the Management Board Rules provide that the number of Managing Directors shall be determined by the Supervisory Board, after consultation with the Management Board. Following the execution of the Deed of Conversion and Amendment of the Articles, the Management Board will initially comprise two Managing Directors.

If a Managing Director is to be appointed, the Supervisory Board shall nominate one or more candidates. A resolution of the General Meeting to appoint a Managing Director shall be adopted by a simple majority of the votes cast.

The Articles of Association provide that a Managing Director may be suspended or dismissed as a Managing Director by the General Meeting at any time, provided that such suspension or dismissal does not occur before the Managing Director in question has had an opportunity to be heard by the General Meeting with regard to the intended suspension or dismissal. In addition, a Managing Director may be suspended by the Supervisory Board at any time. A suspension by the Supervisory Board or the General Meeting can be ended by the General Meeting at any time. A suspension may be extended one or more times, but may not last longer than three months in aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on dismissal of the Managing Director, the suspension shall end.

A resolution of the General Meeting to suspend or dismiss a Managing Director, other than in accordance with a nomination of the Supervisory Board, requires a simple majority of the votes cast, which represents at least one third of the Company's issued capital.

7.3.3.4 Term of Appointment

A Managing Director shall be appointed for a period which shall end not later than at the end of the annual General Meeting to be held in the fourth calendar year after the calendar year in which the Managing Director was appointed.

7.3.3.5 Meetings and Decisions

Pursuant to the Articles of Association, resolutions of the Management Board are adopted by a simple majority of the votes cast, unless the Articles of Association or the Management Board Rules provide for a qualified majority and/or quorum requirement. Each Managing Director has one vote. If the vote is tied, the proposal shall be deemed to have been rejected.

The Management Board may also adopt resolutions without convening a meeting, provided that all Managing Directors entitled to vote have been consulted and none of them have raised an objection to adopt resolutions in this manner.

Dutch law and the Articles of Association provide that resolutions of the Management Board involving major changes in the Company's identity or character are subject to the approval of the General Meeting. Such changes include:

- the transfer of all or a substantial portion of the business and/or assets of the Company to a third party;
- entering into or terminating a long-term cooperation between the Company or a subsidiary (*dochtermaatschappij*) and another legal entity or company or as a fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of fundamental importance for the Company; and
- acquiring or disposing of a participation in the capital of a company if the value of such participation is at least one-third of the sum of the assets of the Company according to its consolidated balance sheet and explanatory notes set out in the last adopted annual accounts of the Company, by the Company or a subsidiary (*dochtermaatschappij*).

In addition the Articles of Association provide that resolutions of the Management Board regarding: (i) the entering into a merger or demerger are subject to the approval of the General Meeting subject to the exceptions as set out in the Articles of Association and (ii) any change of provisions relating to the sponsor lock-up as included in the sponsor agreement between the Company and the Sponsors entered into on November 16, 2021 are subject to the approval of the General Meeting by a resolution taken with a majority of at least two-thirds of

the votes cast representing more than half of the issued share capital. A second meeting as referred to in article 2:120 paragraph 3 of the DCC cannot be convened.

Further, certain resolutions of the Management Board, as stipulated in the Articles of Association and according to Schedule 2 of Management Board Rules, which are based on the agreements reached in the Relationship Agreement (see "*7.5.1 Relationship Agreement*"), or pursuant to a resolution of the Supervisory Board from time to time, require the approval of the Supervisory Board.

In each of the above-mentioned situations, the absence of approval (from the Supervisory Board or the General Meeting, as the case may be) does not affect the authority of the Management Board or the Managing Directors to represent the Company, but may lead to liability of such Managing Director towards the Company.

7.3.3.6 Conflicts of Interest

Dutch law provides that a member of the management board of a Dutch public limited liability company, such as the Company (under its governance effective immediately after conversion), may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the Company. Such a conflict of interest in any event exists if in the situation at hand the Managing Director is deemed to be unable to serve the interests of the Company and the business connected with it with the required level of integrity and objectivity.

Pursuant to the Articles of Association, any Managing Director shall immediately report any (actual or potential) conflict of interest to the other Managing Directors and the chairperson of the Supervisory Board ("**Chairperson**") and shall provide all information relevant to the (actual or potential) conflict. A Managing Director may not participate in the deliberation and decision-making on a subject or transaction in relation to which such Managing Director has a direct or indirect personal conflict of interest. If no resolution can be adopted by the Management Board as a consequence of such a conflict of interest, the resolution concerned will be adopted by the Supervisory Board. A Managing Director may request the Chairperson to have the Supervisory Board determine whether such Managing Director has a conflict of interest in the event of uncertainty on the existence of a conflict of interest.

In addition, if a Managing Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and such Managing Director may be held liable towards the Company. As a general rule, the existence of an (actual or potential) conflict of interest does not affect the authority to represent the Company. Furthermore, as a general rule, agreements and transactions entered into by a company cannot be annulled on the grounds that a decision of its management board was adopted with the participation of conflicted managing director(s). However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest.

7.3.3.7 Managing Directors

As of the execution of the Deed of Conversion and Amendment of the Articles, and subject to the adoption of the resolutions under agenda item 10 (Conditional appointment of the Managing Directors) by the AGM, the Management Board will comprise the following two Managing Directors:

Name	Age	Position	Managing Director since/from	Term
Mr. Andreas Prinz.....	47	Chief Executive Officer	2023	2027
Mr. Peter Haidenek.....	57	Chief Financial Officer	2023	2027

7.3.3.8 Biographies

Mr. Andreas Prinz (born 1974 in Austria, Austrian) is Croma's chief executive officer. He has been a managing director of Croma since 2004. Furthermore, Mr. Andreas Prinz is on the management board of various other companies that are not companies of the Croma Group, namely OLIN Holding GmbH, I&O Immobilien GmbH, JIPO GmbH and IBA Immobilien GmbH. Prior to his appointment as managing director of Croma, he held various positions (e.g., export manager) within Croma.

Mr. Peter Haidenek (born 1965 in Germany, German) is Croma's chief financial officer. He has been a managing director of Croma since 2022. Prior, he served as chief financial officer at Polytec Holding AG for over ten years.

7.3.4 Supervisory Board

7.3.4.1 Powers, Responsibility and Functioning

The Supervisory Board supervises the manner in which the Management Board implements the sustainable long-term value creation strategy of the Company and the general course of affairs in the Company and its affiliated business. The Supervisory Board is accountable for these matters to the General Meeting. The Supervisory Board also provides advice to the Management Board. In performing their duties, the Supervisory Directors are required to focus on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial reporting. In the fulfilment of their duty, the Supervisory Directors shall orient themselves according to the interests of the Company and its affiliated business.

7.3.4.2 Supervisory Board Rules

Pursuant to the Articles of Association, the Supervisory Board may adopt rules and regulations, allocating duties to one or more Supervisory Directors and regulating such subjects as the Supervisory Board deems necessary or appropriate. Such rules and regulations describe the duties, tasks, composition, procedures and decision-making of the Supervisory Board. The supervisory board rules of the Company are expected to become effective as of the execution of the Deed of Conversion and Amendment of the Articles (the "**Supervisory Board Rules**") and will upon adoption be available on the Company's website (www.croma.at).

7.3.4.3 Composition, Appointment, Dismissal and Suspension

The Articles of Association and the Supervisory Board Rules provide that the Supervisory Board consists of six Supervisory Directors. Only natural persons may be appointed as Supervisory Directors.

If a Supervisory Director is to be appointed by the General Meeting, the Supervisory Board shall nominate one or more candidates. The Supervisory Board may make such nomination binding or non-binding. The General Meeting may overrule a binding nomination by a majority of at least two-thirds of the votes cast representing more than half of the Company's issued capital. A resolution of the General Meeting to appoint a Supervisory Director shall be adopted by a simple majority of the votes cast. Pursuant to the Relationship Agreement (see "*7.5.1 Relationship Agreement*"), OLIN and PMJ have the right to designate for nomination one or more candidates for appointment by the General Meeting as Supervisory Director (see "*7.5.1.2 Composition of the Supervisory Board*").

According to the Articles of Association and in accordance with the best practice provisions of the Dutch Corporate Governance Code, the Supervisory Board must prepare a profile (*profielschets*) for its size and composition, taking account of the nature and activities of the business, the desired expertise and background of the Supervisory Directors, the desired mixed composition and the size of the Supervisory Board and the independence of the Supervisory Directors.

The Articles of Association provide that a Supervisory Director may be suspended or dismissed as a Supervisory Director by the General Meeting at any time. In addition, a Supervisory Director may be suspended by the Supervisory Board at any time. A suspension by the Supervisory Board or the General Meeting can be ended by the General Meeting at any time. A suspension may be extended one or more times, but may not last longer than three months in aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on dismissal of the Supervisory Director, the suspension shall end.

7.3.4.4 Term of Appointment

The Articles of Association provide that Supervisory Directors will retire at the end of the annual general meeting which is held in the fourth calendar year after the calendar year in which the Supervisory Director was appointed or on an earlier date as determined in the retirement schedule. A Supervisory Director may be reappointed for a period of four years and may be reappointed for an additional period of two years, which appointment can be extended by at most two years. Supervisory Directors shall retire periodically in accordance with a retirement schedule to be drawn up by the Supervisory Board in order to avoid, as far as possible, a situation in which many Supervisory Directors retire at the same time.

7.3.4.5 Meetings and Decisions

Pursuant to the Articles of Association, resolutions of the Supervisory Board are adopted by a simple majority of the votes cast in a meeting in which at least the majority of the Supervisory Directors entitled to vote are present or represented, unless the Supervisory Board Rules provide for a qualified majority and/or quorum

requirement. Each Supervisory Director has one vote and the Chairperson has the deciding vote if the vote is tied. In the event of a tie of votes, the proposal shall be deemed to have been rejected.

The Supervisory Board may also adopt resolutions without convening a meeting, provided that all Supervisory Directors entitled to vote have been consulted and none of them have raised an objection to adopt resolutions in this manner.

7.3.4.6 Conflicts of Interest

Similar to the rules that apply to managing directors as described above, Dutch law also provides that a supervisory director of a Dutch public limited liability company, such as the Company (under its governance effective immediately after conversion), may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the Company.

Pursuant to the Articles of Association, any Supervisory Director (other than the Chairperson) shall immediately report any (actual or potential) conflict of interest, as described above or in the meaning of the Dutch Corporate Governance Code, to the Chairperson and must provide him with all information relevant to the (actual or potential) conflict. In case the Chairperson has an (actual or potential) conflict of interest, he or she shall immediately report such (actual or potential) conflict to the vice-chairperson of the Supervisory Board.

If no resolution can be adopted by the Supervisory Board as a consequence of personal conflicts of interests of all Supervisory Directors, the relevant resolution will nonetheless be adopted by the Supervisory Board, but the Supervisory Board shall record in writing the reasons for the resolution.

7.3.4.7 Supervisory Directors

As of the execution of the Deed of Conversion and Amendment of the Articles, and subject to the adoption of the resolutions under agenda item 11 (Conditional appointment of the Supervisory Directors) by the AGM, the Supervisory Board will comprise the following Supervisory Directors:

Name	Age	Position	Supervisory Director since/from	Independent / Non-independent	Term
Dr. Stefan Oschmann.....	65	Chair	2023	Independent	2027
Mr. Martin Prinz.....	53	Member	2023	Non-independent	2027
Dr. Katharina Kiss	50	Member	2023	Independent	2027
Mag. Stefan Schmuckenschlager	44	Member	2023	Independent	2027
Dr. Cornelius Baur.....	61	Member	2023	Non-independent	2027
Dr. Donatella Ceccarelli	63	Member	2023	Independent	2027

Dr. Stefan Oschmann (born 1957 in Germany, German) is the Chairperson of the Supervisory Board. Dr. Oschmann joined the U.S. pharmaceutical company MSD Merck Sharp & Dohme in 1989, where he held a range of executive positions until 2011. Among others, he served as vice president of MSD Europe, managing director of MSD Germany, senior vice president for worldwide human health marketing, member of the senior management and corporate officer responsible for Europe, the Middle East, Africa and Canada and, finally, president of MSD's emerging markets. In 2011, Dr. Oschmann joined Merck KGaA. In 2016, he was appointed chief executive officer and chairperson of the executive board of Merck KGaA until April 2021. Dr. Oschmann joined the board of UCB S.A. as chair and independent director in 2021 and later stepped down in 2022. Currently, he is chairman of AiCuris Anti-infective Cures AG.

Mr. Martin Prinz (born 1970 in Austria, Austrian) has been a managing director of Croma for 25 years until 2023. He has been chief technical officer for 25 years. Within those years he has developed a wide range of medical and special pharmaceutical products. He has also been managing director of several subsidiaries of Croma. Among others, he has served as managing director of Croma GmbH, Croma International Holding GmbH, and Croma Austria Holding GmbH. Furthermore, he holds management positions at PMJ GmbH, JIPO GmbH and IBA Immobilien GmbH and he is a trustees member of Berger Privatstiftung. Furthermore, he has increased shareholder value and compliance in various ways. Mr. Prinz has also invented and co-invented a total of 112 national and international patents and pending patent applications in 38 countries which are based on 9 patent families.

Dr. Katharina Kiss (born 1972 in Austria, Austrian) is not a current board member of the Company or Croma. Since completing her specialty training at the Vienna General Hospital in the departments of Emergency Medicine and Cardiology in 2003, Dr. Kiss has been active in research in the field of interventional cardiology, primarily focusing on the development of minimally invasive heart valves. She is CEO and owner of P+F Products and Features GmbH and founder and owner of P+F Cardiovascular GmbH. In addition, Dr. Kiss is a major shareholder and medical director of Cardiology-angiology Clinic Dr. Kiss. Furthermore, she is co-owner and founder of several joint ventures in Hong Kong and India for those respective markets. In 2001, Dr. Kiss co-founded Translumina GmbH, where she was a majority shareholder until the sale of that company in 2019 to an Indian international holding group.

Mag. Stefan Schmuckenschlager (born 1978 in Austria, Austrian) has been a supervisory board member of Croma since 2020. From 2008 to 2017, Mag. Schmuckenschlager was part of the key account team & public affairs at Bundesbeschaffungs GmbH (BBG) and from 2005 to 2008 he was assistant of the company spokesperson at Österreich Werbung. Mag. Schmuckenschlager has been the mayor of the municipality of Klosterneuburg, Austria, since 2009. Since 2020, he is the public policy advisor of Backbone.one GmbH. Furthermore, he is founder and manager of "Velowelle" Gastronomie GmbH and he has been a shareholder in Apptec Ventures GmbH since 2018.

Dr. Cornelius Baur (born 1962 in Germany, German) has been the CEO of the Company from 2021 until 2023. He started his career at McKinsey & Company in 1990, where he advised companies in the automotive, high-tech and healthcare sectors for more than 30 years. He was elected partner in 1996, senior partner in 2001 and managing partner for Germany and Austria in 2014, a position he held until early 2021. Dr. Baur served on McKinsey's global shareholder committee for six years, thereof three years as chair of the finance committee, and from 2018-2021 he was also a member of the global executive team of McKinsey.

Dr. Donatella Ceccarelli (born 1959 in Italy, Italian) is not a current board member of the Company or Croma. Dr. Ceccarelli is a member of the supervisory board of Advanced Metallurgical Group N.V. She is the chair of its audit and risk committee as well as a member of the selection and nomination committee. In addition, she is chairwoman of the executive board of Flick Privatstiftung and a managing director at Flick Family Office GmbH. Furthermore, she is a board member of the Organisation for International Economic Relations (OIER). From 2008 to 2011, Dr. Ceccarelli was vice president / dirigente global wealth management at Merrill Lynch International. Before that, she fulfilled several executive and non-executive positions including as executive director at Lehman Brothers International Europe.

7.3.4.8 Supervisory Board Committees

The Articles of Association and the Supervisory Board Rules provide that the Supervisory Board may establish from its midst an audit committee, a remuneration committee and a nomination committee or one or more of each of these committees or a combination thereof. The function of these committees is to assist the decision-making of the Supervisory Board. The committees are charged with the tasks specified by the Supervisory Board. The Supervisory Board remains collectively responsible for decisions prepared by its committees and accountable for the performance and affairs of the Company. Initially, upon the execution of the Deed of Conversion and Amendment of the Articles, the Supervisory Board will have constituted an audit committee (the "**Audit Committee**") and a remuneration committee (the "**Remuneration Committee**"). Dr. Donatella Ceccarelli will be the initial chair of the Audit committee and Dr. Cornelius Baur will be the initial chair of the Remuneration Committee. Please also see "*7.5.1.2 Composition of the Supervisory Board*".

7.3.5 Management Board Remuneration

The remuneration of and further conditions of employment of the individual Managing Directors shall be determined by the Supervisory Board, with due observance of the remuneration policy, as adopted by the General Meeting upon a proposal of the Supervisory Board. The Remuneration Committee shall submit a proposal to the Supervisory Board with regard to such remuneration policy as well as a proposal for the remuneration of individual Managing Directors. With respect to arrangements for Managing Directors in the form of Ordinary Shares or rights to acquire Ordinary Shares, the Supervisory Board submits a proposal to the General Meeting for approval.

The remuneration policy aims (a) to attract, reward and retain highly qualified Managing Directors to achieve business and financial goals that create sustainable long-term value for the Company and its affiliated enterprise in a manner consistent with the core business and leadership values of the Company, and (b) to attract and retain diverse Supervisory Directors with the right balance of personal skills, competences and experience required to oversee the Company's strategy and performance.

Based on the remuneration policy, the remuneration of the Managing Directors may consist of the following components:

(a) fixed compensation – annual service fee;

(b) short-term incentive – annual bonus plan;

(c) long-term incentive – performance share unit plan; and

(d) other benefits.

7.3.5.1 Fixed Compensation – Annual Service Fee

The fixed compensation for each Managing Director is a fixed cash compensation. The service fee will be evaluated periodically by the Supervisory Board, taking also into account factors such as the Company's and individual development, experience, capability and marketability of the Management Board, the nature of the individual's roles and responsibilities, historic salary/fee levels of the individual, internal pay levels as well as general market developments.

Service fees of Managing Directors will be determined by comparing the service fee / base salary levels around the median level of the remuneration reference group. The Remuneration Committee will make a proposal for the Managing Directors' fixed compensation for determination by the Supervisory Board.

7.3.5.2 Short-Term Incentive – Annual Bonus Plan

The Managing Directors may be eligible to receive an annual bonus in cash subject to the achievement of certain performance related goals. This short-term incentive opportunity shall not exceed 75% of the Managing Director's annual service fee. 75% of the short-term incentive component shall be based on financial objectives and the remaining 25% shall be based on clearly defined personal or other non-financial objectives consistent with strategy. Each of the short-term incentive components shall be calculated separately and shall be paid if at least 80% of the determined targets for the applicable component have been achieved. If the determined targets have been achieved at a rate between 80% and 100%, the relevant short-term incentive component shall be payable on a *pro rata* basis. The personal component shall be capped at 100% target achievement. If the targets for the financial short-term incentive component have been achieved at a rate of more than 100%, it shall be determined as follows: (i) at 105% target achievement: 110% of the financial component; (ii) at 110% target achievement: 125% of the financial component; (iii) at 115% target achievement: 145% of the financial component; (iv) at 120% target achievement: 170% of the financial component; and (v) at 125% target achievement: 200% of the financial component.

Under the service agreements that will be in place after the execution of the Deed of Conversion and Amendment of the Articles, the annual bonus at 100% achievement of these targets amounts to 30% and 35.71% (as from 2024 onwards: 53.67%) of the annual base salary of the CEO and CFO respectively. The achievement of targets and pay-out levels will be reported in the annual remuneration report.

Under the service agreements that will be in place after the execution of the Deed of Conversion and Amendment of the Articles, the bonus for 2023 shall be subject to the achievement of the targets that were set for the Managing Directors as managing directors of Croma for 2023. Provided that at least 80% of such 2023 targets are achieved, the bonus shall be payable to the same extent as the extent of the achievement of the 2023 targets. The bonus for 2023 will be paid on a *pro rata temporis* basis (calculated as from and including July 6, 2023).

7.3.5.3 Long-Term Incentive – Performance Share Unit Plan

The Managing Directors may be eligible for long-term incentive awards. The Supervisory Board explicitly selects the Managing Directors who are entitled to participate in the Croma PSU. This is further set out under "*7.3.14 Long-Term Incentive Plan*".

7.3.5.4 Other Benefits

The Managing Directors may be entitled to certain customary fringe benefits such as a company car. Other benefits (*e.g.*, health insurance, reimbursement of reasonable expenses incurred, D&O liability insurance, etc.) will be provided in line with the existing Company agreements and practices, or as determined by the Supervisory Board. The Managing Directors will further be entitled to benefits that are mandatory under applicable laws (*e.g.*, pursuant to the Austrian Act on Severance Funds).

7.3.5.5 Severance Payments

The Supervisory Board will determine the appropriate severance payment, if any, for Managing Directors. In determining such payment, the Supervisory Board shall observe applicable laws and corporate governance rules. Any severance payment must not exceed a sum equivalent to two times the annual service fee. See also "*7.3.8 Service Agreements and Severance Agreements*".

7.3.5.6 Remuneration of the Management Board

The expected individual remuneration of each Managing Director for the financial year ended December 31, 2023 will be as follows:

Name	Annual service fee	Short-term incentive	Long-term incentive	Total
Mr. Andreas Prinz	€739,200	€221,760	€1,000,000(1)	€1,960,960
Mr. Peter Haidenek	€350,000	€125,000	€70,000(2)	€545,000

(1) One-time award of 100,000 PSUs with one PSU being valued at €10.00 as long-term incentive until 2027.
(2) Annual award of 7,000 PSUs with one PSU being valued at €10.00 as long-term incentive for 2023.

The Managing Directors will start their position on July 6, 2023 and will receive the *pro rata* portion of their annual remuneration for the remainder of 2023.

The short-term incentive for Mr. Haidenek will be increased as from the beginning of 2024 from €125,000 by 50% to €187,500. This one-time increase will apply from 2024 onwards. The long-term incentives for both Managing Directors are awarded based on the Croma PSU (see "*7.3.14 Long-Term Incentive Plan*").

7.3.6 Supervisory Board Remuneration

The remuneration of the Supervisory Directors shall be determined by the General Meeting, with due observance of the remuneration policy, as adopted by the General Meeting upon a proposal of the Supervisory Board.

The remuneration for the Supervisory Board is proposed to the General Meeting as per agenda item 13 and the explanation thereto, by means of adoption of the remuneration policy. Supervisory Directors are also eligible to receive reimbursement of reasonable expenses incurred undertaking their duties, including any applicable taxes. The remuneration of the Supervisory Directors will not be made dependent on the profit of the Company and with respect to the position of Supervisory Director is not to include Shares and/or rights to Shares. Supervisory Directors are further eligible to receive additional remuneration, including in the form of shares and rights to acquire shares, for duties performed for the Company or any of its subsidiaries in a role other than as Supervisory Director. Such remuneration, including an adequate explanation of its basis and amount, shall be disclosed to the General Meeting and in the annual remuneration report.

Supervisory Board members are not eligible for an annual cash bonus or any other type of variable remuneration linked to the financial results of the Company.

The individual remuneration of each Supervisory Director consists of a fixed annual payment as follows:

Role	Remuneration
Chairperson of the Supervisory Board	€120,000
Chairperson of a Supervisory Board committee	€90,000
Other Supervisory Board and committee members	€60,000

In addition, Gerhard Prinz will become an honorary chairman of the Supervisory Board for three years as of the execution of the Deed of Conversion and Amendment of the Articles and shall in such capacity receive a remuneration of €2,000 per month.

7.3.7 Shareholding Information

The table below provides an overview of the equity position directly or indirectly held by the Managing Directors and Supervisory Directors:

Name	Shareholding (aggregate number of Ordinary Shares)
Managing Directors	
Mr. Andreas Prinz	28,364,014
Mr. Peter Haidenek	-
Supervisory Directors	
Dr. Katharina Kiss	-
Mr. Martin Prinz	28,364,014
Mag. Stefan Schmuckenschlager	-
Dr. Stefan Oschmann	1,266,647
Dr. Cornelius Baur	1,266,647
Dr. Donatella Ceccarelli	-

7.3.8 Service Agreements and Severance Agreements

Each Managing Director has entered into a service agreement subject to execution of the Deed of Conversion and Amendment of the Articles. The service agreements of the Managing Directors are governed by Austrian law and were entered into for a fixed term equal to the initial term of office of the Managing Directors, *i.e.* for four (4) years. In the event of re-appointment of a Managing Director, the applicable service agreement shall be extended automatically for a fixed term equal to the term for which the Managing Director has been so re-appointed, unless the parties to the service agreement agree otherwise. If the service agreement of a Managing Director is terminated with due notice in compliance with the notice periods and termination dates provided for in the applicable service agreement, the Managing Director is, in accordance with general principles under applicable laws and regardless of severance payments, if any, entitled to continued payment of the agreed compensation for the remainder of the term of the service agreement until the date on which the service agreement terminates (pro rata portion of any annual remuneration if the service agreement ends during the year).

The service agreement of Andreas Prinz provides for a maximum severance of two times the annual service fee if his service agreement is terminated by the Company (other than upon important grounds, which were caused by his deliberate or gross negligence (*vorsätzliches oder grob fahrlässiges Verhalten*)). The service agreement of Peter Haidenek does not include a separate severance agreement. However, if the Company unlawfully terminates the service agreement of Peter Haidenek, he shall be entitled under applicable laws to payment of the amount to which he would have been entitled had the Company terminated the service agreement lawfully (*i.e.*, as of the end of the calendar quarter subject to a notice period of six months). In case of the service agreement of Peter Haidenek, this claim thus amounts to a maximum of approximately nine months' salary plus any aliquot special payments and bonus claims.

The Supervisory Directors do not have employment, service or severance agreements with the Company in their capacity as Supervisory Director.

7.3.9 Related Party Transactions

Certain rules apply under the DCC with respect to transactions with a "Related Party" (as defined in those rules) and, under those rules, "Material Transactions" (as defined in those rules) with related parties that are not (a) entered into in the ordinary course of business of the Company or (b) concluded on normal market terms, require the approval of the Supervisory Board.

In addition, the related party transaction rules which will be drawn up by the Supervisory Board and shall provide for procedures for the Managing Directors and Supervisory Directors to notify a potential related party transaction, will provide that "Related Party Transactions" (which are "Code Related Party Transactions" or "Material Statutory Related Party Transactions," each as defined in those rules) require the prior approval of the Supervisory Board. No approval is required if it concerns an "Excluded Transaction" (as defined in those rules). The related party transaction rules will be made available on the Company's website (www.croma.at).

Among those rules, the Business Combination Agreement provides for specific rules relating to Yuvell (see "*7.5.3.3 H&P Ambulatorien Betriebsgesellschaft m.b.H.*"). According thereto, if a "Related Party Transaction" qualifies as a transaction between, on the one hand, the Company or any of its Subsidiaries and, on the other hand, Yuvell, such (potential) "Related Party Transaction" requires the prior approval of the Supervisory Board. However, no approval of the Supervisory Board is required if (a) it concerns a transaction that was included in the annual budget and the award of such transaction to Yuvell has already been approved

by the Supervisory Board or (b) it qualifies as an "Excluded Transaction," which includes a "Yuvell Excluded Transaction" (as defined in the Company's related party transaction rules).

7.3.10 Potential Conflicts of Interest and Other Information

Please see "*7.5 Related Party Transactions*" for a description of the Company's related party transactions.

In addition, certain Managing Directors and Supervisory Directors will directly or indirectly hold Ordinary Shares. Furthermore, Mr. Martin Prinz has been designated for nomination as Supervisory Director by PMJ and the Sponsors have designated Dr. Stefan Oschmann and Dr. Cornelius Baur as Supervisory Directors. There is a family relationship between Mr. Andreas Prinz, the CEO of the Company, and Mr. Martin Prinz, a Supervisory Director.

The Company, other than as described in "*8.2.6 We have entered, and may continue to enter, into certain related party transactions. There can be no assurance that we could not have achieved more favorable terms if such transactions had not been entered into with related parties, or that we will be able to maintain existing terms in the future.*" is not aware of any other circumstance that may lead to a potential conflict of interest between the private interests or other duties of the Managing Directors and the private interests or other duties of the Supervisory Directors vis-à-vis the Company's interests.

With respect to each of the Managing Directors and Supervisory Directors, the Company is not aware of (i) any convictions in relation to fraudulent offences in the last five years; (ii) any bankruptcies, receiverships or liquidations of any entities in which such Managing Director or Supervisory Director held any office, directorship or senior management position in the last five years; or (iii) any official public incriminations or sanctions of such member by statutory or regulatory authorities (including designated professional bodies), or disqualifications by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

7.3.11 Directors' Indemnification and Insurance

Under Dutch law, the Managing Directors and Supervisory Directors may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles of Association or of certain provisions of the DCC. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Managing Directors and Supervisory Directors shall be insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in their capacities as Managing Directors or Supervisory Directors.

The Articles of Association include provisions regarding the indemnification, to the extent permissible by the rules and regulations applicable to the Company, of current and former Managing Directors and Supervisory Directors and certain other current or former officers or employees of the Company or a group company as designated by the Supervisory Board from time to time (each an "**Indemnified Officer**") against: (i) any financial losses incurred by such Indemnified Officer; and (ii) any expense reasonably paid or incurred by such Indemnified Officer in connection with any threatened, pending or completed suit, claim, action or legal proceedings of a civil, criminal, administrative or other nature, formal or informal, in which he becomes involved, to the extent this relates to his current or former position with the Company and/or a group company.

The indemnification does not apply (i) if a competent court has established (without the possibility of appeal) that the acts or omissions of the Indemnified Officer that led to the financial losses, damages, expenses, suit, claim, action or legal proceedings are of an unlawful nature; (ii) to the extent any financial losses, damages and expenses have been reimbursed or paid to such Indemnified Officer under any applicable insurance policy (or the insurer has irrevocably undertaken to do so); (iii) in case of proceedings brought by such Indemnified Officer against the Company, except for certain exceptions as set out in the Articles of Association; and (iv) in case of any financial losses, damages or expenses incurred in connection with a settlement of any proceedings effected without the Company's prior consent.

7.3.12 Diversity

Pursuant to Dutch law all Dutch companies listed on Euronext Amsterdam must comply with a quota of at least one-third for both female members and male members on supervisory boards (if the number of members is not divisible by three, the one-third requirement is based on the next rounded up number). For as long as the

supervisory board is not 'gender balanced' under this rule, a supervisory board nominee from the overrepresented gender cannot be appointed, unless it concerns the reappointment of a supervisory director within the first eight years after the year of that supervisory director's first appointment. A new appointment not in accordance with the one-third quota will be regarded as null and void (*nietig*). As a result, the person in question will not become a supervisory director of the company. The Company will be compliant with these rules as of the execution of the Deed of Conversion and Amendment of the Articles, as the Supervisory Board will be composed of two female members and four male members (if the resolutions under item 11 of the agenda of the AGM are adopted as proposed in this Circular).

In addition, certain large companies, such as the Company, have to set appropriate and ambitious goals in the form of a target to achieve a more balanced ratio between the number of men and women on the management board and supervisory board, as well as for a certain category of employees in management positions to be determined by the large company. The management board has to set measurable objectives for achieving these diversity targets. In addition, such a large company has to report to the Dutch Social and Economic Council (*Sociaal Economische Raad*) on an annual basis on the number of men and women who are members of the management board and the supervisory board and who are part of the category of employees in management positions as determined by the company, as well as on the goal of the large company for diversity in the form of concrete targets (including a target year), the plan to achieve this goal and, if one or more goals have not been achieved, the reasons for this.

7.3.13 Scientific Board

Upon Consummation, a scientific advisory board (the "**Scientific Board**") will be established at the level of Croma, which will comprise the members as set out in the table below, with a guest right granted to the chairperson of the supervisory board of Croma, initially expected to be Dr. Stefan Oschmann, and the management board members of Croma:

Name	Position	Term	Remuneration (in €)
Martin Prinz	Chairperson	2031	754,000 (plus VAT)[(1)]
Dr. Thomas Rudolph	Member	2027	100,000 (maximum per annum) (including VAT)

(1) Martin Prinz will be compensated as chairperson of the Scientific Board under an advisory agreement entered into between him and the Company subject to the execution of the Deed of Conversion and Amendment of the Articles. Under this agreement Martin Prinz shall also be available to the Company as a consultant. The amount stated in the table also covers any consulting services that Martin Prinz may provide to the Company or the Croma Group under the advisory agreement.

The Scientific Board will be a corporate body of Croma with advisory functions only. The Scientific Board will not have the tasks of a supervisory board, even if no supervisory board is constituted at the level of Croma. The tasks of the Scientific Board include the preparation of proposals and recommendations to the management of Croma regarding following matters, namely: (i) patent management; (ii) patent strategy; (iii) R&D guidance; and (iv) providing regulatory expertise and strategic advice.

Martin Prinz, who until recently was the managing director of Croma, will serve an initial term of eight years based on a service agreement will receive a fixed annual gross salary of €754,000 (excluding expenses) with a value protection based on the Austrian consumer index. The service agreement is concluded for a fixed term of 8 years until 2031 and cannot be terminated by the Company without reason. Martin Prinz is free to terminate without reason by adhering to a six months' notice period.

Dr. Thomas Rudolph is appointed to the Scientific Board based on his experience in the healthcare sector gained through him going to medical school, completing a doctoral thesis (oncology and molecular diagnostics) and working 20 years as consultant for McKinsey, where he led the European Healthcare Transaction Team. His activity in the Scientific Board is based on a service agreement, pursuant to which he renders his knowledge and expertise by means of strategy advice and consulting services to the Scientific Board. Although the service agreement has a fixed term until the ordinary shareholders' meeting of Croma in 2027, it can be terminated by either party as of the end of a calendar month by observing a three-month notice period. For his services, Dr. Thomas Rudolph receives a gross daily rate of €7,500 with the overall compensation being capped at €100,000 (excluding expenses).

7.3.14 Long-Term Incentive Plan

Subject to approval of the AGM (see agenda items 13 and 14), the Company will upon the Consummation of the Business Combination have a performance stock units plan ("**Croma PSU**") substantially in accordance with the terms and conditions as set forth below. The performance stock units plan is meant to properly incentivize the Company's Managing Directors, members of the management bodies of Croma's subsidiaries as well as selected employees of Croma Group. While Andreas Prinz does not directly participate in the Croma PSU, he receives under his service agreement a one-time grant of 100,000 PSUs modelled on the conditions of the Croma PSU with certain modifications.

7.3.14.1 Croma PSU

Under the Croma PSU, once a year from 2023 to (and including) 2026, the individuals participating in the Croma PSU are granted – in addition to their respective fixed and variable remuneration – such a number of performance stock units ("**PSUs**") that corresponds to up to 20% of their respective annual gross fixed salary (assuming a value per PSU of EUR 10.00). Currently, there are 16 individuals preselected, which upon adoption of the Croma PSU will receive PSUs corresponding to 20% of their respective annual gross fixed salary.

Each PSU grants a conditional right to subscribe for (*recht tot het nemen van*) one Class A Ordinary Share. The right to subscribe will become unconditional only if certain vesting periods lapse and performance requirements are met (see "*7.3.14.2 Vesting*"). The subscription does not require participants to pay a subscription or exercise price to the Company. The PSUs are non-tradable, non-transferrable, non-pledgeable or otherwise encumberable and not connected with any shareholder rights such as dividend entitlements or subscription or voting rights. At no time will be more PSUs granted under the Croma PSU than is equal to 3% of the total number of Class A Ordinary Shares issued by the Company (including outstanding shares as well as Treasury Shares) on any PSU granting date. Thus, future changes in the number of issued Class A Ordinary Shares (*e.g.*, through capital increases, capital decreases, share splits, reverse stock splits) will affect the maximum number of PSUs that may be granted under the Croma PSU.

Unvested PSUs expire without consideration if either (i) the performance criteria required for vesting are not met (see "*7.3.14.2 Vesting*"), (ii) the contract of the participant with the Company or the respective Croma Group company for certain reasons (so-called bad leaver events), or (iii) the Company terminates the PSUs (which will only be possible in certain circumstances, such as insolvency proceedings are opened against the individuals assets).

As soon as practicable after a vesting date, the Company will transfer the corresponding number of Class A Ordinary Shares to a service provider, who then holds the Class A Ordinary Shares for all participants in the PSU in a joint custody account or distributes the Class A Ordinary Shares upon request to the respective individual. To service the PSUs, the Company may choose between using Class A Ordinary Shares already held in treasury, issuing new Class A Ordinary Shares (at the expense of the Company's reserves; see article 37.3 of the Articles of Association) or repurchasing Class A Ordinary Shares on the market for this purpose.

7.3.14.2 Vesting

The PSUs vest according to different vesting schedules based on whether they are granted to Managing Directors or other individuals (*i.e.*, members of the management bodies of Croma's group companies or selected other employees).

PSUs granted to Managing Directors vest on a "cliff" vesting schedule on the fifth anniversary of their respective granting date. Of the PSUs granted to individuals other than Managing Directors, 50% of the PSUs granted in a certain year vest on a "graded" vesting schedule over four years (*i.e.*, evenly distributed on the anniversaries of the respective granting date) while the other 50% of the PSUs granted in a certain year vest on a "cliff" vesting schedule on the fourth anniversary of the respective granting date (*i.e.*, all such PSUs vest on the same day). In case of certain events (*e.g.*, change of control in the Company, delisting of the Class A Ordinary Shares) all unvested PSUs (except PSUs granted to Managing Directors) vest upon effectiveness of the event.

In each case, vesting will only occur provided that in the financial year prior to the respective vesting date the Combined Group has achieved the adjusted EBITDA and sales figures as budgeted by the Management Board (with the approval of the Supervisory Board) for that financial year. If the relevant performance criteria are not met on a vesting date, the PSUs that would otherwise vest on such vesting date will expire without compensation.

The below tables illustrate examples for the vesting of PSUs for Managing Directors and other individuals.

	Managing Directors					
			Applicable performance criteria met?			
Year	**Gross fixed annual salary**	**# of PSUs granted (20% of gross fixed annual salary)**	**Adj EBITDA**	**Sales**	**# of PSUs vested**	**# of PSUs expired**
2023.....	250,000	50,000	n/a	n/a	n/a	n/a
2024.....	255,000	51,000	n/a	n/a	n/a	n/a
2025.....	260,000	52,000	n/a	n/a	n/a	n/a
2026.....	265,000	53,000	n/a	n/a	n/a	n/a
2027.....	270,000	n/a	n/a	n/a	n/a	n/a
2028.....	275,000	n/a	yes	yes	50,000 (1/1 of PSUs granted in 2023)	0
2029.....	280,000	n/a	yes	**no**	0	51,000 (1/1 of PSUs granted in 2024)
2030.....	285,000	n/a	yes	yes	52,000 (1/1 of PSUs granted in 2025)	0
2031.....	290,000	n/a	**no**	yes	0	53,000 (1/1 of PSUs granted in 2026)

Non-Managing Directors

Year	Gross fixed annual salary	# of PSUs granted (20% of gross fixed annual salary)	Applicable performance criteria met?		# of PSUs vested	# of PSUs expired
			Adj EBITDA	Sales		
2023.....	150,000	30,000 (Type 1: 15,000 Type 2: 15,000)	n/a	n/a	n/a	n/a
2024.....	155,000	31,000 (Type 1: 15,500 Type 2: 15,500)	yes	yes	3,750 (1/4 of Type 1 granted in 2023)	0
2025.....	160,000	32,000 (Type 1: 16,000 Type 2: 16,000)	yes	**no**	0	7,625 (1/4 of Type 1 granted in 2023; 1/4 of Type 1 granted in 2024)
2026.....	165,000	33,000 (Type 1: 16,500 Type 2: 16,500)	yes	yes	11,625 (1/4 of Type 1 granted in 2023, 2024 and 2025)	0
2027.....	170,000	n/a	**no**	yes	0	30,750 (1/4 of Type 1 granted in 2023, 2024, 2025 and 2026; 1/1 of Type 2 granted in 2023)
2028.....	175,000	n/a	yes	yes	27,500 (1/4 of Type 1 granted in 2024, 2025 and 26; 1/1 of Type 2 granted in 2024)	0
2029.....	180,000	n/a	**no**	**no**	0	24,125 (1/4 of Type 1 granted in 2025 and 2026; 1/1 of Type 2 granted in 2025)
2030.....	185,000	n/a	yes	yes	20,625 (1/4 of Type 1 granted in 2026; 1/1 of Type 2 granted in 2026)	0

7.3.14.3 Andreas Prinz PSUs

The Croma PSU (as described above) applies mutatis mutandis to the PSUs granted to Andreas Prinz in his function as member of the management board, subject, however, to the following:

Andreas Prinz receives 100,000 PSUs immediately after the execution of the Deed of Conversion and Amendment of the Articles, *i.e.*, the granting date. The PSUs allocated to Andreas Prinz will vest as follows, in each case, however, at the earliest 360 days after the granting date:

- 50% of the PSUs will vest if (i) the average of the closing prices of the Shares on Euronext Amsterdam and any other regulated market, where the Shares are admitted to trading, for ten days during any thirty days of trading on Euronext Amsterdam or any other regulated market, or (ii) in case of a delisting, the amount of the company value (as defined in the Croma PSU) attributable to a Share, exceeding €15.00 per Share, and

- 50% of the PSUs will vest if (i) the average of the closing prices of the Shares on Euronext Amsterdam and any other regulated market, where the Shares are admitted to trading, for ten days during any thirty days of trading or Euronext Amsterdam and any other regulated market, or (ii) in case of a delisting, the amount of the company value (as defined in the Croma PSU) attributable to a Share, exceeding €20.00 per Share.

PSUs allocated to Andreas Prinz that have not vested prior to or on the fifth anniversary of the granting date shall expire in their entirety without compensation.

7.3.15 Dutch Corporate Governance Code

On December 20, 2022 the Corporate Governance Code Monitoring Committee published a revised version of the Dutch Corporate Governance Code 2016. The Dutch Corporate Governance Code finds its statutory basis in Book 2 of the DCC. The Dutch Corporate Governance Code applies to the Company as the Company has its registered office (*statutaire zetel*) in the Netherlands and its Public Shares are listed on Euronext Amsterdam. The revised code applies to financial years starting on or after January 1, 2023.

The Dutch Corporate Governance Code is based on a "comply or explain" (*pas toe of leg uit*) principle. Accordingly, companies are required to disclose in their board report whether or not they are complying with the various best practice provisions of the Dutch Corporate Governance Code that are addressed to the management board or, if applicable, the supervisory board of the company. If a company deviates from a best practice provision in the Dutch Corporate Governance Code, the reason for such deviation must be properly explained in its management report.

The Company acknowledges the importance of good corporate governance. The Company agrees with the general approach and with the majority of the provisions of the Dutch Corporate Governance Code. However, considering its interests and the interest of its stakeholders, the Company deviates from a limited number of best practice provisions.

The Company expects not to comply with the following best practice provisions of the Dutch Corporate Governance Code following the execution of the Deed of Conversion and Amendment of the Articles:

- Best practice provision 2.2.2: *Appointment and reappointment periods – supervisory board members*

  Pursuant to best practice provision 2.2.2, a supervisory director is appointed for a period of four years and he/she may be reappointed for another four-year period. The supervisory director may then be reappointed again for a period of two years, which appointment may be extended by at most two years. In deviation of this best practice provision, Martin Prinz shall be appointed for a period as long as PMJ holds at least twenty (20) percent of the issued and outstanding Class A Ordinary Shares. The Company believes that this deviation is in the best interest of the Group, its shareholders and other stakeholders and that it will not affect the effectiveness of the Supervisory Board.

- Best practice provision 2.3.2: *Establishment of committees*

  In deviation of best practice provision 2.3.2, which requires that the supervisory board shall appoint an audit committee, a remuneration committee and a selection and appointment committee if there are more than four Supervisory Directors, the Company will only have an Audit Committee and a Remuneration Committee. The Company believes that, in light of the size of the Supervisory Board, it would be more efficient to have two committees and for the full Supervisory Board to fulfill the duties and responsibilities of the selection and appointment committee.

- Best practice provision 2.3.4: *Composition of the committees*

  In deviation of best practice provision 2.3.4, which requires that the remuneration committee should not be chaired by a former member of the management board of the company, the Remuneration Committee will be chaired by Dr. Cornelius Baur, currently an executive director of the EHC Board. The Company believes that this deviation is acceptable since Dr. Cornelius Baur has not been a member of management of the Croma Group and that his role as chairman of the Remuneration Committee will not be impacted by his role as (former) executive director of the EHC Board.

- Best practice provision 3.2.3: *Severance payments*

  In deviation of best practice provision 3.2.3, which requires that the remuneration of a managing director in the event of dismissal should not exceed one year's salary, the service agreements of the Managing Directors provide for a maximum severance of two times the annual service fee of the relevant Managing Director in the event of dismissal or termination by the Company. Taking into consideration the Austrian market standards in this respect, and the historical and future importance of both Managing Directors serving as managing directors of, respectively, Croma and the Company, the Company deems it in the best interest of the Company and its business to offer two times the annual service fee as severance to each Managing Director.

- Best practice provision 4.3.3: *Cancelling the binding nature of a nomination or dismissal*

  Best practice provision 4.3.3 authorizes the general meeting to adopt a resolution cancelling the binding nature of a nomination for the appointment of a member of the supervisory board by an absolute majority of the votes cast and that it may be provided that this majority should represent a given proportion of the issued capital, which proportion must not be set higher than one-third. In deviation of this best practice provision, the Articles of Association provide that the General Meeting may only overrule a binding nomination for the appointment of Supervisory Director by a majority of at least two-thirds of the votes cast, representing more than half of the Company's issued capital. If the General Meeting overrules the binding nomination, the Supervisory Board may make a new nomination. With regard to subjects referred to in this paragraph, a second meeting as referred to in article 2:120 paragraph 3 DCC cannot be convened. The Company believes that these provisions support the continuity of the Company and its business and that these provisions, therefore, are in the best interests of the shareholders and other stakeholders.

7.4 Description of Securities

The following summary of the material terms of the Company's securities following the Business Combination is not intended to be a complete summary of the rights and preferences of such securities. We have only described these rights and preference of such securities to the extent they are affected by the Business Combination. We urge you to read the section of the EHC Prospectus titled "*5. Description of Securities and Corporate Structure*".

7.4.1 Shares

Prior to the Business Combination, EHC had issued 170,000,000 Class A Ordinary Shares, of which 150,000,000 shares were held by EHC in treasury ("**Treasury Shares**") and 20,000,000 Public Shares.

The Treasury Shares are intended to be allotted to the Croma Shareholders, investors under a potential PIPE Financing and when Public Warrants or Sponsor Warrants are exercised. Of the 150,000,000 Treasury Shares, the Croma Shareholders under the Business Combination Agreement will receive 59,017,856 Treasury Shares in the aggregate as consideration for assigning and transferring all of their shares in Croma to EHC. Once delivered to the Croma Shareholders, the 59,017,856 Treasury Shares will become Public Shares and will grant Croma Shareholders the same rights as Public Shareholders.

In addition to the Public Shares, EHC had issued 6,666,666 Sponsor Shares, all of which, as of the date of this Circular, are held by the Sponsors. Under the Sponsor Share and Sponsor Warrant Agreement, in order to support the overall economics and to reduce the dilution of the other shareholders, the Sponsors and EHC agreed that 1,333,332 Forfeited Sponsor Shares will be transferred to EHC, or if such transfer is not possible due to the reasons as described above (see "*7.1.1 General Description of the Business Combination Agreement*"), the Sponsors will waive any shareholder rights they have with respect to the Forfeited Sponsor Shares.

For any matter submitted to a vote of the shareholders, except as required by Dutch law, holders of Public Shares and Sponsor Shares will vote together as a single class, with each share entitling the holder to one vote.

7.4.1.1 Public Shares

The Public Shares are designated as Class A Ordinary Shares and listed and admitted to trading on Euronext Amsterdam under the symbol EHCS and the ISIN NL0015000K10. Each Public Shareholder is entitled to one vote for each Class A Ordinary Share held of record on all matters to be voted on by the Public Shareholders. All Public Shares carry full dividend rights from the date of their issuance. In the event of a

liquidation, dissolution or winding up of the Company after the Business Combination, the shareholders are entitled to share *pro rata* in all assets remaining available for distribution to them after payment of liabilities.

7.4.1.2 Sponsor Shares

The Sponsor Shares are designated as Class B Ordinary Shares and are identical to the Public Shares, in particular with respect to voting rights and dividend entitlement, except that the Sponsor Shares (i) are not listed or admitted to trading on Euronext Amsterdam, (ii) are subject to transfer restrictions, as described in more detail below, (iii) will not be entitled to the share premium reserve and, in case of dissolution or liquidation of the Company, will rank behind the Public Shares in the distribution waterfall as described in the EHC Prospectus, and (iv) are not provided with redemption rights.

Upon consummation of the Business Combination, the Sponsor Shares less the Forfeited Sponsor Shares will convert into Public Shares in accordance with the following schedule (subject to the amendment by the Sponsor Share and Sponsor Warrant Agreement becoming effective): (i) 33.33% of the Class B Ordinary Shares on the Trading Day following the completion of the Business Combination ("**Tranche 1**"), (ii) 33.33% of the Class B Ordinary Shares upon the closing price of the Class A Ordinary Shares exceeding €12.00 for any 10 Trading Days within a 30 Trading Days period ("**Tranche 2**"), (iii) 27.09% of the Class B Ordinary Shares upon the closing price of Class A Ordinary Shares exceeding €15.00 for any 10 Trading Days within a 30 Trading Days period ("**Tranche 3**"), and (iv) 6.25% of the Class B Ordinary Shares upon the closing price of the Class A Ordinary Shares exceeding €20.00 for any 10 Trading Days within a 30 Trading Days period ("**Tranche 4**"), but not earlier than 720 days following the completion of the Business Combination and provided that by that time the Sponsors (or any of them) still hold 12.5% of the Class A Ordinary Shares converted pursuant to (i) - (iii) above, and further provided that the conversion pursuant to this clause (iv) is excluded upon and following the fifth anniversary of the completion of the Business Combination; while, notwithstanding the foregoing, any Sponsor Shares transferred by private sales or transfers made in connection with the completion of the Business Combination at prices no greater than the price at which the Sponsor Shares were originally purchased, will be converted into Class A Ordinary Shares according to the above schedule ("**Promote Schedule**").

The Sponsors have committed not to transfer, assign, pledge, or sell any of the Sponsor Shares except to Permitted Transferees (as defined below). Public Shares received by the Sponsors from the conversion of Sponsor Shares into Public Shares in accordance with the Promote Schedule will be subject to the lock-up as described in the EHC Prospectus.

Any restrictions on share transfers imposed by the lock-up shall not apply to transfers made to the following permitted transferees (the "**Permitted Transferees**"): (a) the Directors, any affiliates or family members of any of the Directors, any members or partners of the Sponsors or their affiliates, or any affiliates of the Sponsors, or any employees of such affiliates; (b) in the case of an individual, by gift to a member of the individual's immediate family in the second degree or spouse or registered partner or to a trust, the beneficiary of which is a member of the individual's immediate family or an affiliate of such person, or to a charitable organization; (c) in the case of an individual, by virtue of laws of descent and distribution upon death of the individual; (d) in the case of an individual, pursuant to a qualified domestic relations order; (e) by private sales or transfers made in connection with the completion of a Business Combination at prices no greater than the price at which the Sponsor Shares were originally purchased; (f) in the event of a liquidation of EHC prior to completion of a Business Combination; (g) in the case of an entity, by virtue of the laws of its jurisdiction or its organizational documents or operating agreement; or (h) in the event of completion of a liquidation, merger, share exchange, reorganization or other similar transaction which results in all of the Class A Ordinary Shareholders having the right to exchange their Class A Ordinary Shares for cash, securities or other property subsequent to completion of a Business Combination; provided, however, that in the case of clauses (a) through (e) these Permitted Transferees must enter into a written agreement agreeing to be bound by the foregoing transfer restrictions.

Public Shares received upon the exercise of Sponsor Warrants will not be subject to any transfer restrictions.

7.4.2 Warrants

EHC had issued 6,666,666 redeemable Public Warrants to the Public Shareholders and a placed a total of 6,768,000 Sponsor Warrants with the Sponsors, of which 5,128,000 Sponsor Warrants were issued for the Sponsor Capital At-Risk and 1,640,000 Sponsors Warrants under the Additional Sponsor Subscription.

7.4.2.1 Public Warrants

The Company has issued 6,666,666 Public Warrants listed and admitted to trading on Euronext Amsterdam under the symbol EHCW and the ISIN NL0015000K28. The Public Warrants will become exercisable 30 days after the Consummation. The Public Warrants will expire five years from the date of the Consummation, or earlier upon redemption of the Public Warrants or liquidation of the Company. A holder of Public Warrants may exercise its warrants only for a whole number of Public Shares.

The Public Warrants, pursuant to their terms and conditions, are to be exercised against payment in cash of the exercise price, which for each Warrant is €11.50, subject to anti-dilution adjustments (see "*7.4.2.1.3 Anti-Dilution Adjustments*"), or, as specified, on a cashless basis (see "*7.4.2.1.1.2 Redemption of Public Warrants when the price per Public Share equals or exceeds €10.00 but is below €18.00*"). If the holder of the Public Warrants has a right to elect either a cashless exercise of the Public Warrants or an exercise against payment in cash of the exercise price, such holder has to elect in which form to exercise the Public Warrants in the exercise form.

The terms and conditions of the Public Warrants are available on the Company's website (www.ehc-company.com) under the "Investor Relations" section.

7.4.2.1.1 Redemption

Once the Public Warrants become exercisable, the Company may redeem the outstanding Public Warrants by issuing a redemption notice (the "**Redemption Notice**") in the form of a press release if (A) the price per Public Share equals or exceeds €18.00 or (B) the price per Public Share equals or exceeds €10.00 but is below €18.00. Upon issuance of the Redemption Notice, the price of the Public Shares may fall below these price thresholds. This will not result in the Redemption Notice being withdrawn or give rise to the Public Shareholder's right to withdraw an issued exercise notice.

7.4.2.1.1.1 Redemption of Public Warrants when the price per Public Share equals or exceeds €18.00

If, and only if, the closing price equals or exceeds €18.00 per Public Share for any 20 out of the 30 consecutive trading days ending three Business Days prior to the Company sending the Redemption Notice, the Company may redeem the Public Warrants:

- in whole but not in part;
- at a price of €0.01 per Public Warrant; and
- upon a minimum of 30 days' prior written redemption notice.

If the foregoing conditions are satisfied and the Company issued a Redemption Notice of the Public Warrants, each holder of a Public Warrant will be entitled to exercise their warrant prior to the scheduled redemption date against payment of the exercise price in cash.

7.4.2.1.1.2 Redemption of Public Warrants when the price per Public Share equals or exceeds €10.00 but is below €18.00

If, and only if, the closing price is below €18.00 per Public Share but equals or exceeds €10.00 per Public Share for any 20 out of the 30 consecutive trading days ending three Business Days prior to the Company sending the Redemption Notice, the Company may redeem the Public Warrants

- in whole but not in part;
- at a price of €0.01 per Public Warrant; and
- upon a minimum of 30 days' prior written Redemption Notice.

If the foregoing conditions are satisfied and the Company issues a Redemption Notice, each Public Warrant holder may exercise its Public Warrants on a cashless basis prior to the redemption by the Company and receive that number of Public Shares determined by the redemption fair market value.

The redemption fair market value of the Public Share is the volume weighted average price of the Class A Ordinary Shares during the 10 Trading Days immediately following the date on which the Redemption Notice is sent to the holders of Public Warrants. In no event will the Public Warrants be exercisable in connection with this redemption feature for more than 0.361 Public Shares per Public Warrant (subject to adjustments).

The calculation of the redemption fair market value as well as a table representing estimates of the number of the Public Shares that a holder of a Public Warrant will receive upon his cashless exercise in connection with a redemption by the Company pursuant to this redemption feature is described in detail in the EHC Prospectus.

The Warrant T&C provide that the terms of the Public Warrants may be amended without the consent of any Public Warrant holder for the purpose of removing subsequent to the completion of the Business Combination the terms of the Warrant T&C that allow for the redemption of Public Warrants when the price per Public Share equals or exceeds €10.00 and but is less than €18.00 (together with any such other amendments to the Warrant T&C that are necessary in connection therewith).

7.4.2.1.2 Settlement

If the holder of the Public Warrants has a right to elect either a cashless exercise of the Public Warrants or an exercise against payment in cash of the exercise price, such holder has to elect in which form to exercise the Public Warrants in the exercise form. In case of an exercise against payment in cash of the exercise price, such holder has to pay the exercise price, as it may have been adjusted pursuant to anti-dilution adjustments.

The holders of the Public Warrants do not have the rights or privileges of holders of Public Shares or any voting rights until they exercise the Public Warrants and receive Public Shares. After the issuance of Public Shares upon exercise of the Public Warrants, each holder will be entitled to one vote for each share held in the any General Meeting of the Company.

Further details on the settlement are described in the EHC Prospectus.

7.4.2.1.3 Anti-Dilution Adjustments

The number of Public Shares issuable or deliverable on exercise of each Public Warrant is subject to anti-dilution adjustments described in detail in the EHC Prospectus.

7.4.2.2 Sponsor Warrants

The Company has issued 6,768,000 Sponsor Warrants. Upon Consummation, the Sponsor Warrants are not to be transferred, assigned, pledged or sold for thirty days as described in the EHC Prospectus. The Public Shares received from the exercise of the Sponsor Warrants are, however, not subject to any lock-up described in the EHC Prospectus.

The Sponsor Warrants are not redeemable so long as they are held by the Sponsor or its Permitted Transferees, it being specified that if some or all of Sponsor Warrants are held by other holders than the Sponsors or the Permitted Transferees, such Sponsor Warrants will be redeemable by the Company and exercisable by the holders under the same terms and conditions as those governing the redemption of Public Warrants. In contrast to the Public Warrants, under the Sponsor Warrants, the Sponsors, or Permitted Transferees, always have the option to exercise the Sponsor Warrants on a cashless basis (subject to the availability of sufficient reserves of the Company or if the Sponsor pays the par value for each Public Share to be received under such cashless exercise in cash). Otherwise, and except for that, the Sponsor Warrants have terms and provisions that are identical to the Public Warrants that were sold in the Private Placement.

The Sponsor Warrants will become exercisable 30 days after the Consummation. The Sponsor Warrants will expire five years from the date of the Consummation, or earlier upon redemption or liquidation. No fractional Public Shares will be issued. If the holder of Sponsor Warrants elects to exercise the Sponsor Warrants on a cashless basis, the holder of the Sponsor Warrants will receive in aggregate a number of Public Shares that is equal to the number of Sponsor Warrants being exercised multiplied by the result of (i) the share price during the period of 10 consecutive Trading Days ending on the third Trading Day prior to the date on which the conversion exercise request is sent to the warrant agent pursuant to the Warrant T&C ("**Sponsor Fair Market Value**"), minus the exercise price of the Sponsor Warrants and (ii) divided by the Sponsor Fair Market Value.

7.4.3 Securities' Holders Obligations to Disclose Holdings

Holders of the Ordinary Shares may be subject to notification obligations under the Dutch Financial Supervision Act (the "**Dutch FSA**"). Shareholders are advised to seek professional advice on these obligations.

7.4.3.1 Obligations of the Shareholders to Disclose Holdings

From the moment that the Company is converted into an N.V., the Shareholders may be subject to notification obligations under the Dutch FSA and the Regulation (EU) No. 236/2012.

Pursuant to chapter 5.3 of the Dutch FSA, upon the Company converting into an N.V., any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital or voting rights of a Dutch listed company must immediately notify the AFM through a designated portal, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in the Company reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the above-mentioned thresholds as a result of a change in the Company's total outstanding share capital or in the votes that can be cast on the Shares. Such notification must be made no later than the fourth Trading Day after the AFM has published the Company's notification of the change in its outstanding share capital.

The Company is required to notify the AFM immediately of the changes to its total share capital or voting rights if its issued share capital or voting rights changes by 1% or more since the Company's previous notification. The Company must furthermore notify the AFM within eight days after each quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since the Company's previous notification.

Each person holding an interest in the Company's share capital or voting rights of 3% or more at the time of the Company converting into an N.V. must immediately notify the AFM. In addition, every holder of 3% or more of the Company's share capital or voting rights whose interest changes in respect of the previous notification to the AFM by reaching or crossing one of the thresholds mentioned above as a consequence of the interest being differently composed due to having acquired Shares or voting rights through the exercise of a right to acquire such shares or voting rights, must notify the AFM of the changes within four Trading Days after the date on which the holder knows or should have known that his or her interest reaches or crosses a relevant threshold.

For the purpose of calculating the percentage of capital interest and/or voting rights, the following interests must, inter alia, be taken into account: (i) shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) shares and/or voting rights held (or acquired or disposed of) by such person's controlled entities; (iii) voting rights held (or acquired or disposed of) by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; (v) shares and/or voting rights which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire shares and/or the attached voting rights; (vi) shares that determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vii) shares that must be acquired upon exercise of a put option by a counterparty; and (viii) shares that are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

Controlled entities (within the meaning of the Dutch FSA) do not themselves have notification obligations under the Dutch FSA as their direct and indirect interests are attributed to their (ultimate) parent. If a person who has a 3% or larger interest in the Company's share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM, and all notification obligations under the Dutch FSA will become applicable to such former controlled entity.

Special attribution rules apply to the attribution of shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

For the same purpose, the following instruments qualify as 'shares': (i) shares; (ii) depositary receipts for shares (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the

instruments under (i) or (ii) (such as convertible bonds); and (iv) options for acquiring the instruments under (i) or (ii).

Furthermore, when calculating the percentage of capital interest, a person is also considered to be in possession of shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares; (ii) such person may be obliged to purchase shares on the basis of an option; or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a share.

7.4.3.2 Notification of Short Positions

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately notify the AFM through a designated portal. If a person's gross short position reaches, exceeds or falls below one of the above-mentioned thresholds as a result of a change in the Company's issued share capital, such person must make a notification not later than the fourth Trading Day after the AFM has published the Company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012 (Short Selling Regulation), as amended by Delegated Regulation (EU) No 2022/27, each person holding a net short position attaining 0.1% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.1% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. The notification shall be made no later than 15:30 CEST on the following Trading Day.

7.4.3.3 Obligations of the Management Board or Supervisory Board to Disclose Holdings

Pursuant to the Dutch FSA, each member of the Management Board and Supervisory Board must notify the AFM: (i) immediately following conversion of the Company into an N.V. of the number of Ordinary Shares he/she holds and the number of votes he/she is entitled to cast in respect of the Company's issued share capital; and (ii) subsequently, of each change in the number of Ordinary Shares or options he/she holds and of each change in the number of votes he/she is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change. If a Managing Director or Supervisory Director has notified a transaction to the AFM under the Dutch FSA as described under "*7.4.3.1 Obligations of the Shareholders to Disclose Holdings*" above, such notification is sufficient for purposes of the Dutch FSA as described in this paragraph.

Furthermore, pursuant to the Market Abuse Regulation, which entered into force on 3 July 2016 and which is directly applicable in the Netherlands, persons discharging managerial responsibilities (each a "**PDMR**") must notify the AFM and the Company of any transactions conducted for their own account relating to Ordinary Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto.

PDMRs within the meaning of the Market Abuse Regulation include: (i) Managing Directors and Supervisory Directors, or (ii) members of the senior management who have regular access to inside information relating directly or indirectly to that entity and the authority to take managerial decisions affecting the future developments and business prospects of the Company.

In addition, pursuant to the Market Abuse Regulation and the regulations promulgated thereunder, certain persons who are closely associated with PDMRs, are also required to notify the AFM and the Company of any transactions conducted for their own account relating to Ordinary Shares or any debt instruments of the Company or to derivatives or other financial instruments linked thereto. The Market Abuse Regulation and the regulations promulgated thereunder cover, inter alia, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to under (i), (ii) or (iii) above, which is directly or indirectly controlled

by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

These notification obligations under the Market Abuse Regulation apply when the total amount of the transactions conducted by a PDMR or a person closely associated to a PDMR reaches or exceeds the threshold of €5,000 within a calendar year (calculated without netting). The transactions carried out by a PDMR and by a closely associated person should not be aggregated. The first transaction reaching or exceeding the threshold must be notified as set out above. The notifications pursuant to the Market Abuse Regulation described above must be made to the AFM and the Company no later than the third Business Day following the relevant transaction date. Notwithstanding the foregoing, Managing Directors and Supervisory Directors need to notify the AFM of each change in the number of Ordinary Shares that they hold and of each change in the number of votes they are entitled to cast in respect of the Company's issued share capital, immediately after the relevant change.

7.4.3.4 Market Abuse Rules

The regulatory framework on market abuse is set out in the Market Abuse Regulation which is directly applicable in the Netherlands.

The Market Abuse Regulation provides for specific rules that intend to prevent market abuse, such as the prohibitions on insider trading, divulging inside information and tipping, and market manipulation. The Company is subject to the Market Abuse Regulation, and noncompliance with these rules may lead to criminal fines, administrative fines, imprisonment or other sanctions.

The Market Abuse Regulation may restrict the Company's ability to buy back its Shares. In certain circumstances, investors can also be subject to the Market Abuse Regulation.

7.4.3.5 Public Registry

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the Dutch FSA on its website (https://www.afm.nl/en/sector/registers/meldingenregisters). Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

7.4.3.6 Non-compliance

Non-compliance with the notification obligations under the Market Abuse Regulation and the Dutch FSA, set out in the paragraphs above, is an economic offence (*economisch delict*) and could lead to the imposition of criminal fines, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed must be instituted by the Company and/or one or more Shareholders who alone or together with others represent(s) at least 3% or the Company's issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose, include: (i) an order requiring the person violating the disclosure obligations under the Dutch FSA to make appropriate disclosure; (ii) suspension of the voting rights in respect of such person's shares for a period of up to three years as determined by the court; (iii) voiding of a resolution adopted by the General Meeting, if the court determines that the resolution would not be have adopted but for the exercise of the voting rights of the person who is obliged to notify, or suspension of a resolution until the court makes a decision about such voiding; and (iv) an order to the person violating the disclosure obligations under the Dutch FSA to refrain, during a period of up to five years as determined by the court, from acquiring the shares and/or voting rights in the shares.

7.4.3.7 Identity of the Shareholders and distribution of information

Dutch listed companies may, in accordance with Chapter 3A of the Dutch Securities Giro Act (*Wet giraal effectenverkeer*), request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide certain information on the identity of their shareholders. No information will be given on shareholders with an interest of less than 0.5% of the issued share capital. A

shareholder who, individually or together with other shareholders, holds an interest of at least 10% of the issued share capital may request the Company to establish the identity of its shareholders. This request may only be made during a period of 60 days until (and not including) the 42nd day before the day on which the general meeting will be held.

7.4.4 Rules Governing Obligations of Shareholders to Make a Public Offer

From the moment that the Company is converted into an N.V., pursuant to the Dutch FSA and in accordance with European Directive 2004/25/EC, also known as the Takeover Directive, anyone who (individually or jointly with others) directly or indirectly obtains dominant control (*overwegende zeggenschap*) of the Company is required to make a public takeover offer for all issued and outstanding shares or depositary receipts for shares in the Company's share capital, unless an exemption applies. Such control is deemed present if someone is able to exercise, alone or acting in concert, at least 30% of the voting rights in the General Meeting.

In addition, no person may launch a public offer to acquire the shares in the Company's share capital, unless an offer document has been approved by the AFM. Such a public offer may only be launched by way of publication of an approved offer document. The Dutch public offer rules are intended to ensure that in the event of a public offer, among others, sufficient information is made available to the holders of the shares, that the holders of the shares are treated equally, that there is no abuse of inside information and that there is a proper and timely offer period.

7.4.5 Squeeze-out Proceedings

From the moment that the Company is converted into an N.V., pursuant to article 2:92a of the DCC, a shareholder who provides (*verschaffen*) at least 95% of the issued share capital of a public company with limited liability (*naamloze vennootschap*) incorporated in the Netherlands, such as the Company, for its own account, alone or together with group companies, may institute proceedings against such company's minority shareholders jointly for the transfer of their shares to such shareholder. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the DCCP. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he is required to publish the same in a daily newspaper with nationwide circulation.

The offeror under a public takeover offer is also entitled to start squeeze-out proceedings if, following the public takeover offer, the offeror provides (*verschaffen*) at least 95% of the outstanding share capital of the company and represents at least 95% of the voting rights of the company. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were acquired by way of a voluntary offer.

The DCC also gives the minority shareholders that have not previously tendered their shares under an offer the right to institute proceedings with the Enterprise Chamber for the transfer of their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital of the company and represents at least 95% of the voting rights of the company. With regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

7.4.6 Transparency Directive

The Netherlands will remain the Company's home member state for the purposes of Directive 2004/109/EC, as a consequence of which the Company will be subject to the Dutch FSA in respect of certain ongoing transparency and disclosure obligations.

7.5 Related Party Transactions

7.5.1 Relationship Agreement

On December 22, 2022, the Croma Shareholders and the Company entered into a relationship agreement, which was subsequently amended and restated by the parties thereto on May 15, 2023 (the "**Relationship Agreement**"). The Relationship Agreement contains certain arrangements regarding the relationship between the Croma Shareholders and the Company after Completion. Below is a summary of the main elements of the Relationship Agreement.

7.5.1.1 Amendments of the Articles of Association

The Relationship Agreement states that if any conflict or inconsistency arises between its provisions and the provisions of the Articles of Association, the Management Board Rules, the Supervisory Board Rules or the committee rules (as applicable) with regard to the corporate governance of the Company, the provisions of the Relationship Agreement shall govern and prevail among the Croma Shareholders and the Company and they shall use their powers to amend the Articles of Association, the Management Board Rules, Supervisory Board Rules and the committee rules (as applicable) accordingly if and when needed, to the extent permitted under applicable law.

The Relationship Agreement furthermore states that the Croma Shareholders and the Company undertake not to amend the Articles of Association, the Management Board Rules, the Supervisory Board Rules or the committee rules in a way purporting or resulting in a breach of, or to circumvent the terms of the Relationship Agreement.

7.5.1.2 Composition of the Supervisory Board

Pursuant to the Relationship Agreement, as from the execution of the Deed of Conversion and Amendment of the Articles, the Supervisory Board shall consist of six members appointed by the General Meeting.

As from the execution of the Deed of Conversion and Amendment of the Articles the Supervisory Board shall be composed as described under "*7.3.4.7 Supervisory Directors*".

OLIN and PMJ shall have the right to designate for nomination one or more candidates for appointment by the General Meeting as Supervisory Director (each a "**Croma Shareholder SB Member**"), provided that no more than four Croma Shareholder SB Members shall be in office at the same time.

During the period:

(a) from and including the Completion Date until and including the date on which the annual General Meeting is held in 2027, OLIN and PMJ shall each have the right to designate for nomination individuals for the replacement of the Supervisory Directors appointed by the General Meeting per their respective designations for nomination regardless of the number of Class A Ordinary Shares held by them;

(b) from the day after the date on which the annual General Meeting is held in 2027 until the date on which the annual General Meeting is held in 2031, OLIN and PMJ shall each have the right to, upon prior consultation with the Supervisory Board, designate for nomination one Croma Shareholder SB Member or a replacement/successor thereof for each 12.5 per cent of the issued and outstanding Class A Ordinary Shares held by them (alone or together with one or more of its Specified Transferees (as defined in the Relationship Agreement)).

Each of OLIN and PMJ shall inform the Chairperson in writing within five Business Days after its shareholding falls below the 12.5 per cent threshold set out under (b) above and will procure that the Supervisory Director(s) appointed pursuant to its expired designation right offers his or her resignation upon the earlier of: (i) the next General Meeting; or (ii) the date as determined by the Chairperson and other Independent Supervisory Directors. The Chairperson and other Independent Supervisory Directors will resolve to nominate a candidate to fill the vacancy.

OLIN and PMJ shall each have a veto right in relation to the designation right of the other. If OLIN or PMJ exercises such veto right, OLIN (in case PMJ exercises its veto right), or PMJ (in case OLIN exercises its veto right), may designate another candidate for nomination that may not be rejected. The veto right shall not apply to PMJ designating Martin Prinz for nomination as a Croma Shareholder SB Member. Pursuant to the

Relationship Agreement, Martin Prinz shall be a member of the Supervisory Board and the Audit Committee as long as PMJ holds at least 20 per cent of the issued and outstanding Class A Ordinary Shares.

The Chairperson shall be elected from among the Croma Shareholder SB Members who are independent within the meaning of the Dutch Corporate Governance Code (an "**Independent Croma Shareholder SB Member**") taking into account that:

(a) an Independent Croma Shareholder SB Member shall hold the position of Chairperson until the annual General Meeting held in the second year from its election as Chairperson;

(b) the first Chairperson shall be the Independent Croma Shareholder SB Member appointed upon nomination by PMJ, who shall hold the position of Chairperson until the annual General Meeting held in 2025;

(c) as long as OLIN (individually) is entitled to designate for nomination a Croma Shareholder SB Member, the second Chairperson shall be elected from among the Independent Croma Shareholder SB Members (to the extent in office) appointed upon the designation for nomination by OLIN, who shall hold the position of Chairperson from the annual General Meeting held in 2025 until the annual General Meeting held in 2027;

(d) thereafter, and as long as there is an Independent Croma Shareholder SB Member appointed upon the designation for nomination by OLIN and an Independent Croma Shareholder SB Member appointed upon the designation for nomination by PMJ, the Chairperson shall be elected on a rotation basis on the same two-year principle.

7.5.1.3 Composition of the Croma supervisory board

The Relationship Agreement provides that the Croma Shareholders and the Company shall procure that as of Consummation, the mandatory supervisory board of Croma shall consist of the capital representatives (*Kapitalanteilsvertreter*), who are also the Supervisory Directors, and up to three employee representatives.

7.5.1.4 Composition of the Committees of the Supervisory Board

The Relationship Agreement provides that, in addition to any other committees that the Supervisory Board may have from time to time, the Supervisory Board will have an audit committee and a remuneration committee. In addition, according to the Relationship Agreement, the Supervisory Board must procure that, at all times:

(a) each of the Supervisory Board committees will consist of three Supervisory Directors;

(b) more than half of the members of both the Audit Committee and the Remuneration Committee shall be Independent Supervisory Directors;

(c) at least one member of the Audit Committee must have competence in accounting and/or auditing and the members as a whole shall have competence relevant to the sector in which the Combined Group is operating; and

(d) the Audit Committee and the Remuneration Committee may not be chaired by the Chairperson and the Audit Committee may also not be chaired by a former Managing Director.

7.5.1.5 Reserved Matters

The Articles of Association stipulate that the Supervisory Board may determine that certain specific resolutions of the Management Board will be subject to its approval. The Relationship Agreement contains a list of such resolutions applicable as from the execution of the Deed of Conversion and Amendment of the Articles. These resolutions include among others: (i) the adoption of the Company's business plan (including budget), and any material amendment thereto (material means representing a deviation of 20% from revenue or of 15% of capital expenditure) (ii) only to the extent not part of the Company's business plan: (a) lending and borrowing money exceeding €5 million individually and €20 million in total in a financial year with the exception of (x) acquiring money under a credit already granted to the Company or any of its Subsidiaries by a bank and (y) intra-group lending and borrowing within Croma; (b) entering into or amending agreements, by which the Company or any of its Subsidiaries binds itself as guarantor or otherwise guarantees or agrees to bind itself as security for a debt of a third party exceeding €5 million; (c) making investments or engaging in expenditures or

obligations to incur expenditures which, in individual cases or as a group associated investments or expenditures, exceeding €5 million; (d) concluding, amending or terminating employment and services agreements (including the terms of any pension arrangements) with an annual remuneration of more than €250,000 per annum; (iii) any acquisition of participations or options in any other company, business, joint venture, partnership or other entity by Croma with a purchase price exceeding 10% of the balance sheet total of the most recently approved annual financial statements; (iv) establishing, selling or closing down a subsidiary or a branch office exceeding €5 million; (v) entering into or amending agreements with a value exceeding €5 million (on an annual basis); (vi) acquiring or selling land or real property or entering into or amending lease agreements in excess of €5 million; (vii) entering into any derivatives, foreign exchange contracts, swaps, options or similar financial instruments other than in the ordinary course of business; (viii) establishing any employee equity incentive plan or providing any other incentive plan for management or key employees, or making any material amendment, waiving any material right or exercising any material right, including any call option, in each case, under or in respect any such plan or under or in respect of any agreement entered into in connection with any such plan; (ix) initiating or settling any litigation or arbitration proceedings, except in the ordinary course of business involving an amount of less than €5 million. If action needs to be taken urgently due to summary proceedings, the Management Board shall be authorized to act immediately, provided that the matter shall as soon as possible thereafter be brought to the Supervisory Board for its approval; (x) related party transactions that require the approval of the Supervisory Board under the related party transactions policy drawn up by the Supervisory Board; (xi) the exercise of shareholder rights by the Company in measures set forth in Section 30j para 5 of the Austrian Act on Limited Liability Companies (*Gesetz vom 6. März 1906, über Gesellschaften mit beschränkter Haftung*), as amended, unless any supervisory board established at the Company has approved the applicable measure.

7.5.1.6 Information Sharing

The Relationship Agreement provides that the Company, to the extent permitted by applicable law (including capital market law) and if a prove compelling reason exists, shall provide a Croma Shareholder holding (alone or together with its Specified Transferees (as defined in the Relationship Agreement)) at least 12.5 per cent of the total issued and outstanding Class A Ordinary Shares with the information required for tax filing or financial reporting and audit purposes, upon such Croma Shareholder's request.

The Company is not prohibited or restricted from disclosing any inside information if and when required under applicable law.

The Relationship Agreement contains provisions to the effect that each party thereto is obliged to treat all information provided to it as confidential subject to certain exceptions as provided for in the Relationship Agreement.

7.5.1.7 Orderly Market Arrangements

The Relationship Agreement states that unless agreed otherwise in the Relationship Agreement or Business Combination Agreement (please see "*7.1.8 Lock-Up Undertakings*") each of the Croma Shareholders is entitled to sell any number of its Class A Ordinary Shares, in the open market or through a private sale or otherwise in an orderly market manner.

According to the Relationship Agreement, each of OLIN and PMJ may require the Company to provide reasonable cooperation and assistance with an offering of twenty (20) per cent or more of the total issued and outstanding Class A Ordinary Shares by one or more Croma Shareholders that entails the Company's involvement in the form of a deal management road show and/or the preparation of a prospectus or offering memorandum (a "**Fully Marketed Offering**"). If OLIN or PMJ requests the Company to assist on a Fully Marketed Offering of (part of) its Class A Ordinary Shares, the parties shall cooperate in executing the Fully Marketed Offering. The Company shall only be required to provide assistance with one Fully Marketed Offering in a twelve-month period.

The Relationship Agreement furthermore provides that in the event of a sale of a block of ten per cent or more of the issued and outstanding Class A Ordinary Shares by a Croma Shareholder other than by way of a Fully Marketed Offering (a "**Sell Down**"), the Company shall cooperate to optimize such Sell Down, upon reasonable request by the relevant Croma Shareholder by providing reasonable access to management and an opportunity to perform a limited due diligence investigation by or on behalf of (i) a bookrunner or coordinator, (ii) a reputable investment bank engaged to assist in such sale or (iii) a *bona fide*, creditworthy potential purchaser of the Class A Ordinary Shares. No new Sell Down may be conducted within a 90-day period as of the completion of a Sell Down.

7.5.1.8 Termination

The Relationship Agreement shall cease to bind a Croma Shareholder if it no longer holds at least 7.5 per cent of the total issued and outstanding Class A Ordinary Shares and terminates at the first time that any of the following conditions shall be met:

(a) if the Business Combination is consummated: the date at which the Croma Shareholders (together with their Specified Transferees (as defined in the Relationship Agreement)) collectively own less than fifteen per cent of the total issued and outstanding Class A Ordinary Shares;

(b) if the Business Combination is not approved by the General Meeting: a public announcement is made by the Company that Consummation did not and will not occur; or

(c) mutual agreement of all parties to the Relationship Agreement.

7.5.1.9 Governing Law

The Relationship Agreement is governed by the laws of the Netherlands.

7.5.2 Martin Prinz Scientific Board Service Agreement

For a description of the service agreement of Martin Prinz for his activities in the Scientific Board, see "*7.3.13 Scientific Board*".

7.5.3 Other Related Party Transactions Concerning Croma

7.5.3.1 Prinz Shareholders Agreement

On November 17, 2022, Croma's Ultimate Shareholders concluded a shareholders' agreement called the consent agreement (*Einigung*) (as amended, the "**Prinz Shareholders Agreement**"), which was not terminated by the Business Combination Agreement and its ancillary agreements and which relates to the transition of Martin Prinz from Managing Director of Croma to Supervisory Director of the Company and certain other related party relationships between the Prinz family and Croma.

Under the Prinz Shareholders Agreement it was concluded that Martin Prinz will become a Supervisory Director post-Closing. Furthermore, for as long as Martin Prinz (indirectly) owns at least 20% of EHC, the Ultimate Shareholders will exercise their voting rights in favor of retaining Martin Prinz as Supervisory Director, unless mandatory law dictates otherwise. It was also concluded under the Prinz Shareholders Agreement that the Scientific Board will be created (see "*7.3.13 Scientific Board*") and Martin Prinz will serve an initial term of eight years with reasonable compensation and office space, both being similar to his previous position as managing director of Croma. In connection with the shareholder loan granted by OLIN (see "*7.5.3.5 OLIN Shareholder Loan*"), the Prinz Shareholders Agreement was amended and it was agreed that Martin Prinz will cease his position as Managing Director of Croma with immediate effect and focus on the establishment of the Scientific Board and to continue his role within Croma's research and development.

It was also agreed to conclude a license agreement with Martin Prinz to govern any intellectual property rights resulting of past, current and future inventions of Martin Prinz (see "*7.5.3.2 Martin Prinz License Agreement*"). In addition, Martin Prinz will be entitled to do research and developments and to apply for patents in his own name while Croma is bearing the costs for such research and developments.

With respect to Yuvell (as defined below under "*7.5.3.3 H&P Ambulatorien Betriebsgesellschaft m.b.H.*") it was concluded that Yuvell will be engaged for certain clinical studies and that Andreas Prinz undertakes, until December 31, 2024, towards the Ultimate Shareholders, and also Yuvell and Croma, to provide Yuvell, in the event of liquidity issues, with a subordinated loan. Furthermore, Yuvell was granted a loan by Croma in the amount of €400,000.00 with a market standard interest rate and a term until December 31, 2024. For any existing loans granted by Croma from April 2017 to May 2017 (*i.e.*, other than the €400,000 loan mentioned above), it was agreed that all repayments will be deferred, being, however, subject to the interest rates as agreed upon in the respective loan agreements (see "*7.5.3.3.2 Yuvell Loan Agreements*").

In addition, the consent agreement also contains provisions for the governance of the Company in the event that the potential transaction fails.

7.5.3.2 Martin Prinz License Agreement

On December 21, 2022, Croma and Martin Prinz concluded a license agreement under which Martin Prinz (i) confirms that the intellectual property of certain of his past inventions has been transferred to Croma and (ii) is entitled to a one-off payment of €250,000.00 plus 20% value-added tax ("**VAT**") (due April 1, 2023) and royalties of 2.5% of any net revenue generated out of his current and future patents for which he transferred and will transfer the intellectual property to Croma until the patent ceases its exclusivity according to patent law. With respect to any future patents the license agreement can be terminated ordinarily with a notice period of six months by either party. However, any termination does not affect Croma's right to use patents already transferred to them by Martin Prinz.

7.5.3.3 H&P Ambulatorien Betriebsgesellschaft m.b.H.

Croma and H&P Ambulatorien Betriebsgesellschaft m.b.H. ("**Yuvell**"), an Austrian company that operates an aesthetics clinic under the brand name "Yuvell" in Vienna, are in ongoing contractual relationships with respect to conducting clinical trials as well as marketing studies and other studies for the business purposes of Croma and its partners. Furthermore, there are contractual relationships between Yuvell and Croma relating to certain services provided to Croma, such as the creation of clinical scales, workshops, product testing and photo shootings. In addition, Croma has granted Yuvell multiple loans. As at the end of February 2023, a total (including accrued interests) of approximately €700,000.00 was outstanding.

Yuvell is managed by Valentina Prinz, wife to Andreas Prinz, the sole shareholder of OLIN, and is wholly owned by the Sanaliber Privatstiftung ("**Sanaliber**"), an Austrian private foundation (*Privatstiftung*). The founders and beneficiaries of Sanaliber include Andreas Prinz, Martin Prinz and Valentina Prinz. As a private foundation under Austrian law, Sanaliber's activities are managed solely by its board with the founders and beneficiaries not being permitted to intervene. The Prinz family is not represented on the board.

7.5.3.3.1 Contractual Relationship for Clinical Trials and Other Studies

Croma retains Yuvell for conducting clinical trials for medicinal product and medical device marketing authorizations, among others, with respect to the registration of Letybo with the United States Food and Drug Administration ("**FDA**"). Given the corporate background, the relationship between Croma and Yuvell could, with respect to any medicinal product and medical device admission filings in which Yuvell is involved, be deemed a conflict of interest resulting in the clinical data not being admissible for any authority decisions. Against this background, three legal opinions have been rendered examining whether the existing relationship between Croma and Yuvell creates a potential bias of Yuvell in conducting clinical trials for Croma and whether disclosure obligations under US, EU or Austrian law apply due to a potential conflict of interest. While none of the opinions expressly conclude legal disclosure obligations, they discuss some remaining uncertainty in this regard and one recommends the disclosure of the relationship between Yuvell and Croma with respect to ongoing studies as a precautionary measure.

As of December 31, 2022, Croma had trade receivables in the amount of €0.1 million outstanding towards Yuvell. In a separate agreement on deferral and payment in instalments, Croma and Yuvell agreed that the outstanding balance will be deferred until September 30, 2023 and thereafter will be completely paid on a quarterly basis until December 31, 2024. The instalments will amount to €10,000 in 2023 and to €25,000 in subsequent quarters. Interest is paid at a fixed rate of 4% p.a. This contract is secured by a letter of comfort (*Patronatserklärung*) issued by Andreas Prinz for the benefit of Croma.

7.5.3.3.2 Yuvell Loan Agreements

In 2017, Croma granted Yuvell a loan for general business purposes in the total amount of €550,000.00 which was paid out in multiple partial amounts in the period from April 2017 to May 2017 subject to a fixed interest rate of 1.45% p.a. ("**Yuvell Loan I**"). The Yuvell Loan I initially provided for a term until June 30, 2023. In 2022, Croma and Yuvell entered into an agreement on the deferral and payment in instalments, pursuant to which repayment was suspended until September 30, 2023 and thereafter will be completely repaid by Yuvell on a quarterly basis until December 31, 2026, with quarterly amortization instalments of €10,000 in 2023 and €25,000 in all subsequent quarters.

Further, as per the Prinz Shareholders Agreement, in December 2022, Croma granted Yuvell an additional loan in the amount of €400,000.00 with an interest rate of 4.0% p.a. which is to be paid back by way of a bullet payment at the end of its term on December 31, 2024 ("**Yuvell Loan II**"). The Yuvell Loan II is subject to a change of control repayment right pursuant to which Yuvell is obliged to pay back the loan immediately if Sanaliber ceases to directly or indirectly own 100% of the shares in Yuvell.

The Yuvell Loans I and II, as well as all outstanding claims by Croma towards Yuvell (see "*7.5.3.3.1 Contractual Relationship for Clinical Trials and Other Studies*"), are secured by a letter of comfort (*Patronatserklärung*) issued by Andreas Prinz for the benefit of Croma. With respect to the Yuvell Loan I and II, the outstanding amount (including accrued interests) was approximately €700,000.00 as of the end of February 2023.

7.5.3.4 IBA Immobilien GmbH

IBA Immobilien GmbH ("**IBA**"), an Austrian real estate company that is wholly owned by a Swiss company in which Andreas and Martin Prinz each own 50% of the share capital, sub-leases Croma its headquarters in Leobendorf, Austria.

7.5.3.4.1 IBA Lease Agreement

In September 2013, IBA and Oberbank, a local Austrian bank, entered into a sale-and-lease back transaction pursuant to which IBA leases the Croma headquarters from Oberbank. The purpose of the sale-and-lease back transaction was the financing of the construction of Croma's new headquarters and the adjacent state-of-the-art manufacturing facility, both of which opened in 2019.

Under the corresponding lease agreement between IBA (as lessee) and Oberbank (as lessor) as well as Croma (as guarantor), dated September 5, 2013 (as amended, the "**IBA Lease Agreement**"), IBA is obliged to pay a monthly lease of €199,043.90 (incl. VAT), of which €17,748.14 are allocated to the security deposit. The monthly lease is subject to an interest rate based on the three-month EURIBOR plus a margin of 2.60%. The IBA Lease Agreement has an indefinite term and is non-cancellable until June 2037. Afterwards it may be terminated with a six month notice period. Oberbank has a put option for the property after the contractual term (as per the contract documentation), pursuant to which IBA is obliged to purchase the property at its residual value. The exercise of the put option is in the sole discretion of Oberbank and neither Croma nor IBA are entitled to a call-option. As per the IBA Lease Agreement, Croma acts as guarantor, jointly with IBA, towards Oberbank for all outstanding payment obligations, which amounted to €24 million as of December 31, 2022.

With respect to this IBA Lease Agreement, Andreas Prinz and Martin Prinz, on September 29, 2021, entered into a letter of comfort (*Patronatserklärung*) with Oberbank (the "**Oberbank Comfort Letter**"), pursuant to which the brothers irrevocably commit to exercise their influence in Croma and IBA and to provide capital to both companies in order for them to be liquid enough to serve all outstanding obligations towards Oberbank. In addition, Andreas Prinz and Martin Prinz undertook towards Oberbank to not reduce their shareholding in either Croma or IBA for as long as either of the companies has outstanding obligations towards Oberbank. Originally set to expire in May 2022, the Oberbank Comfort Letter was extended on January 18, 2023 until May 31, 2023 in connection with Oberbank's consent declaration of the same date relating to a reduction of the shareholdings of Andreas Prinz and Martin Prinz in Croma as a result of the consummation of the Business Combination. Pursuant to Oberbank's consent declaration, Andreas Prinz and Martin Prinz will be obliged to (indirectly) hold at least 80% of the shares in the Company for as long as the Oberbank Comfort Letter is effective.

7.5.3.4.2 Croma Sub-Lease Agreement

In February 2007, Croma entered into a sub-lease agreement with IBA for its headquarters (as amended, the "**Croma Sub-Lease Agreement**") which, since March 2023, provides for a monthly rent of €216,000.00 (incl. VAT). Similar to the IBA Lease Agreement, the Croma Sub-Lease Agreement has been concluded for an indefinite term. Contrary to the IBA Lease Agreement, the Croma Sub-Lease Agreement, however, does not contain any exclusion of ordinary termination rights with any ordinary termination rights on part of IBA being exercisable the first time with effect to June 2037.

7.5.3.4.3 IBA Loan Agreements

In 2013, Croma granted IBA a loan in the amount of €1.69 million with an interest rate of 2.0%. On May 23, 2018 and on May 15, 2019, the loan amount was increased to €1.99 million and €2.11 million, respectively. The loan is to be repaid in 195 monthly instalments based on its initial pay-out date in 2013. As at December 31, 2022, the outstanding amount (including accrued interests) under the loan was €654,691.81.

7.5.3.5 OLIN Shareholder Loan

On February 8, 2023, OLIN granted Croma a loan in the amount of €8.0 million as a bridge loan (the "**OLIN Shareholder Loan**") for purposes of the repayment of Croma's promissory notes in the total amount of

€9.0 million that matured in February 2023. The OLIN Shareholder Loan bears interest at a rate equal to the 3-month-EURIBOR plus a margin of 4.5% and has a fixed term until October 16, 2024. With respect to the OLIN Shareholder Loan, OLIN and Croma entered into a qualified subordination agreement (the "**OLIN Subordination**") pursuant to which the OLIN Shareholder Loan is subordinated to claims of any and all current and future lenders of Croma. In the qualified subordination agreement, OLIN and Croma furthermore agreed that OLIN will not sell its claims under the OLIN Shareholder Loan without the consent of the other lenders and that repayments of the loan are only to be made by Croma from future profits. In addition, OLIN undertook not to bring any claims under the OLIN Shareholder Loan if such loans would result in an insolvency or the opening of insolvency proceedings for Croma under applicable law.

7.5.3.6 Ultimate Shareholders' Guarantees and Letter of Comforts

In connection with Croma's credit facility with Erste Bank AG ("**Erste Bank**"), an Austrian bank, dated March 28, 2018, as amended, with an amount of €11.9 million being drawn as of December 31, 2022, each of Andreas Prinz and Martin Prinz provided a guarantee (*Bürgschaft*) as collateral securing any repayment claims or other monetary claims in connection with such credit facility by Erste Bank towards Croma.

In addition, to avoid that the lenders exercise their termination rights due to covenant breaches under certain loan agreements, each of Andreas Prinz and Martin Prinz entered into letters of comforts (*Patronatserklärungen*) towards the relevant lenders for the benefit of Croma. In 2022, letters of comfort were issued by Andreas Prinz and Martin Prinz towards the three Austrian lenders Erste Bank, UniCredit Bank Austria AG ("**Unicredit**") and Raiffeisenlandesbank Oberösterreich, affecting loans in the drawn amount of €17.8 million in total in order to obtain a waiver for the breach of financial covenants. With respect to Raiffeisenlandesbank Oberösterreich, instead of granting the application for a waiver, the loan agreement was re-negotiated the loan agreement and the financial covenants were retrospectively amended (for more information, see "*9.11.15.2 Other Financing Arrangements*"). To obtain such amendment, Andreas Prinz provided a so-called bill guarantee (*Wechselbürgschaft*) towards Raiffeisenlandesbank Oberösterreich to the benefit of Croma. Andreas Prinz and Martin Prinz already issued letters of comfort for the years 2021 and 2020 towards Unicredit and Raiffeisenlandesbank Oberösterreich.

Under the comfort letter issued towards Unicredit, each of Andreas Prinz and Martin Prinz were originally not allowed to sell any of their (indirect) shareholdings in Croma until 90 days after the provision of the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022 without the consent of Unicredit. In connection with the contemplated Business Combination, Unicredit issued a letter, dated as of December 21, 2022, giving its consent to the reduction of the shareholdings by Andreas Prinz and Martin Prinz by 25% in the aggregate. As a result, the shareholdings of Andreas Prinz and Martin Prinz in Croma have to amount to at least 75% in the aggregate, in order to not breach the letter of comfort.

7.5.3.7 Karin and Gerhard Prinz

In 2015, Croma granted a loan in the amount of €529,989.38 to Karin and Gerhard Prinz with a floating interest based on the 3-month EURIBOR plus 1.25% margin. The loan agreement runs until Gerhard Prinz's exit as employee of Croma and is then to be repaid including all interest accrued. Croma is only entitled to terminate the agreement for cause. Under the loan agreement, Gerhard and Karin Prinz are entitled to set-off Croma's repayment claims with any claims they may have as (indirect) shareholders towards Croma. As of December 31, 2022, the outstanding balance under the loan amounted to €135,993.21.

7.5.3.8 Lease Contract with Karin and Gerhard Prinz

Furthermore, Croma leases two buildings of its headquarters from Karin and Gerhard Prinz pursuant to an long-running lease agreement which stipulates a monthly rent of €2,702.97 (plus VAT and costs). The monthly rent is subject to rent adjustments based on the Austrian consumer price index. The lease agreement was concluded for an indefinite term and can be ordinary terminated by either party at the end of each calendar quarter with three months' notice.

7.5.4 Other Related Party Transactions Concerning EHC

The related party transactions between EHC and the Sponsors are described in detail in the EHC Prospectus. There have been no changes, amendments or modifications made to the agreements described there nor have there been any transactions or agreements concluded between EHC and the Sponsors in the meantime.

7.6 Dividend Policy

The Company is not targeting a fixed-dividend pay-out ratio in the foreseeable future. The Management Board, subject to approval of the Supervisory Board, will each year determine which part of the profits, if any, will be added to the reserves and which amount, if any, shall be at the disposal of the General Meeting. The Management Board could decide to retain its future net income, in whole or in part, to fund its business. This decision will depend on its strategy, financial position, earnings, cash needs, working capital developments, capital requirements (including requirements of its subsidiaries) and any other factors that the Management Board deems relevant in making such determination.

The amounts of dividends and distributions available to the Company and its ability to make dividend payments to its shareholders will depend on the profitability and cash flow of the Company's operating subsidiaries, including Croma, and the ability of those subsidiaries to pay dividends under applicable law. The relevant subsidiaries, however, may not be able to, or may not be permitted under applicable law and finance agreements to declare dividends to the Company.

The ability of Croma to declare and pay dividends to the Company will generally be limited to the amount of the distributable balance sheet profit as set-out in the single financial statements of Croma prepared in accordance with Austrian GAAP. While the balance sheet profit of Croma as shown in the single financial statements of Croma as of December 31, 2022 amounts to €62,556,091.77, of which an amount of €7,290,262.67 is not distributable because of restrictions under Austrian law (Section 235 para. 2 Austrian Commercial Code (*Unternehmensgesetzbuch*)). In addition, the balance sheet profit of Croma is subject to various distribution restrictions due to existing financing and leasing agreements that limit Croma to distribute dividends for the 2022 financial year.

The Management Board, subject to the approval of the Supervisory Board, is authorized to amend the Company's dividend policy. Each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting under a separate agenda item.

7.7 Taxation in the Netherlands

7.7.1 Material Dutch Tax Considerations – Shares and Warrants

7.7.1.1 Taxation in the Netherlands

This section outlines the principal Dutch tax consequences of the acquisition, holding, settlement, redemption and disposal of the Shares and the acquisition, holding, exercise, and disposal of the Warrants. It does not present a comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to Shareholders or Warrant Holders. For Dutch tax purposes, a Shareholder or Warrant Holder may include an individual who, or an entity that, does not hold the legal title to the Shares or Warrants, but to whom, or to which, nevertheless the Shares or Warrants, or the income thereof, are attributed based either on such individual or entity owning a beneficial interest in the Shares or Warrants or based on specific statutory provisions. These include statutory provisions pursuant to which the Shares or Warrants are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Shares or Warrants.

This section is intended as general information only. A current or prospective Shareholder or current or prospective Warrant Holder should consult his own tax adviser regarding the tax consequences of any acquisition, holding, redemption and disposal of Shares or acquisition, holding, exercise, or disposal of Warrants.

Except as otherwise provided, this section is based on Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date of this Circular, including, for the avoidance of doubt, the tax rates applicable on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Any reference in this section made to Dutch taxes, Dutch tax or Dutch tax law must be construed as a reference to any taxes of any nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities or to the law governing such taxes, respectively. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulations for the Netherlands and Curacao (*Belastingregeling Nederland Curaçao*), the Tax Regulations for the Netherlands and Sint Maarten (*Belastingregeling Nederland Sint Maarten*) and the Tax Regulation for the State of the Netherlands (*Belastingregeling voor het land Nederland*).

This section does not describe any Dutch tax considerations or consequences that may be relevant to a Shareholder or Warrant Holder:

(a) who is an individual and for whom the income or capital gains derived from the Shares or Warrants are attributable to employment activities, the income from which is taxable in the Netherlands;

(b) who has, or that has, a substantial interest (*aanmerkelijk belang*) or a fictitious substantial interest (*fictief aanmerkelijk belang*) in the Company within the meaning of chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally, a Shareholder or Warrant Holder has a substantial interest in the Company if such Shareholder or Warrant Holder, alone or - in case of an individual - together with a partner for Dutch tax purposes, or any relative by blood or by marriage in the ascending or descending line (including foster-children) of either of them, directly or indirectly:

- owns, or holds, or is deemed to own or hold, certain rights to Shares representing five percent or more of the total issued capital of the Company, or of the issued and outstanding capital of any class of Shares of the Company;
- holds, or is deemed to hold, rights, including Warrants, to, directly or indirectly, acquire Shares, whether or not already issued, representing five percent or more of the total issued capital of the Company, or of the issued capital of any class of Shares of the Company; or
- owns, or holds, or is deemed to own or hold, certain rights on profit participating certificates (*winstbewijzen*) that relate to five percent or more of the annual profit of the Company or to five percent or more of the liquidation proceeds of the Company.

A Shareholder or Warrant Holder who is an individual will also have a substantial interest if a partner for Dutch tax purposes or any relative by blood or by marriage in the ascending or descending line (including foster-children) of either of them has a substantial interest in the Company.

(a) that is an entity which is, pursuant to the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) (the "**CITA**"), not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as a qualifying pension fund);

(b) that is an investment institution (*beleggingsinstelling*) as described in clause 6a or 28 CITA; or

(c) that is required to apply the participation exemption (*deelnemingsvrijstelling*) with respect to the Shares, Warrants, or a combination thereof (as defined in clause 13 CITA). Generally, a holding of Shares or Warrants is considered to qualify as a participation for the participation exemption if it represents a holding of, or right to acquire, an interest of five percent or more of the nominal paid-up share capital in the Company.

7.7.1.2 Withholding Tax on Dividend Payments

7.7.1.2.1 <u>Shareholders</u>

A Shareholder is generally subject to Dutch dividend withholding tax at a rate of 15 percent on dividends distributed by the Company. Generally, the Company is responsible for the withholding of such dividend withholding tax at source.

However, a Shareholder will not be subject to Dutch dividend withholding tax on dividends distributed by the Company if, and for as long as, the Company is resident solely in Germany and after the Business Combination in Austria for purposes of the conventions for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income between respectively Germany and the Netherlands ("**DE-NL Tax Treaty**") and Austria and the Netherlands ("**AUS-NL Tax Treaty**"), unless:

(a) the Shareholder is a Dutch Individual (as defined below) or a Dutch Corporate Entity (as defined below); or

(b) the Shareholder is a Non-Dutch Individual (as defined below) or a Non-Dutch Corporate Entity (as defined below) and derives profits from an enterprise, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Shares or Warrants are attributable.

The current DE-NL Tax Treaty and AU-NL Tax Treaty stipulate that if a company is treated as tax resident of both states it shall be treated as resident of the country in which it has its place of effective management for purposes of the treaty. It is currently envisaged that the Company shall have its place of effective management in Germany and after the Business Combination in Austria.

It is currently uncertain what evidence, information and documentation will be required by the Dutch tax authorities for purposes of accepting application of the DE-NL Tax Treaty and AU-NL Tax Treaty as described above, either at source or through a refund request by a Shareholder or a Warrant Holder.

Dividends distributed by the Company include, but are not limited to:

(a) distributions of profits in cash or in kind, whatever they be named or in whatever form;

(b) proceeds from the liquidation of the Company or proceeds from the repurchase of Shares by the Company, other than as a temporary portfolio investment (*tijdelijke belegging*), in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes;

(c) the nominal value of Shares issued to a Shareholder or an increase in the nominal value of Shares, to the extent that no related contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and

(d) partial repayment of paid-in capital, that is (a) not recognized for Dutch dividend withholding tax purposes, or (b) recognized for Dutch dividend withholding tax purposes, to the extent that the Company has "net profits" (*zuivere winst*), unless the General Meeting has resolved in advance to make such repayment and the nominal value of the Shares concerned has been reduced with an equal amount by way of an amendment to the articles of association. The term "net profits" includes anticipated profits that have yet to be realized.

If a Shareholder is resident or deemed to be resident in the Netherlands, such Shareholder is generally entitled to an exemption or a credit for any Dutch dividend withholding tax against his Dutch (corporate) income tax liability and to a refund of any residual Dutch dividend withholding tax. As of January 1, 2022, the set-off of dividend withholding tax against Dutch corporate income tax is limited to the amount of Dutch corporate income tax due before the set off. Taxes that cannot be set off in a year are carried forward to future years without time limitation.

Depending on his specific circumstances, a Shareholder resident in a country other than the Netherlands, may be entitled to exemptions from, reduction of, or full or partial refund of, Dutch dividend withholding tax pursuant to Dutch law, EU law, the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the EU and the European Atomic Community, or treaties for avoidance of double taxation.

A Shareholder that is resident (i) in an EU member state, or (ii) the United Kingdom, or (iii) in a state that is a party to the Agreement on the European Economic Area ("**EEA**"; Iceland, Liechtenstein or Norway), or (iv) in a designated third state with which the Netherlands has agreed to an arrangement for the exchange of information on tax matters, is entitled to a full or partial refund of Dutch dividend withholding tax incurred in respect of Shares if the final tax burden in respect of the dividends distributed by the Company of a comparable Dutch resident shareholder is lower than the withholding tax incurred by the Non-Dutch Individuals. The refund is granted upon request and is subject to conditions and limitations. No entitlement to a refund exists if the disadvantage for the non-Dutch resident Shareholder is entirely compensated in his state of residence under the provisions of a treaty for the avoidance of double taxation concluded between this state of residence and the Netherlands.

According to Dutch domestic anti-dividend stripping rules, no credit against Dutch (corporate) income tax, exemption from, reduction in or refund of, Dutch dividend withholding tax will be granted if the recipient of the dividends paid by the Company is not considered to be the beneficial owner (*uiteindelijk gerechtigde*) of such dividends.

The Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*) ("**DWTA**") provides for a non-exhaustive negative description of a beneficial owner. According to the DWTA, a Shareholder will not be considered the beneficial owner of the dividends if as a consequence of a combination of transactions:

(a) a person other than the Shareholder wholly or partly, directly or indirectly, benefits from the dividends;

(b) whereby this other person retains or acquires, directly or indirectly, an interest similar to that in the Shares on which the dividends were paid; and

(c) that other person is entitled to a credit, reduction or refund of Dutch dividend withholding tax that is less than that of the Shareholder.

Please refer to "*8. Risk Factors*" for a risk regarding the Company's tax residency and the consequences thereof.

7.7.1.2.2 Warrant Holders

The exercise of a Warrant does in the view of the Company not give rise to Dutch dividend withholding tax, except to the extent (i) the exercise price paid in cash per issued Share is below the nominal value of a Share and (ii) such difference is not charged against the Company's share premium reserve recognized for purposes of Dutch dividend withholding tax. If any Dutch dividend withholding tax due is not effectively withheld for the account of the relevant Warrant Holder, Dutch dividend withholding tax shall be due by the Company on a grossed-up basis, meaning that the Dutch dividend withholding tax basis shall be equal to the amount referred to in the preceding sentence multiplied by 100/85. Exceptions and relief from Dutch dividend withholding tax may apply as set forth in the preceding paragraph. In addition to the above, it cannot be excluded that payments in consideration for a repurchase or redemption of Warrants or a full or partial cash settlement of Warrants are considered a dividend for Dutch dividend withholding tax purposes and are therefore to such extent subject to Dutch dividend withholding tax at a rate of 15%. As of today, no authoritative case law of the Dutch courts has been published in this respect.

7.7.1.3 Tax on Income and Capital Gains

7.7.1.3.1 Residents of the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following Shareholders or Warrant Holders:

(a) individuals who are resident or deemed to be resident in the Netherlands for Dutch income tax purposes ("**Dutch Individuals**"); and

(b) entities or enterprises that are subject to the CITA and are resident or deemed to be resident in the Netherlands for corporate income tax purposes ("**Dutch Corporate Entities**").

Dutch Individuals engaged or deemed to be engaged in an enterprise or who derive income from miscellaneous activities (*resultaat uit overige werkzaamheden*) are generally subject to income tax at statutory progressive rates with a maximum of 49.5 percent (2023) on any benefits derived or deemed to be derived from the Shares or Warrants, including any capital gains realized on the disposal thereof or on the exercise of Warrants, that are either attributable to:

(a) an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement (*medegerechtigde*) to the net worth of such enterprise other than as an entrepreneur or a shareholder; or

(b) the benefits of which are attributable to miscellaneous activities, including, without limitation, activities which are beyond the scope of active portfolio investment activities (*meer dan normaal vermogensbeheer*).

7.7.1.3.2 Dutch Individuals not Engaged or Deemed to be Engaged in an Enterprise or in Miscellaneous Activities

Generally, the Shares or Warrants held by a Dutch Individual who is not engaged or deemed to be engaged in an enterprise or miscellaneous activities, or who is so engaged or deemed to be engaged but the Shares or

Warrants are not attributable to that enterprise or miscellaneous activities, will be subject to annual income tax imposed on a fictitious yield on the Shares or Warrants under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income and capital gains realized, including the Shares received upon the exercise of a Warrant, the annual taxable benefit of the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Shares and Warrants, is set at a percentage of the positive balance of the fair market value of these assets, including the Shares or Warrants, and the fair market value of these liabilities on January 1st of each calendar year. The Dutch Individual would be annually subject to the tax on a deemed income from savings and investments. Based on a recent ruling of the Dutch Supreme Court, the old regime that was based on a fictitious mix of savings and investments did not comply with EU regulation. As a consequence, the Dutch Government has introduced a new system of taxation, based on which for the period as from January 1, 2022 up to and including December 31, 2025 taxation will be levied on the basis of fixed returns realized on the actual mix of a taxpayer's assets. The assets are divided into the categories (i) savings (e.g., bank balances and cash); (ii) debts (including current account debts to a personal holding company and debts to family members); and (iii) other assets (e.g., investments, capital insurance policies, receivables and real estate). Each category has its own deemed fixed return. Current return rates vary between 0.036% (for savings) and 6.17% (other investments) and 2.57% for debts (2023). The applicable tax rate on the fixed returns is 32% (2023), and is proposed to be increased to 33% in 2024 and 34% in 2025. The tax-free allowance (*heffingsvrije vermogen*) is €57,000 (2023) for individuals.

7.7.1.3.3 *Dutch Corporate Entities*

Dutch Corporate Entities are generally subject to corporate income tax at statutory rates up to 25.8 percent (2023) on any benefits derived or deemed to be derived from the Shares or Warrants, including any capital gains realized on the disposal thereof or on the exercise of Warrants. A reduced rate of 19 percent applies to the first €200,000 of taxable profits (2023).

7.7.1.3.4 *Non-Residents of the Netherlands*

The description of certain Dutch tax consequences in this paragraph is only intended for the following Shareholders or Warrant Holders:

(a) individuals not resident and not deemed to be resident in the Netherlands for Dutch income tax purposes ("**Non-Dutch Individuals**"); or

(b) entities not resident and not deemed to be resident in the Netherlands for Dutch corporate income tax purposes ("**Non-Dutch Corporate Entities**").

A Non-Dutch Individual or a Non-Dutch Corporate Entity will not be subject to any Dutch taxes on income or capital gains in respect of the acquisition, holding, redemption and disposal of Shares and the acquisition, holding, exercise, and disposal of Warrants, other than withholding tax as described above, except if:

(a) the Non-Dutch Individual or the Non-Dutch Corporate Entity derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Shares or Warrants are attributable;

(b) the Non-Dutch Individual derives benefits from miscellaneous activities carried out in the Netherlands in respect of the Shares or Warrants, including (without limitation) activities which are beyond the scope of active portfolio investment activities;

(c) the Non-Dutch Corporate Entity is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, other than by way of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the Shares or Warrants are attributable; or

(d) the Non-Dutch Individual is entitled to a share in the profits of an enterprise, other than by way of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the Shares or Warrants are attributable.

Under certain specific circumstances, Dutch taxation rights may be restricted for Non-Dutch Individuals and Non-Dutch Corporate Entities pursuant to treaties for the avoidance of double taxation.

7.7.2 Dutch Gift Tax or Inheritance Tax

No Dutch gift tax or inheritance tax is due in respect of any gift of the Shares or Warrants by, or inheritance of the Shares or Warrants on the death of, a Shareholder or Warrant Holder, except if:

(a) at the time of the gift or death of the Shareholder or Warrant Holder, the Shareholder or Warrant Holder is tax resident, or is deemed to be tax resident, in the Netherlands;

(b) the Shareholder or Warrant Holder passes away within 180 days after the date of the gift of the Shares or Warrants and is not, or not deemed to be, at the time of the gift, but is, or deemed to be tax resident in the Netherlands at the time of his death; or

(c) the gift of the Shares or Warrants is made under a condition precedent and the Shareholder or Warrant Holder is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled.

For purposes of Dutch gift tax or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if such individual has been resident in the Netherlands at any time during the 10 years preceding the date of the gift or his death. For purposes of Dutch gift tax, any individual, irrespective of his nationality, will be deemed to be resident in the Netherlands if such individual has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

7.7.3 Other Taxes and Duties

No other Dutch taxes, including taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of the Shareholder or Warrant Holder by reason only of the purchase, ownership and disposal of the Shares or the purchase, ownership, exercise and disposal of the Warrants.

7.7.4 Residency

A Shareholder or Warrant Holder will not become resident, or deemed resident, nor carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative, in the Netherlands for tax purposes by reason only of holding the Shares or Warrants.

7.8 Taxation in Germany

Income received from Shares or Warrants of the Company is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the investor and the tax laws of the Company's state of incorporation, statutory seat and place of effective management i.e., Germany, might have an impact on the income received from Shares or Warrants of the Company.

*The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of Shares or Warrants in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to Shareholders of the Company. In particular, this summary does not cover tax considerations that may be relevant to a Shareholder that is a tax resident of a jurisdiction other than Germany. This presentation is based upon domestic German tax laws in effect as of the date of this Circular and the provisions of double taxation treaties ("**DTT**") currently in force between Germany and other countries. Further, this presentation is based on the assumption that on the basis of Article 4(3) of DE-NL Tax Treaty the Company is treated as a German tax resident due to its effective place of management in Germany. In this context, please note that the qualification of the Company as a German tax resident will cease upon a change of the effective place of management of the Company and, thereby, of the Company's tax residency from Germany to Austria.*

Assuming that the Company does not fall within the scope of Directive (EU) 2011/61 of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and national laws and regulations seeking to regulate AIFM, this section does not include any descriptions of tax implications for investors resulting from an application of the German Investment Tax Act (Investmentsteuergesetz).

It cannot be ruled out that the tax authorities or courts will interpret these laws and provisions differently than what is described in this section.

*This section does not replace the need for individual Shareholders of the Company to seek personal tax advice. It is therefore recommended that Shareholders consult their own tax advisors regarding the tax implications of acquiring, holding or transferring Shares of the Company and, in particular, what procedures are necessary to secure the repayment of German withholding tax ("**WHT**") (Kapitalertragsteuer), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual Shareholders.*

7.8.1 Taxation of the Company

7.8.1.1 Income Taxation

The Company's taxable income, whether distributed or retained, is generally subject to German corporate income tax (*Körperschaftsteuer*) at a uniform rate of 15.00% plus the solidarity surcharge (*Solidaritätszuschlag*) of 5.50% thereon, resulting in a total tax rate of 15.825%.

Dividends and comparable payments ("**Dividends**") which the Company receives from domestic and foreign corporations are generally not subject to corporate income tax; however, 5.00% of this type of income are deemed to be a non-deductible business expenses and are thus subject to corporate income tax plus solidarity surcharge thereon, *i.e.*, 95.00% of this type of income is effectively exempt from such taxation, resulting in a tax rate of approximately 1.50%. The same applies generally to profits earned by the Company from the sale of shares in another domestic or foreign corporation. Losses incurred from the disposal of such shares are not deductible for tax purposes, regardless of the percentage of shares held. Different rules apply to free floating Dividends, i.e., Dividends earned on direct shareholdings in a distributing corporation equal to less than 10.00% of its share capital at the start of the respective calendar year ("**Portfolio Dividends**"). Portfolio Dividends are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10.00% is deemed to have occurred at the beginning of the calendar year.

Participations in the share capital of other corporations which the Company holds through partnerships, including Co-Entrepreneurships (*Mitunternehmerschaften*), are attributable to the Company only on a pro rata basis at the ratio of the interest share of the Company in the assets of the relevant partnership.

In addition, the Company is subject to trade tax (*Gewerbesteuer*) with respect to its taxable trade profits (*Gewerbeertrag*) in Germany. Trade tax may range between the statutory minimum rate of 7.00% and 19.00% or higher of the taxable trade profits depending on the municipal trade tax multiplier applied by the relevant municipal authorities (*Hebesatz*) in which the Company maintains its domestic permanent establishments. The average trade tax rate in Germany amounts to approximately 15.00% but the (blended) trade tax rate applying to the Company might be lower or higher and subject to changes in the future. When determining the income of the corporation that is subject to corporate income tax, trade tax must not be deducted as a business expense.

For trade tax purposes, Dividends received from domestic and foreign corporations and capital gains from the sale of shares in other corporations are treated in principle in the same manner as for corporate income tax purposes. However, Dividends received from domestic and foreign corporations are effectively 95.00% exempt from trade tax only if, among other things, the Company holds a stake of at least 15.00% in the share capital of the company making the distribution at the beginning of the relevant assessment period.

7.8.1.2 Interest Barrier

The provisions of the interest barrier (*Zinsschranke*) restrict the extent to which interest expenses are tax deductible. Under these rules, the net interest expenses (the interest expenses minus the interest income in a fiscal year) are generally only deductible up to 30.00% of the EBITDA as determined for tax purposes (taxable earnings particularly adjusted for interest costs, interest income, and certain depreciation and amortization) in a given fiscal year, although there are certain exceptions to this rule. The interest barrier rules do not apply in a given year (i) if the annual net interest expenses are less than €3 million, (ii) if the respective entity is not or only partially part of a consolidated group, or (iii) if the respective entity is part of a consolidated group but its equity ratio is not more than 2.00%-points below the equity ratio of the consolidated group. For the eligibility of exemption (ii), the entity must prove that it did not pay more than 10.00% of the net interest expense to shareholders with a (direct or indirect) shareholding in the entity of more than 25.00% or to an associated person. For the eligibility of exemption (iii), the entity must prove that the entity itself and any other company of the consolidated group did not pay more than 10.00% of the net interest expenses to shareholders with a (direct

or indirect) shareholding in a group company of more than 25.00% or to an associated person. Interest expenses that are not deductible in a given year may be carried forward to subsequent fiscal years of the Company (interest carryforward) and will increase the interest expenses in those subsequent years. Under certain conditions, EBITDA that has not been fully utilized can also be carried forward to subsequent years (EBITDA carryforward) up to five years. For the purpose of trade tax, however, the deductibility of interest expenses is further restricted to the extent that the sum of certain trade taxable add back items exceeds €200,000, since in such cases 25.00% of the interest expenses, to the extent they were deducted for corporate income tax purposes, are added back for purposes of the trade tax base; consequently, in these cases the deductibility for trade tax purposes is limited to 75.00% of the interest expenses deductible for corporate income tax purposes. The constitutionality of the interest barrier is currently under review by the Federal Constitutional Court (*Bundesverfassungsgericht*).

7.8.1.3 Loss utilization and forfeiture

Losses of the Company can be carried forward in subsequent assessment periods and used to fully offset taxable income for corporate income tax and trade tax purposes only up to an amount of €1 million. If the taxable income for the year or taxable profit subject to trade taxation exceeds this amount, only up to 60.00% of the amount exceeding the amount may be offset by tax loss carryforwards. The remaining 40.00% are subject to tax (minimum taxation). The rules also provide for a tax loss carryback of an amount up to €1 million (in 2023 up to €10 million) to the two previous assessment periods with regards to corporate income tax. Unused tax loss carryforwards can generally continue to be carried forward without time limitation.

If more than 50.00% of the subscribed capital or voting rights of the Company are transferred to an acquirer (including parties related to the acquirer) within five years directly or indirectly or a comparable acquisition occurs, all tax loss carryforwards and interest carryforwards (possibly also EBITDA carry-forwards) are, generally, forfeited and cannot be offset against future profits any more. A group of acquirers with aligned interests is also considered to be an acquirer for these purposes. In addition, any losses in the current assessment period incurred prior to the acquisition will, generally, not be offsettable with positive income. This does not apply to share transfers if (i) the purchaser directly or indirectly holds a participation of 100.00% in the transferring entity, (ii) the seller indirectly or directly holds a participation of 100.00% in the receiving entity, or (iii) the same natural or legal person or commercial partnership directly or indirectly holds a participation of 100.00% in the transferring and the receiving entity (*Konzernklausel*, the Intra-Group Clause). Furthermore, tax loss carryforwards, unused current losses and interest carryforwards taxable in Germany will not expire to the extent that they are covered by built in gains taxable in Germany at the time of such acquisition (*Stille-Reserven-Klausel*, the Hidden-Reserves Clause). Further, any share transfer that would otherwise be subject to the rules above does not result upon application in forfeiture of tax loss carryforwards and interest carryforwards resulting from current business operations (*Geschäftsbetrieb*) of the Company, if the current business operations of the Company remained the same (i) from the time of its establishment; or (ii) during the last three business years prior to the share transfer and such business operations are maintained after the transfer (*fortführungsgebundener Verlustvortrag*, Going Concern Tax Loss Carry Forward). The determination of whether the business operations have been maintained is assessed on the basis of qualitative factors, such as the produced goods and services, target markets, customer and supplier bases, etc. However, the tax loss carryforwards and interest carryforwards will be forfeited in any circumstance if, after the share transfer, the business operations of the Company become dormant, are amended, the Company becomes a partner in an Co-Entrepreneurship, the Company becomes a fiscal unity parent, or assets are transferred from the Company and recognized at a value lower than the fair market value. This requirement is monitored until the retained tax loss carryforwards and interest carryforwards have been fully utilized.

The question whether the loss forfeiture rules infringe the German Constitution is currently under review by the Federal Constitutional Court (*Bundesverfassungsgericht*).

7.8.2 Taxation of Dividends

7.8.2.1 No Taxation in Case of Payments from a Tax-Recognized Contribution Account

In the future, the Company may pay Dividends out of a tax-recognized contribution account (*steuerliches Einlagekonto*) ("**TRCA**"). To the extent the Company pays Dividends from such TRCA in accordance with the statutory requirements, such Dividends are not subject to WHT, personal income tax or corporate income tax, as the case may be (including the solidarity surcharge and church tax, if applicable). Any Dividends paid out of a TRCA would, however, lower the acquisition costs of the Shares, which may result in a higher amount of

taxable capital gains upon the Shareholder's disposal of the Shares. Special rules apply to the extent that Dividends from the TRCA exceed the then lowered acquisition costs of the Shares (details outlined below).

7.8.2.2 WHT

Dividends distributed by the Company that are not paid out of the TRCA are subject to a deduction of WHT at a 25.00% rate plus a solidarity surcharge of 5.50% on the amount of WHT (amounting in total to a rate of 26.375%) and church tax (*Kirchensteuer*), if applicable. The basis for determining the WHT is the Dividend approved for distribution by the Company's Shareholders' meeting.

In general, WHT is withheld regardless of whether and, if so, to what extent the Shareholder must report the Dividend for tax purposes and regardless of whether the Shareholder is a resident of Germany or of a foreign country.

As the Public Shares are admitted to be held in collective safe custody (*Sammelverwahrung*) in the Netherlands the Company itself is responsible and authorized to collect WHT and to remit it to the German tax authorities (*Abzugsverpflichteter*) for the account of the relevant Shareholder.

If Dividends are distributed to a company resident in another member state of the European Union within the meaning of Article 2 of Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States, as amended ("**Parent-Subsidiary Directive**"), withholding of the WHT tax may not be required or may be refunded, in each case only upon application and provided that certain additional requirements are met. This also applies to Dividends distributed to a permanent establishment located in another member state of the European Union of such parent company or of a parent company that is tax resident in Germany, if the interest in the Dividend-paying subsidiary is part of the respective permanent establishment's business assets. Further prerequisites for the exemption from withholding at the source or a refund of WHT under the Parent-Subsidiary Directive are that the Shareholder has directly held at least 10.00% of the Company's registered share capital continuously for twelve months and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered offices in An der Küppe 1, 53225 Bonn, Germany (the "**Federal Central Office**"), has certified to the creditor of the Dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met.

The WHT rate for Dividends paid to Shareholders without a tax residence in Germany will be reduced in accordance with any applicable DTT between Germany and the relevant shareholder's country of residence, provided that the Shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the WHT is generally obtained by applying to the Federal Central Office at the aforementioned offices for a refund of the difference between the WHT withheld, including the solidarity surcharge, and the amount of WHT actually owed under the applicable DTT, which usually amounts to between 5.00% and 15.00%. Depending on the applicable DTT, a reduced WHT rate may be applicable in the tax withholding process, if the Shareholder has applied for an exemption certificate (*Freistellungsbescheinigung*) from the Federal Central Office. The applicable DTT may also provide for a full exemption from the WHT, if the relevant Shareholder has directly held at least 10.00% of the Company's registered share capital and if further prerequisites are met. Forms for the refund and exemption procedure are available at the Federal Central Office.

Corporations that are not tax residents in Germany will upon application receive a refund of two fifths of the WHT that was withheld and remitted to the German tax authorities subject to certain requirements. This applies regardless of any further reduction or exemption provided for under the Parent-Subsidiary Directive or a DTT.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from, or (partial) refund of, WHT.

WHT will not be withheld by the Company if the Shareholder provides the Company with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office. An application for exemption (*Freistellungsauftrag*) must not be considered by the Company. The annual saver allowance (*Sparerpauschbetrag*) of €1,000.00 (or, for couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly, €2,000.00) can be claimed within the framework of the assessment procedure (*Veranlagungsverfahren*). Any excess tax paid will be refunded.

No WHT should have to be withheld by the Company upon the repurchase of Class A Ordinary Shares ("**Repurchase**") subject to completion of the Business Combination.

7.8.2.3 Taxation of Shareholders Tax Resident in Germany

7.8.2.3.1 Shares held as Non-Business Assets

Dividends received by a Shareholder who is subject to an unlimited tax liability in Germany and holds his or her Shares as non-business assets are, as a general rule, taxed as capital investment income (*Einkünfte aus Kapitalvermögen*) and, as such, subject to a 25.00% flat tax plus 5.50% solidarity surcharge thereon resulting in an aggregate tax rate of 26.375% (flat tax regime, *Abgeltungsteuer*), plus church tax, if applicable.

The purpose of the flat tax is to provide for separate and final taxation of capital investment income earned (i.e., taxation that is irrespective of the individual's personal income tax rate). Shareholders may apply to have their entire capital investment income, including Dividends paid by the Company, assessed in accordance with the general rules and with an individual's personal income tax rate if this results in a lower tax burden. In this case, the base for taxation is the gross Dividend income less the annual savers' allowance of €1,000.00 (or, for couples and for partners in accordance with the registered partnership law filing jointly, €2,000.00). Income-related expenses cannot be deducted from capital gains in either case. The only possible deduction is the annual savers' allowance of €1,000.00 (or, for couples and for partners in accordance with the registered partnership law filing jointly, €2,000.00) on the entire private capital income. Furthermore, Dividend income can only be offset by losses from capital income, except for losses generated by the disposal of Shares.

If the individual Shareholder owns (i) at least 1.00% of the Shares in the Company and by virtue of his professional activity (*berufliche Tätigkeit*) for the Company is able to exercise a significant entrepreneurial influence on the business activity of the Company, or (ii) at least 25.00% of the Shares in the Company, the German tax authorities may upon application allow for the Dividends to be taxed under the partial-income method (see "*7.8.2.3.2 Shares held as Business Assets - Sole Proprietary Owners (Individuals)*").

Entities required to collect WHT on capital investment income are required to likewise withhold the church tax on payments to Shareholders who are subject to church tax, unless the Shareholder objects in writing to the Federal Central Office against the sharing of his private information regarding his affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the WHT deduction, the church tax on the Dividends is also deemed to be discharged when it is deducted. Since the church tax is withheld and remitted to the tax authority as part of the WHT deduction, the withheld church tax cannot be deducted in the tax assessment as a special expense (*Sonderausgabe*). If no church tax is withheld along with the withholding of the WHT, the Shareholder who owes church tax is required to report his Dividends in his income tax return. The church tax on the Dividends will then be imposed by way of a tax assessment.

Income-related expenses are not tax-deductible, except for the saver's allowance of €1,000.00 (or, for couples and for partners in accordance with the registered partnership law filing jointly, €2,000.00). Private investors who hold the Shares as non-business assets can apply to have their investment income assessed in accordance with the general rules on determining the individual tax rate of the Shareholder if this results in a lower tax, but even in this case, income-related expenses are not tax-deductible, except for the saver's allowance of €1,000.00 (or, for couples and for partners in accordance with the registered partnership law filing jointly, €2,000.00).

As an exemption, Dividend payments that are funded in accordance with the statutory requirements from the Company's TRCA and are paid to Shareholders who are subject to unlimited tax liability in Germany whose Shares are held as non-business assets, do – contrary to the above – not form part of the Shareholder's taxable income. Dividend payments funded from the Company's TRCA in accordance with the statutory requirements reduce the acquisition costs or, if the Dividend payment funded from the Company's TRCA exceeds the shareholder's acquisition costs, negative acquisition costs will arise. Both can result in a higher capital gain in case of a the Shares' disposal (see "*7.8.3.1 Taxation of Shareholders Tax Resident in Germany*" below). This will not apply if (i) the Shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the Shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the disposal directly or indirectly held at least 1.00% of the share capital of the Company (a "**Qualified Participation**") and (ii) the Dividend payment funded from the Company's TRCA exceeds the acquisition costs of the Shares. In such aforementioned case, a Dividend payment funded from the Company's TRCA is deemed a sale of the Shares and is taxable as a capital gain. In this case, the taxation

corresponds with the description in "*7.8.3 Taxation of Capital Gains from Shares*" made with regard to the Shareholders maintaining a Qualified Participation.

7.8.2.3.2 *Shares held as Business Assets*

If the Shares form part of a German business (including a German permanent establishment of a foreign business investor), the taxation of Dividends differs depending on whether the Shareholder is a corporation, a sole proprietor or a partnership. The flat tax regime does not apply to Dividends paid on Shares held by a German tax resident Shareholder as business assets.

A Dividend payment funded from the Company's TRCA that is paid to Shareholders who are subject to unlimited tax liability in Germany and whose Shares are held as business assets in accordance with the statutory requirements are generally fully tax-exempt in the hands of such Shareholders. To the extent payments funded from the Company's TRCA exceeds the acquisition costs of the Shares, a taxable capital gain should occur (see "*7.8.3.1 Taxation of Shareholders Tax Resident in Germany*"). As regards the application of the 95.00% exemption in case of a corporation, this is, however, not undisputed.

Special rules apply to companies operating in the financial and insurance sectors, as well as to pension funds (see "*7.8.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

Corporations

For corporations subject to an unlimited corporate income tax liability in Germany, Dividends are, as a general rule, effectively 95.00% tax exempt from corporate income tax (including solidarity surcharge). 5.00% of the Dividend income is deemed to be non-deductible business expenses and, as such, is subject to corporate income tax plus solidarity surcharge thereon at a total tax rate of 15.825%. However, Dividends received by a Shareholder holding a participation of less than 10.00% in the share capital of the Company at the beginning of the respective calendar year ("**Portfolio Participation**") (*Streubesitzbeteiligung*) are not fully taxed at the corporate income tax rate plus solidarity surcharge thereon. Participations of at least 10.00% acquired during a calendar year are deemed to be acquired at the beginning of the respective calendar year. Participations held through a partnership that is a partnership being engaged or deemed to be engaged in a business ("**Co-Entrepreneurship**") are attributable to the shareholders pro rata in the amount of their participations.

Dividends are fully subject to trade tax, unless the Shareholder held at least 15.00% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, effectively 95.00% of the Dividends are also exempt from trade tax. Business expenses actually incurred in connection with the Dividends are deductible for corporate income tax and – subject to certain restrictions – also for trade tax purposes.

The applicable trade tax depends on the tax rate imposed by the local municipalities in which the Shareholder maintains its operations or permanent establishment.

Sole Proprietary Owners (Individuals)

Where the Shares are held as business assets by an individual who is subject to unlimited tax liability in Germany, 60.00% of the Dividends are taxed at the applicable individual income tax rate plus 5.50% solidarity surcharge, if applicable, on such income tax (partial income taxation method, *Teileinkünfteverfahren*) totaling up to a maximum rate of around 28.50%, plus church tax, if applicable. For church tax, if applicable, the partial income method does not apply. Correspondingly, only 60.00% of any business expenses related to the Dividends may be deducted for income tax purposes.

Dividends are fully subject to trade tax unless the sole proprietor holds at least 15.00% of the Company's registered share capital at the beginning of the relevant tax assessment period. In this case, the net amount of the Dividend (i.e., after deduction of the business expenses directly connected to it) is exempt from trade tax. In general, business expenses are deductible for trade tax purposes, but certain restrictions may apply. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual shareholder.

Partnerships

If the Shareholder is a partnership, the individual income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above in subsection "*Corporations*" and "*Sole Proprietary Owners (Individuals)*" apply accordingly.

Trade tax, however, is assessed and levied at the level of the partnership if the Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany; this applies irrespective of whether the Dividends are attributable to individual partners or corporate partners. The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the Shareholder's individual income tax on a lump-sum basis. If the partnership holds at least 15.00% of the Company's registered share capital at the beginning of the relevant tax assessment period, the Dividends (after the deduction of business expenses economically related thereto) should generally not be subject to trade tax. However, in this case, trade tax should be levied on 5.00% of the Dividends to the extent they are attributable to the profit share of a corporation which is a partner of such partnership and to whom at least 10.00% of the Shares in the Company are attributable on a look-through basis, since such portion of the Dividends should be deemed to be non-deductible business expenses. The remaining portion of the Dividend income attributable to other than such specific corporation as partner of such partnership (which includes individual partners and should, under a literal reading of the law, also include any corporation as partner of such partnership to whom, on a look-through basis, only Portfolio Participations are attributable) should not be subject to trade tax. Due to a lack of case law and administrative guidance, the application of the rules for the taxation of Portfolio Participations is, however, unclear. Consequently, Shareholders are strongly recommended to consult with their own tax advisors.

7.8.2.4 Taxation of Shareholders not Tax Resident in Germany

Shareholders who are not tax resident in Germany are subject to limited tax liability in Germany in respect of their Dividend income. In general, the situation described above for Shareholders tax resident in Germany applies accordingly (see "*7.8.2.3 Taxation of Shareholders Tax Resident in Germany*"). However, most DTT provide for an exemption from or a limitation of German taxes, assigning the right of taxation to the shareholder's country of tax residence. The withholding of the WHT discharges any tax liability of the Shareholder in Germany. A refund or exemption is granted only subject to the prerequisites described above (see "*7.8.2.2 WHT*").

For Dividends that constitute business income that can be allocated to a domestic permanent establishment or fixed place of business, or is connected with Shares that are part of business assets for which a permanent representative in Germany has been appointed, the aforementioned principles for Shareholders with a tax residence in Germany whose Shares are held as business assets apply accordingly. In these cases the WHT (including solidarity surcharge), if any, deducted and remitted to the German tax authorities is either credited against the respective Shareholder's personal income tax or corporate income tax liability or refunded in the amount of an excess of such liability.

Dividend payments that are funded from the Company's TRCA are generally not taxable in Germany.

7.8.3 Taxation of Capital Gains from Shares

7.8.3.1 Taxation of Shareholders Tax Resident in Germany

7.8.3.1.1 Shares held as Non-Business Assets

Capital gains from the sale and other dispositions (including Repurchase) of Shares which an individual Shareholder holds as non-business assets are generally subject to a 25.00% flat tax (plus 5.50% solidarity surcharge thereon, resulting in an aggregate tax rate of 26.375%), plus church tax, if applicable.

Losses from the sale of such Shares can only be used to offset capital gains from the disposal of Shares in stock corporations during the same year or in subsequent years. In case of a derecognition or transfer of worthless Shares (or other capital assets), the utilization of such losses is further restricted and can only be offset for up to €20,000 per calendar year. The amount of the taxable capital gain from the sale is the difference between (i) the proceeds from the sale and (ii) the cost of acquisition of the Shares and the expenses directly

related to the sale. Income-related expenses may not be deducted from capital gains. Payments that are funded from the Company's TRCA reduce the original acquisition costs; if respective payments exceed the acquisition costs, negative acquisition costs – which can increase a capital gain – can arise in case of Shareholders, whose Shares are held as non-business assets and do not qualify as Qualified Participation.

If the Shares are deposited with or administered by a German resident credit institution, financial services institution or securities institution (*inländisches Kredit-, Finanzdienstleistungs- oder Wertpapierinstitut*) (including in each case a German branch of foreign credit institutions, financial service institutions or securities institutions) that pays out or credits the shareholder's capital investment income (the "**German Disbursing Agent**") (*inländische Zahlstelle*), the tax on the capital gains is generally settled by way of withholding through the German Disbursing Agent which is required to deduct a WHT of 26.375% (including solidarity surcharge), plus church tax, if applicable, of the capital gains from the sale proceeds and remit it to the tax authority. To the extent WHT has not been levied, such as in the case of Shares kept in custody abroad, the Shareholder must report his or her income derived from the Shares on his or her tax return and then will also be taxed at a rate of 25.00% (plus solidarity surcharge and church tax thereon, where applicable).

If, however, a Shareholder, or in the case of a gratuitous acquisition, the Shareholder's legal predecessor, directly or indirectly held a Qualified Participation, the flat tax regime does not apply and, rather, 60.00% of any capital gain resulting from the sale is taxable as business income at the Shareholder's individual income tax rate plus, if applicable, 5.50% solidarity surcharge and church tax on such income tax. Conversely, 60.00% of a capital loss from the disposal of the Shares is generally recognized for tax purposes. Withholding tax is also deducted by a German Disbursing Agent in the case of a Qualified Participation, but this does not have the effect of a settlement of the Shareholder's tax liability. Upon the Shareholder's assessment to income tax, the withheld and remitted tax is credited against the individual income tax liability. To the extent that the amounts withheld exceed the individual income tax liability of the Shareholder, they will be refunded.

Entities required to collect WHT on capital investment income are also required to withhold the church tax for Shareholders who are subject to church tax, unless the Shareholder objects in writing to the Federal Central Office against the sharing of his private information regarding his affiliation with a denomination.

Income-related expenses are not tax-deductible, except for the saver's allowance of €1,000.00 (or, for couples and for partners in accordance with the registered partnership law filing jointly, €2,000.00). Private investors who hold the Shares as non-business assets can apply to have their investment income assessed in accordance with the general rules on determining the individual tax rate of the Shareholder if this results in a lower tax, but even in this case, income-related expenses are not tax-deductible, except for the saver's allowance of €1,000.00 (or, for couples and for partners in accordance with the registered partnership law filing jointly, €2,000.00).

If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, the church tax is also deemed to be discharged when it is deducted. Since the church tax is already deducted as a special expense in the course of the withholding tax deduction, the withheld church tax cannot be deducted in the tax assessment as a special expense. If no church taxes are withheld along with the withholding of the withholding tax, the Shareholder who owes church tax is required to report his capital gains in his income tax return. The church tax will then be imposed by way of a tax assessment.

WHT will not be withheld by the German Disbursing Agent to the extent such Shareholder's capital income does not exceed the annual saver's allowance of €1,000.00 (or, for couples and for partners in accordance with the registered partnership law filing jointly, €2,000.00) and an application for exemption has been provided to the German Disbursing Agent. Furthermore, no WHT will be levied if the Shareholder provides the German Disbursing Agent with a non-assessment certificate to be applied for with the competent tax office.

7.8.3.1.2 Shares held as Business Assets

Gains on the disposal and other disposition (including Repurchase) of Shares held by an individual or corporation as business assets are in principle not subject to the 25.00% flat tax plus 5.50% solidarity surcharge thereon (and church tax, if applicable). WHT must only be withheld in the case of a German Disbursing Agent.

The tax withheld, however, is not considered to be final as under the flat tax regime. The amount of tax withheld is credited against the Shareholder's individual or corporate income tax liability and any amounts withheld in excess of such individual or corporate income tax liability will be refunded. Even if the Shares are held in a custodial account with a German Disbursing Agent, there is generally no WHT (i) in the case of a corporate Shareholder, or (ii) if the Shareholder holds the Shares as assets of a business in Germany and certifies

this on an officially prescribed form to the German Disbursing Agent. If a German Disbursing Agent nonetheless withholds tax on capital gains, the tax withheld and remitted (including solidarity surcharge, and church tax, if applicable) will be credited against the individual income tax or corporate income tax liability and any excess amount will be refunded.

Payments that are funded from the Company's TRCA in accordance with the statutory requirements reduce the original acquisition costs. In case of disposal, a higher taxable capital gain can arise therefrom. If the Dividend payments funded from the Company's TRCA tax exceed the Shares' book value for tax purposes, a taxable capital gain can arise.

Special rules apply to companies operating in the financial and insurance sectors, as well as to pension funds (see "*7.8.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

The taxation of capital gains from the disposal of Shares held as business assets depends on whether the Shareholder is a corporation, a sole proprietor, or a partnership.

7.8.3.1.2.1 Corporations

For corporations subject to an unlimited corporate income tax liability in Germany, capital gains from the sale of Shares are, as a general rule and currently irrespective of any holding period or percentage level of participation, effectively 95.00% exempt from corporate income tax (including solidarity surcharge) and trade tax. 5.00% of the capital gains is deemed to be non-deductible business expenses and, as such, is subject to corporate income tax plus solidarity surcharge; business expenses actually incurred in connection with the capital gains from a tax perspective are generally tax-deductible. Losses from the sale of Shares and other reductions in profit in connection with the Shares are generally not deductible for corporate income tax and trade tax purposes. Capital gains are, irrespective of the percentage level of shareholding, effectively 95.00% exempt from trade tax.

7.8.3.1.2.2 Sole proprietors (individuals)

60.00% of capital gains from the sale of Shares are taxed at the individual income tax rate plus 5.50% solidarity surcharge, if applicable, on such income tax if the Shares are held as business assets by an individual who is subject to unlimited tax liability in Germany. Correspondingly, only 60.00% of the capital losses, other reductions in profit in connection with the Shares and business expenses resulting from a share sale may be deducted for income tax purposes. For church tax, if applicable, the partial income method does not apply. Only 60.00% of the capital gains are subject to trade tax. Correspondingly, subject to general restrictions, only 60.00% of the business expenses resulting from a share sale may generally be deducted for trade tax purposes. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual Shareholder.

7.8.3.1.2.3 Partnerships

If the Shareholder is a partnership, the individual income tax or corporate income tax is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge, if applicable) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above in subsection "*Corporations*" and "*Sole proprietors (individuals)*" apply accordingly. Trade tax, however, is assessed and levied at the level of the partnership if the Shares are attributable to a permanent establishment of a commercial business of the partnership in Germany. Generally, 60.00% of a capital gain attributable to an individual partner and 5.00% of a capital gain attributable to a corporate partner are taxable. Capital losses or other reductions in profit in connection with the Shares sold are not taken into account for purposes of trade tax to the extent they are attributable to a partner that is a corporation, and subject to general restrictions only 60.00% of these losses or expenses are taken into account to the extent they are attributable to a partner who is an individual.

The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the Shareholder's individual income tax in accordance with such lump-sum method.

7.8.3.2 Taxation of Shareholders not Tax Resident in Germany

Capital gains on the disposal and other disposition (including Repurchase) realized by a Shareholder without a tax residence in Germany are only taxable in Germany if the selling Shareholder holds a Qualified Participation or if the Shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

The German Federal Fiscal Court (*Bundesfinanzhof*) has stated that if the Shareholder is a corporation that is neither tax resident in Germany nor maintains a permanent establishment or has appointed a permanent representative in Germany, the capital gains on the disposal of a Qualified Participation are not subject to German taxation. The German tax authorities have adopted this view.

If the Shareholder is an individual and holds a Qualified Participation as a private asset, only 60.00% of the gains on the disposal of the Shares are subject to progressive income tax, plus solidarity surcharge, if applicable, thereon. If a German Disbursing Agent is involved, WHT on capital gains is generally levied at a rate of 25.00%, plus 5.50% solidarity surcharge thereon. If, however, (i) the Shares are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany and (ii) a German Disbursing Agent is involved, then the German tax authorities have taken the view that the German Disbursing Agent is, in general, not required to withhold tax on capital investment income, plus solidarity surcharge thereon. In case of a Qualified Participation, the capital gains must be declared in a tax return and are taxed by way of a tax assessment, subject to an exemption under a DTT or under domestic law.

Most DTT provide for an exemption from German taxes, assigning the right of taxation to the shareholder's country of tax residence in the former case.

For gains or losses on the disposal of Shares that can be allocated to a domestic permanent establishment or fixed place of business, or are part of business assets for which a permanent representative in Germany has been appointed, the aforementioned principles for Shareholders with a tax residence in Germany whose Shares are business assets apply accordingly (see "*7.8.3.1.2 Shares held as Business Assets*"). The German Disbursing Agent may refrain from deducting WHT, if the Shareholder declares to the German Disbursing Agent on the official form that the Shares form part of domestic business assets and certain other requirements are met.

7.8.4 Taxation of Capital Gains derived from Warrants

The tax consequences of an exercise of the Warrants are not entirely clear under German tax law. An exercise may be considered a non-taxable acquisition of the underlying Public Shares received upon exercise and thus not a taxable realization event. However, there is a risk that the receipt of the Public Shares upon exercise of the Warrants is considered a taxable event. In this case, gains derived from the exercise of the Warrants would be subject to the tax treatment as described for capital gains derived from the sale or other disposition of the Warrants below.

7.8.4.1 Taxation of Warrant Holders Tax Resident in Germany

7.8.4.1.1 Warrants held as Non-Business Assets

Capital gains derived from the sale or other disposition of Warrants by individual German holders who hold their Warrants as private assets constitute taxable investment income. Such capital gains are generally subject to personal income tax at a flat rate of 25.00% (plus 5.50% solidarity surcharge, i.e., in total 26.375%, and church tax, if applicable). Capital gains are determined as the difference between (a) the proceeds of the sale or other disposition and (b) the acquisition costs plus the expenses directly connected to the sale or other disposition. It is unclear how the combined subscription price for one Share and 1/3 Warrant during the Private Placement is allocated between the Share and the Warrant in order to determine the acquisition costs for tax purposes, but the acquisition costs of the Warrants may be deemed zero. Warrant Holders are advised to consult their individual tax advisor.

Losses from the sale or other disposition of Warrants can only be used to offset investment income during the same year or in subsequent years. Losses resulting from the lapse of Warrants should only be offsettable against investment income in an amount of €20,000 per individual tax year. Losses not utilized in the year of their occurrence may be carried forward to subsequent years to be offset up to an amount of €20,000 against investment income derived in the respective subsequent year. A carry back of such losses is not permitted. There is a risk that the same principles apply to losses resulting from the sale or other disposition of the Warrants and that such losses, in addition, may be only offsettable against income from forward transactions

(*Termingeschäfte*). However, according to a recent decree of the German Ministry of Finance such limitations of loss utilization should not apply to losses from the sale or other disposition of warrants (*Optionsscheine*).

Regarding the option of the holder to be taxed at personal progressive rates, the saver's allowance and the non-deductibility of expenses, the description for capital gains derived from Shares applies accordingly.

If the Warrants are deposited in a custodial account with or administered by a German Disbursing Agent or a German Disbursing Agent conducts the sale of the Warrants, the German Disbursing Agent is generally obliged to withhold tax at a rate of 25.00% (plus 5.50% solidarity surcharge, *i.e.*, in total 26.375%) plus church tax, if applicable, on the capital gains derived from the sale or other disposition of the Warrants and disbursed or credited to the holder of the Warrants. The German personal income tax liability with respect to the capital gains is generally satisfied through the withholding. In case the exercise is treated as a taxable event, the German Disbursing Agent may demand that the holder of the Warrants to provide him the funds necessary to comply with his obligation to withhold tax on the gains derived upon exercise. If the holder refuses to provide the funds to the German Disbursing Agent, the fiscal authorities may claim the withholding tax directly from the holder of the Warrants.

It is unclear whether the flat tax rate applies to capital gains derived from the sale or other disposition of Warrants by a holder who holds a Qualified Participation in the Company, *i.e.*, a holder (or, in case of a gratuitous acquisition, the holder's predecessor or predecessors) who holds or has held a participation of a least 1.00% in the share capital of the Company in the last five years prior to the sale. In this case, capital gains may be subject to personal income tax at the holder's personal progressive tax rate. However, the partial-income taxation method should apply then to the capital gains derived by such a holder. If the partial-income taxation method applies, only 60% of the capital gains are taxable and only 60% of the losses from the sale or other disposition and of the expenses economically connected to the sale or other disposition are deductible.

7.8.4.1.2 *Warrants held as Business Assets*

In case the Warrants are business assets of a German holder, capital gains are not subject to the flat tax rate for Warrants held as private assets. The taxation of capital gains (i.e., the difference between (i) the proceeds of the sale or other disposition and (ii) the book value) is determined according to whether the German holder is a corporation, an individual, or a partnership:

Corporations

Capital gains of a corporate German holder of the Warrants should be fully subject to corporate income tax (plus solidarity surcharge thereon) and trade tax. The participation exemption should not apply to capital gains derived from Warrants. There is a risk that losses resulting from the sale, other disposition or lapse of the Warrants may be ring-fenced and only offsettable against income from forward transactions (*Termingeschäfte*).

A German Disbursing Agent that holds Warrants in a deposit account for a corporate German holder is generally exempt from the obligation to withhold German tax on capital gains derived from the sale or other disposition of the Warrants and disbursed or credited to the corporation by the German Disbursing Agent.

Sole Proprietors (individuals)

If the Warrants are business assets of an individual entrepreneur, the capital gains are subject to personal income tax at progressive rates (plus the solidarity surcharge thereon and church tax, where applicable) and, if the Warrants are attributable to a permanent establishment of a commercial business in Germany of such holder, trade tax. The partial-income taxation method should not apply to capital gains derived from the sale or other disposition of Warrants. However, this is not undisputed. There is a risk that losses resulting from the sale, other disposition or lapse of the Warrants may be ring-fenced and only offsettable against income from forward transactions (*Termingeschäfte*).

Trade tax can be credited in accordance with a lump-sum tax credit method against the personal income tax of the holder. Depending on the trade tax rate imposed by the local municipality and the personal tax situation of the holder, this may result in a full or partial credit of the trade tax.

A German Disbursing Agent that holds Warrants in a deposit account for an individual entrepreneur is exempt from the obligation to withhold German tax on capital gains derived from the sale or other disposition of the Warrants and disbursed or credited to the individual entrepreneur, provided that the individual entrepreneur

certifies to the German Disbursing Agent on officially prescribed form that the capital gains constitute business income of a German business.

Partnerships

If the German holder is a partnership, the personal or corporate income tax is not levied at the level of the partnership but at the level of the respective partner being subject to tax in Germany. The full amount of capital gains included in a corporate partner's share in partnership profits should be subject to corporate income tax (plus solidarity surcharge thereon), *i.e.*, the participation exemption should not apply. Capital gains included in an individual partner's share of profits are subject to personal income tax (plus solidarity surcharge and church tax thereon, where applicable). The partial-income taxation method should not apply to such capital gains. However, this is not undisputed. In addition, the capital gains are subject at the full amount to trade tax at the level of the partnership if the Warrants are attributable to a permanent establishment of a commercial business of the partnership in Germany. To the extent that capital gains are included in an individual partner's share in partnership profits, the partial-income taxation method should also not apply for trade tax purposes. However, this is not undisputed. There is a risk that losses resulting from the sale, other disposition or lapse of the Warrants are ring-fenced and only offsettable against income from forward transactions (*Termingeschäfte*).

An individual partner can generally credit the trade tax paid by the partnership and attributable to his share in partnership profits against his personal income tax in accordance with a lump-sum tax credit method, resulting in a full or partial credit of the trade tax depending on the trade tax rate imposed by the local municipality and the personal tax circumstances.

A German Disbursing Agent that holds Warrants in a deposit account for a partnership is exempt from the obligation to withhold German tax on capital gains derived from the sale or other disposition of the Warrants and disbursed or credited to the partnership, provided that the partnership certifies to the German Disbursing Agent on officially prescribed form that the capital gains constitute business income of a German business.

7.8.4.2 Taxation of Warrant Holders not Tax Resident in Germany

Holders (individuals or corporations) of the Warrants that are not tax resident in Germany but hold their Warrants through a permanent establishment or a fixed place of business in Germany are subject to German tax on the capital gains from the sale or other disposition of the Warrants. The rules described above for German holders who hold their Warrants as business assets apply accordingly. However, capital gains derived by such corporate holder of the Warrants, which is not tax resident in Germany are only exempt from WHT if such holder certifies to the German Disbursing Agent on officially prescribed form that the capital gains constitute business income of a German business.

7.8.5 German Controlled Foreign Corporation Rules (Außensteuergesetz)

Tax residents of Germany will have to include in their income (and file corresponding special tax returns with regard to) distributed and undistributed earnings of a foreign company in which they hold directly or indirectly shares if the foreign company qualifies as a low taxed controlled foreign corporation, for German tax purposes. Neither the (partial) exemption of dividends from German tax nor the reduced tax rates under the flat regime (*Abgeltungssteuer*) apply to these amounts; however, a subsequent dividend paid by the foreign company or a capital gain derived from the sale of shares in the foreign company will be exempt from German taxation in the hands of the investor to the extent of such previously attributed amount. A foreign company generally (i) qualifies as low taxed if the foreign company (as determined under German tax accounting principles) is subject to income tax of less than 25.00% and (ii) qualifies as a controlled foreign corporation if a German tax resident alone or together with associated persons holds directly or indirectly more than 50.00% of the voting rights or shares in the foreign corporation and further requirements are met.

However, with regard to certain passive portfolio income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) of a foreign company (including, among other things, interest and capital gains from the disposal of financial instruments but excluding dividends received, and including passive portfolio income generated by a foreign subsidiary of such foreign company) the German shareholders will be required to include these amounts into income on a *pro rata* basis regardless of whether the majority of the shareholders is resident in Germany. Subject to certain thresholds, the inclusion will take place if the passive portfolio income of such foreign company (as determined under German tax accounting principles) is subject to income tax of less than 25.00%. However, a German shareholder may escape such taxation of undistributed earnings if (i) he holds less than 1.00% of the issued share capital of the Company at the end of the Company's fiscal year and (ii) (x) the foreign company's income does not derive exclusively or almost exclusively (90.00% of the gross income) from certain

passive portfolio income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) or (y) he can show that a regular and substantial trading in the Company's main class of shares takes place at a recognized stock exchange.

7.8.6 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, Dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are fully taxable. Since January 1, 2017, the aforementioned exclusions of (partial) tax exemptions for corporate income tax and trade tax purposes apply to shares which, in the case of credit institutions or financial services institutions, are to be allocated to the trading portfolio (*Handelsbestand*) within the meaning of the German Commercial Code (*Handelsgesetzbuch*). As a consequence, such credit institutions or financial services institutions cannot benefit from the partial income method and are not entitled to the effective 95.00% exemption from corporate income tax, solidarity surcharge and trade tax. Therefore, Dividend income and capital gains are fully taxable. The same applies to shares held by finance companies if (i) credit institutions or financial services institutions hold, directly or indirectly, a participation of more than 50.00% in the respective finance company, and (ii) the finance company must disclose the shares as current assets (*Umlaufvermögen*) as of the time they are initially recognized as business assets. Likewise, the tax exemption described earlier afforded to corporations for Dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

However, an exemption to the foregoing, and thus a 95.00% effective tax exemption, applies to Dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies.

7.8.7 Inheritance and Gift Tax

The transfer of Shares or Warrants to another person by inheritance or gift is generally only subject to German inheritance or gift tax if:

1. the decedent, donor, heir, beneficiary or other transferee maintained his domicile or habitual abode in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with residence in the United States) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or
2. the Shares or Warrants were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or
3. the decedent or donor of the Shares, either individually or collectively with related parties, held, directly or indirectly, at least 10.00% of the Company's registered share capital at the time of the inheritance or gift.

The few German DTT relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in cases described in no. 1 above and, with certain restrictions, in cases described in no. 2 above. Special provisions apply to certain German citizens living outside Germany and former German citizens.

The fair value of the Shares or the Warrants represents the tax assessment base, which generally corresponds to the stock exchange price of the Shares or Warrants. Depending on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

7.8.8 Other Taxes

No German real estate transfer tax, VAT, stamp duty or similar taxes are currently assessed on the purchase, sale or other transfer of Shares or Warrants of the Company. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of VAT on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

8. RISK FACTORS

*In this Circular, the "**Company**" refers to European Healthcare Acquisition & Growth Company B.V. (which will be renamed to Croma N.V. shortly after Consummation) prior to and/or after giving effect to the Business Combination, as the context may require. References to "**we**", "**us**" or "**our**", "**Croma**" and "**Croma Group**" refer to Croma-Pharma GmbH and its subsidiaries, prior to and/or after Consummation, unless the context requires otherwise.*

Prior to voting on the resolutions proposed for adoption at the AGM, you should carefully consider the risks and uncertainties described below, together with the other information contained in this Circular. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on the Company's business, results of operations, financial condition and prospects. In that event, the value of the Company's shares could decline and you might lose part or all of your investment.

The risk factors featured in this Circular are limited to risks which are specific to Croma and the Company. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative impact. The risk factors are presented in categories depending on their nature and some risks described below may be interdependent. In each category the most material risk factor is mentioned first according to the assessment based on the probability of its occurrence and the expected magnitude of its negative impact. The risks mentioned may materialize individually or cumulatively.

Other risks, events, facts or circumstances not presently known to Croma or the Company, as applicable, or that Croma or the Company, as applicable, currently deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on Croma's and/or the Company's business, financial condition, results of operations and prospects, including following Consummation.

8.1 Key Risks Related to Croma's Industry and Markets

8.1.1 Worldwide economic and market conditions, an unstable economy, a decline in consumer demand or spending levels for our products and other adverse developments, including inflation, could adversely affect our business, results of operations and liquidity.

We believe we are a specialty pharma player in the field of minimally invasive aesthetics and a leading manufacturer of premium quality proprietary hyaluronic acid fillers ("**HA Fillers**"), as well as a supplier of hyaluronic acid based products for medical applications in the field of orthopaedics and ophthalmology. We aim to become the go-to partner for healthcare professionals in minimally invasive aesthetics, offering a comprehensive portfolio of aesthetics injectables, including HA Fillers, non-hyaluronic acid-based products such as biostimulators and polydioxanone ("**PDO**") threads (together, "**Non-HA Products**"), the in-licensed botulinum toxin product (marketed under the name "Letybo"), which is further complemented by our skincare products and a local anesthetic topical (marketed under the name "**Pliaglis**"). In addition, our business operations consist of us being active as contract manufacturer in the field of orthopaedics and ophthalmology, as part of our legacy business, and for the minimally invasive aesthetics industry, selling our proprietary HA Fillers and certain hyaluronic-acid based products specifically designed for third parties to them.

Many economic and other factors are outside of our control, including general economic and market conditions, supply chain issues, consumer and commercial credit availability, inflation, unemployment, consumer debt levels and other challenges affecting the global economy, including any direct and indirect consequences of the COVID-19 pandemic. Increases in the rates of unemployment, reduced access to credit and issues related to domestic and international politics may adversely affect consumer confidence and disposable income levels. Lower consumer confidence and disposable incomes could lead to reduced consumer spending and lower demand for our products and services. Decreases in the number of healthcare professionals and treatment facilities for procedures with our products or financial hardships for healthcare professionals may also adversely affect distribution channels of our products. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption. In addition, historically, during economic downturns, there have been reductions in spending on elective procedures as well as pressure for extended billing terms and other financial concessions. The adverse impact of economic downturns may be particularly acute among single practices and small clinics or medical spas offering elective aesthetic procedures, which comprise the majority of our customer base. While Croma has not specifically identified any material impact to its operations based on recent inflationary pressures, historically during inflationary periods, individuals tend to reduce discretionary

spending, which would include minimally invasive aesthetic procedures, such as those for which our products are used. If economic conditions deteriorate, current and prospective customers of our products could cancel procedures which would limit our ability to grow our business. In addition, with more players coming to the aesthetics market, it could be possible that average net prices of the aesthetic product ranges decline, also affecting our business.

In addition, any continuance or reoccurrence of the COVID-19 pandemic could result in or foster a potentially existing economic recession. The COVID-19 pandemic as experience, in particular, in the years 2020 and 2021 in Europe, could result in higher levels of unemployment and reductions in working hours. Elective aesthetic procedures are discretionary and likely less of a priority for those patients that have lost their jobs, are furloughed, have reduced work hours or have to allocate their cash to other priorities and essential items. Side effects, that could potentially be equally negative for our business, are limited social interaction as then the incentive and appeal for the consumers to decide for minimally invasive aesthetic procedures could subside. The COVID-19 pandemic, in particular, has shown that each crisis and potential remedies initiated by authorities, regulators or other companies has indirect consequences that may be impossible to predict and that could further harm our business.

Besides global supply chain issues as such a consequence of the COVID-19 pandemic, interest hikes by the United States Federal Reserve as well as the European Central Bank pose significant challenges and insecurities from a macroeconomic point of view. So does the current war in Ukraine and a potential expansion of such conflict to other countries as well as geopolitical tensions, either related or unrelated to the Ukraine war, any of which may result in challenging economic conditions which we may not be able to navigate successfully, or which may decrease consumer demand for our products significantly. A severe or prolonged economic downturn could also limit our ability to raise additional capital when needed on acceptable terms, if at all.

We may also be affected by actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation, as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. Since that time, there have been reports of instability at other U.S. banks, including First Republic Bank, which has been bought by JPMorgan Chase & Co. Even though we are not in contractual relationships with any of these banks or maintain affiliations to them, market turmoil with respect to liquidity may affect current relationships to our banks as well as those of our suppliers and contractual partners, among others.

All of these factors could have a negative impact on our potential sales and operating results.

8.1.2 If there is not sufficient demand for the procedures performed with our products, practitioner demand for our products could decline, resulting in unfavorable operating results.

If there is not sufficient demand for the procedures performed with our products, practitioner demand for our products could decline, resulting in unfavorable operating results.

Continued expansion of the market for our regenerative aesthetic products and the procedures associated therewith is a material assumption of our business strategy. Most procedures performed using our products are elective procedures and are therefore not reimbursable through government or private health insurance, so that the cost must be borne by the consumer. The decision to utilize our products may therefore be influenced by a number of factors, including:

- Healthcare professionals' adoption of our minimally invasive aesthetic products.
- the cost of procedures performed using our products;
- the cost, safety and effectiveness of our products, in particular, in comparison to the cost, safety and effectiveness of alternative treatments and products;
- the success of our sales and marketing efforts;
- the education of our customers and their patients on the benefits and uses of our products compared to competitors' products and technologies;

- consumer disposable income and access to consumer credit; and
- consumer confidence, which may be impacted by economic and political conditions.

If, as a result of these factors, there is insufficient demand for the procedures performed with our products, practitioner demand for our products could decline, which would result in less consumer procedures and could have a material adverse effect on our results of operations.

8.1.3 We face significant competition and our failure to effectively compete may prevent us from achieving significant market penetration and expansion.

The minimally invasive aesthetics market is highly competitive. Successful competitors in our market have the ability to efficiently and effectively develop or acquire products, obtain patents, develop, test and obtain regulatory approvals for products, and effectively commercialize, market and promote approved products, including communicating the safety, efficiency and value of products to actual and prospective customers and healthcare professional. Numerous companies are engaged in developing, patenting, manufacturing and marketing products which we expect will compete with our products. Many of these competitors are large, experienced companies that enjoy significant competitive advantages, such as substantially greater financial, research and development, manufacturing, testing, personnel and marketing resources, greater brand recognition and more experience and expertise in obtaining and maintaining marketing approvals from regulatory authorities. It is possible that competitors will succeed in developing technologies that are safer, more effective, more convenient or that have a lower cost of goods and price than our product or products being developed by us, or that would render our products and technology obsolete or noncompetitive. Competition could also result in reduced profit margins and limited sales, which would harm our business, financial condition and results of operations.

8.2 Key Risks Related to Croma's Business

8.2.1 We are substantially dependent on the commercial success of our current product lines.

Our success is substantially dependent on our ability to continue to generate and grow revenue of our current products, in particular HA Fillers and Letybo, and to successfully market and commercialize future products as our business is based on the continuous effort to deliver the best possible treatments for the consumers in the minimally invasive aesthetics space with respect to the indications covered by our products. Our future success depends, in particular, on the commercial success of Letybo, a botulinum toxin we have exclusively in-licensed from Hugel, Inc. for the European market and for which we received market authorizations in certain European countries such as Austria, Germany, Italy, France, United Kingdom, Ireland, Spain, Portugal, Poland, Romania and the Netherlands in 2022. We expect to receive additional market authorizations in further European countries in 2023 and 2024. We deem our now complete product portfolio encompassing in our core HA Fillers, Non-HA Products and Letybo to be essential for generating the revenue to meet our growth targets.

However, our success to commercialize our product portfolio or its products up to its potential depends on the many factors including, but not limited to, our ability to:

- timely complete, or to conduct additional, clinical trials for product candidates, which may be significantly slower or cost more than currently anticipated;
- obtain necessary approvals from the European Medicines Agency ("**EMA**"), the United States Food and Drug Administration ("**FDA**") and similar regulatory authorities for product candidates and maintain these;
- execute our sales and marketing strategies for our comprehensive portfolio and, in particular, Letybo;
- further expand, maintain and manage the necessary sales, marketing and other capabilities and infrastructure that are required to continue to successfully commercialize our products and build relevant processes and systems (*e.g.*, CRM) accordingly to support these commercial operations also at a much larger scale;
- achieve, maintain and grow market acceptance of, and demand for, our current product offering, including Letybo and our HA Fillers, as well as our future product developments, such as our planned Thioderm device product line;

- establish or demonstrate in the medical community the safety and efficacy of our products and their potential advantages over and side effects compared to existing competing products and potential competing products currently in clinical development;
- offer our products at competitive prices and quality ratio as compared to alternative options, and our ability to achieve a suitable profit margin on the sales of our products;
- collaborate with our license partners to obtain necessary approvals from the regulatory authorities for our products in the licensed territories;
- adapt to additional changes to the label for our products, that could place restrictions on how we market and sell our products, including as a result of adverse events observed in these or other studies;
- provide sufficient product supply to markets and obtain adequate and timely supply of products ourselves, which has in the past and may in the future be adversely affected by factors relating to the COVID-19 pandemic and other factors;
- ensure the quality manufacture of our proprietary products in our manufacturing facility and comply with good manufacturing practices and any other standards material for our customers or required by law or regulation;
- comply with the terms of the license or distribution agreements concluded with our partners, including our obligations with respect to purchase quantities and marketing efforts;
- comply with applicable legal and regulatory requirements, including medical device compliance and compliance with any post-market medicinal product safety monitoring obligations, as well as commercial and medical communications regulations towards healthcare professionals and other parties;
- maintain necessary medicinal product and medical device distribution and manufacturing permits, and facility permits, under Austrian regulations, and maintain complaint and vigilance services for our medicinal products and medical devices;
- maintain our arrangements with our partners, independent distributors and third party logistics providers to distribute our products to customers;
- enforce our intellectual property rights in and to our products; and
- avoid third-party patent interference or intellectual property infringement claims.

If we do not achieve or maintain one or more of these factors, many of which are beyond our control, in a timely manner or at all, we may not be able to continue to generate revenue from the sales of our products and successfully commercialize our portfolio products, which may materially impact the success of our business.

If we fail to comply with the terms of the license or distribution agreements concluded with our partners, including by failing to meet certain obligations in connection with purchase and marketing of our products, our partners may terminate the respective agreements, and we would have no further rights to distribute our in-licensed products. This could impair our strategy of marketing a full portfolio of HA Fillers, Non-HA Products and botulinum toxin, which differentiates us from our competitors, and negatively affect our revenue and growth targets.

In addition, to date, our success is partially based on our contract manufacturing business under which we sell our proprietary HA Fillers as white label products to third parties and, as remaining part of our legacy business, hyaluronic acid-based products to certain players in the orthopaedics and ophthalmology industry. With respect to our orthopaedics and ophthalmology contract manufacturing business our current revenue is based on long-running customer agreements and not subject to any significant or sales efforts on our end. Should we, however, fail to comply with the terms of any of the contract manufacturing agreements or otherwise loose customers of our contract manufacturing business, the loss of revenue may result in us not having the necessary cash inflow from operations to fund our growth with respect to our minimally invasive aesthetics product offering. We may also need to cover any missing cash flow from operations with equity and debt financings which may not be offered at favorable terms to us and as result may affect our growth, margins and net earnings.

8.2.2 If we are not successful in discovering, developing, licensing or otherwise acquiring and commercializing additional product candidates other than our current products and product

candidates, our ability to expand our business / achieve our strategic objectives short- and long-term may be impaired.

The licensing of the exclusive commercialization rights in Letybo from Hugel, Inc. for certain markets in 2014 was a milestone in our corporate history and for our plan to become a global player in the field of minimally invasive aesthetics. Since Letybo has been approved for marketing in certain European countries in 2022 we are now offering a comprehensive portfolio of minimally invasive aesthetic treatment products, as Letybo as botulinum toxin complements our existing product offering of HA Fillers and Non-HA Products. Nevertheless, our strategy includes to continuously innovate and to provide the best products to our customers and the consumers to improve their well-being and achieve efficient results. This includes the discovery, development, acquiring and commercialization of new products. Currently, we focus, in particular, on products in the field of regenerative aesthetics.

We may seek to develop new products through our internal research programs, strategic collaborations and product acquisitions. For example, we may acquire or gain the rights to some of our products or product lines through in-licensing, entering into distribution and supply agreements, partnerships and other strategic alternatives.

Even if we identify an appropriate collaboration or product acquisition, we may not be successful in negotiating the terms of any collaboration or acquisition, or integrating the collaboration, acquired product portfolio into existing business or operations. However, although we have previously been successful in integrating such collaborations, assets or products into our business and operations, such as we have done with Arthrex ACP and PhilArt injectables for example, there can be no assurances that we will continue to do so in the future. If we fail to successfully integrate collaborations, assets or products, or if we fail to successfully exploit acquired product or distribution rights, our business could be harmed.

Moreover, integrating new collaborations, assets or products with that of our own is a complex, costly and time-consuming process, which requires significant management attention and resources. The integration process may disrupt our existing operations and, if implemented ineffectively, would preclude realization of the full benefits that are expected. Any failure to successfully integrate collaborations, assets or products could harm our business. Even if new product lines or businesses are integrated successfully, we may not realize the full benefits of the acquisition, including the synergies, cost savings or sales or growth opportunities that we expect or within the anticipated time frame.

8.2.3 We may have difficulty managing our growth which could limit our ability to increase sales and cash flow.

We anticipate experiencing significant growth in our operations and the number of our employees if our current and future products are successful, in particular the global roll-out of Letybo and our then comprehensive portfolio. This growth will place significant demands on our management, as well as our financial and operational resources. In order to achieve our business objectives, we will need to grow our business. Continued growth would increase the challenges involved in:

- implementing appropriate operational and financial systems;
- expanding our sales and marketing infrastructure and capabilities;
- ensuring compliance with applicable EMA, FDA, and other regulatory requirements;
- expanding and maintaining supporting IT systems such as CRM systems, pharmacovigilance systems, risk identification processes, and other processes important to the business today or that may be required in the future by regulators or customers;
- providing adequate training and supervision to maintain high quality standards; and
- preserving our culture and values.

Our growth will require us to continually develop and improve our operational, financial and other internal management systems and controls. If we cannot scale and manage our business appropriately, we will not realize our projected growth and our financial results could be adversely affected.

8.2.4 We will require substantial additional financing to achieve our goals, and a failure to obtain the necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce or terminate our operations, including our product development or commercialization efforts.

Since we sold our orthopaedics and ophthalmology business to Valeant Pharmaceuticals, Inc. in 2014 and implemented our strategic refocus on minimally invasive aesthetic medicine we have utilized substantial amounts of cash to acquire and develop our current products and fund our operations, including the opening of our state-of-the-art manufacturing facility for hyaluronic acids at our headquarters in Leobendorf, Austria. We expect that we will continue to expend substantial resources for the foreseeable future in order to fund our sales and marketing efforts, acquire or license new products, expand our business geographically, and further grow out infrastructure and systems. In addition, other unanticipated costs may arise. Because the commercialization expenditures needed to meet our sales objectives are highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully commercialize our current products and unlock the potential of our now comprehensive portfolio of HA Fillers, Non-HA Products, Letybo, Pliaglis and skincare. We also expect to incur additional costs as we continue to operate as a public company, hire additional personnel and expand our operations.

We believe that, based on cash received in connection with the Business Combination, our existing cash, cash equivalents, and short-term investments will allow us to fund our operations for at least the next 12 months. However, our business plan may change as a result of many factors currently unknown to us, and we may need to seek additional capital sooner than planned, through public offerings or debt financings or other sources, such as strategic collaborations.

In this event, additional capital may not be available to us, or in general, may not be available on a timely basis or on terms that are acceptable to us. If adequate funds are not available to us on a timely basis, or at all, we will be required to take additional actions beyond the cost preservation measures previously initiated to address our liquidity needs, including to continue to further reduce operating expense and delay, reduce the scope of, discontinue or alter our commercialization activities with respect to the global roll-out of Letybo or our portfolio in general, or our research and development activities with respect to future product candidates.

If we raise additional capital through marketing and distribution arrangements, royalty financings or other collaborations, partnerships or licensing arrangements with third parties, we may need to relinquish certain valuable rights to our product candidates, technologies, future revenue streams or research programs or grant licenses on terms that may not be favorable to us. If we raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders may be diluted and the terms of any new equity securities may have a preference over our common stock. If we raise additional capital through debt financing, we may be subject to specified financial covenants or covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, paying any dividends, making capital expenditures or pursuing certain transactions, any of which could restrict our ability to commercialize our product candidates or operate as a business.

In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe that we have sufficient funds for our current and future operating plans, which may result in the aforementioned dilutions to stockholders, imposition of debt covenants and repayment obligations or other restrictions that may affect our business.

8.2.5 Some of our existing or future credit facilities contain restrictive covenants that may limit our operating flexibility.

We have incurred substantial debt consisting of promissory notes and loan agreements, some of which are guaranteed by Oesterreische Kontrollbank ("**OeKB**"). Subject to terms of our promissory notes and loan agreements, we are obliged to ensure certain equity ratios, each as defined in the relevant debt instrument, and to comply with a maximum length on the duration of our debt amortization. In addition, depending on our leverage and/or our tangible net worth, we are prohibited from paying dividends, granting liens, entering into certain acquisitions, implementing certain fundamental changes to our business structure, including the sale of certain of our assets, and have to comply with certain restrictions on research, such as human cloning and genetics (see "*9.11.15 Financing Agreements*").

In 2022, as in previous years, we breached certain financial covenants under certain of our loan agreements. For example, we were unable to comply with the agreed net debt ratio for loans concluded with Erste Bank in the amount of €16.4 million and the agreed leverage ratio for a €5 million loan from Unicredit, in

each case as defined under the relevant agreements. As of December 31, 2022, our net debt ratio amounted to 8 and, thus, exceeded the net debt ratio of 5.5 under the Unicredit loan and the requirement to have a net debt ratio lower than 6 under the Erste Bank loans. These breaches of financial covenants would have entitled the lenders to demand immediate repayment. Our (ultimate) shareholders, Andreas Prinz and Martin Prinz, however, issued new and extended existing letters of comfort (*Patronatserklärung*) in favor of Croma, as a result of which the respective lenders waived all of their rights. Going forward, in order to avoid the non-compliance with certain financial covenants, or as a consequence of such non-compliance, we may also be forced to reclassify debt from non-current to current interest-bearing loans and borrowings which may result in negative implications for our liquidity and cash flows and may endanger our growth and sales targets, if they acquire a certain amount of capital spent. For example, in 2022, we breached a financial covenant under a loan agreement with Raiffeisenlandesbank Oberösterreich of which, as of December 31, 2022, €2.6 million were drawn and which required us to have an equity ratio of no less 30% and a debt servicing maximum of 12 years. As we were not able to obtain a formal waiver, Andreas Prinz provided a so-called bill guarantee (*Wechselbürgschaft*) towards Raiffeisenlandesbank Oberösterreich to the benefit of Croma, which allowed us to re-negotiate the loan agreement and the financial covenants. As a result of these negotiations, Raiffeisenlandesbank Oberösterreich agreed to amend the financial covenants under the loan agreement retrospectively, according to which we were required, as of December 31, 2022, to have an adjusted equity ratio of no less than 23% and a debt servicing maximum of 14 years. In order to comply with the debt servicing maximum for 2022, we decided to reclassify an amount of €1.9 million from non-current to current interest bearing loans and borrowings. For the following financial years starting with the financial year 2023, the original covenants of an equity ratio of no less than 30% and a debt servicing maximum of 12 years continue to apply.

Any future credit facility or debt instrument may be subject to similar or other covenants likewise restricting our operating flexibility. In addition, there is no guarantee that Andreas Prinz and Martin Prinz once the Company is publicly traded and, thus, to a lesser degree family-owned, are willing or able to issue or extend further letters of comfort towards the lenders. Any failure to comply with financial covenants may result in Croma having to repay any outstanding balances immediately, which it may not be able to, or having to re-negotiate the relevant agreements. Furthermore, any failure to comply with financial covenants may result in the lenders being unwilling to enter into credit facilities or loan agreements with us, or only willing to enter into agreements that provide unfavorable terms for us. All of this, may result in unfavorable outcomes for our liquidity, cash flow and results of operations.

8.2.6 We have entered, and may continue to enter, into certain related party transactions. There can be no assurance that we could not have achieved more favorable terms if such transactions had not been entered into with related parties, or that we will be able to maintain existing terms in the future.

As of the date of this Circular, Croma is a privately held family-owned business. As it is not unusual for such, there have been certain related-party transactions between Croma and its shareholders or entities of them, including, among others, the following:

- ***Yuvell***. Croma and Yuvell are in ongoing contractual relationships with respect to conducting clinical trials as well as marketing studies and other studies for the business purposes of Croma and its partners. In addition, Croma has granted Yuvell loans with an amount of approximately €700,000 being outstanding as at the end of February 2023. Yuvell is managed by Andreas Prinz's wife and owned by Sanaliber, an Austrian private trust whose founders and beneficiaries are Andreas Prinz and Martin Prinz, among others. In general, clinical data for medicinal product or medical device application filings are not deemed sufficient by regulatory authorities for their decision on market authorizations if the respective clinical data is not reliable or biased, which is the case if the regulatory authorities deem there to be a conflict of interest between the person conducting the studies and the beneficiary of those, *i.e.*, the rights holder in the medicinal product or medical device. If that were to be the case, the clinical data would not be considered by the regulatory authority for its decision on the market authorization. Therefore, if there is no additional sufficient clinical data available, the regulatory authority may decline the approval of the market authorization for the respective product or may revoke or question these at a later point in time. Given the governance and shareholder structure of Yuvell as well as the loans granted by Croma to it, Yuvell may be deemed conflicted by the regulatory authorities and, thus, clinical data prepared on behalf of Croma found to be insufficient. Based on our analysis, we do not believe there to be a conflict of interest if Yuvell is engaged by Croma for clinical studies and, thus, any clinical data to be sufficient for the regulatory authorities' decisions on market authorizations. Regulatory authorities may not agree with our analysis and, if the relationship between Yuvell and Croma is not disclosed prior to the submission of clinical data, or

even if the relationship is disclosed, deem clinical data submitted by Yuvell on the benefit for Croma to be insufficient. In the case of (severe) adverse events, regulators or legal bodies may question whether the data generated through a related party was of sufficient independence and whether possible (severe) adverse events could have been anticipated in another set-up for data generation.

- ***IBA***. Since 2007, Croma has been sub-leasing its headquarters from IBA, which has leased the headquarters from Oberbank as part of a sale-and-lease-back transaction. IBA is owned by a Swiss company in which Andreas Prinz and Martin Prinz each own 50% of the share capital. Although the monthly lease payment of Croma is not structured in a way that IBA makes a profit on it, the monthly lease amounts to approximately €200,000 in total (including a amortizing security deposit). In addition, under the IBA Lease Agreement between Oberbank and IBA, Croma acts as guarantor, jointly with IBA, towards Oberbank for all outstanding payment obligations, which as of December 31, 2022 amounted to €24 million (aggregated to June 2037 when the non-cancellation undertaking ends). If the Croma Sub-Lease Agreement between IBA and Croma were terminated by IBA, for example, by exercising extraordinary termination rights, we may have to re-enter into another sub-lease agreement with IBA under unfavorable economic terms or have to find a replacement for our headquarter which may be costly or not feasible on short notice resulting in our business operations being disturbed, in particular, our manufacturing business. In addition, we are dependent on IBA fulfilling its obligations towards Oberbank and, in the event, Oberbank terminates the IBA Lease Agreement, our Croma Sub-Lease Agreement would end as well, resulting in the aforementioned consequences and potentially substantially capital expenditures and/or liabilities under our guarantee towards IBA. Croma furthermore granted IBA a loan with a total commitment amount of €2.11 million, under which an amount of €654,691.81 (including accrued interests) was outstanding as of December 31, 2022.

- ***Collateral***. As Croma was in breach with certain financial covenants under multiple credit facilities and/or loans with certain lenders in the years 2020 and 2021 as well as recently in 2022 with respect to credit/loan agreements with Erste Bank, Unicredit and Raiffeisenlandesbank Oberösterreich, affecting a drawn amount of €17.8 million in total, Andreas Prinz and Martin Prinz, as they did in the years past, again issued letters of comfort towards the lenders in order to prevent them from exercising their termination rights for covenant breaches. In addition, Andreas Prinz and Martin Prinz provided a guarantee (*Bürgschaft*) in favor of Croma with respect to a credit line at Erste Bank under which an amount of €11.9 million was outstanding as of December 31, 2022, and Andreas Prinz also provided a so-called bill guarantee (*Wechselbürgschaft*) towards Raiffeisenlandesbank Oberösterreich for an amount of €3.3 million.

- ***OLIN Shareholder Loan***. Through its holding company OLIN, Andreas Prinz granted Croma a bridge loan in the amount of €8.0 million, repayable until October 16, 2024, which allowed Croma to repay the first tranche of promissory notes in February 2023. In connection with the OLIN Shareholder Loan, OLIN and Croma entered into the OLIN Subordination, a qualified subordination agreement, pursuant to which the OLIN Shareholder Loan is subordinated to claims of any and all current and future lenders of Croma. In the qualified subordination agreement, OLIN and Croma furthermore agreed that OLIN will not sell its claims under the OLIN Shareholder Loan without the consent of the other lenders and that repayments of the loan are only to be made by Croma from future profits. In addition, OLIN undertook not to bring any claims under the OLIN Shareholder Loan if such loans would result in an insolvency or the opening of insolvency proceedings for Croma under applicable law.

- ***License Agreement***. As Martin Prinz developed intellectual property for Croma, Martin Prinz and Croma concluded a license agreement under which he for any intellectual property transferred to Croma from past inventions is entitled to a one-off payment of €250,000.00 and royalties of 2.5% on any net revenues Croma generates with intellectual property of current and future inventions of him not yet transferred to Croma.

- ***Loan to Founders***. In 2015, Croma granted their founders Karin and Gerhard Prinz a loan in the amount of approximately €529,989.38 which runs until Gerhard Prinz's exit as employee of Croma and is then to be repaid including all interest accrued. As of December 31, 2022, the outstanding balance under the loan amounted to €135,993.21.

- ***Lease Agreement***. Based on a long-running lease agreement Croma leases two buildings of its headquarters from Karin and Gerhard Prinz for a monthly rent of €2,702.97 (plus VAT and costs).

While we assume that all of these transactions have been negotiated on an arm's length basis and contain commercially reasonable terms, we may have been able to achieve more favorable terms had these transactions been entered into with unrelated parties. Potential conflicts of interest or disputes, or perceived conflicts may arise between us and one or more related parties under these or other related party agreements, or relating to our past or future relationships in several areas including tax, employee benefits, intellectual property rights, indemnification and other matters. In the event of a dispute under any of these related party agreements, the interests of one or more related parties may not align with ours and the resolution of any such disputes may be adverse to us, or less favorable to us than we might achieve if we were not dealing with a related party, and our ability to enforce our contractual rights may be limited.

There can be no assurance that such present or any future transactions, and any potential disputes that may arise in connection with them, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. It is also likely that we may enter into related party transactions in the future. Although material related party transactions that we may enter into will be subject to approval or ratification of a designated committee, there can be no assurance that such transactions will not have an adverse effect on our financial condition and results of operations. We will implement guidelines, policies or best practices to avoid that related party transactions are not concluded at arm's length or do not have any adverse effects on our business. In this regard, it is agreed upon in the Business Combination Agreement that, upon consummation of the Business Combination, any engagement between Croma, or EHC, with Yuvell will be entered into (i) strictly on an at-arm's-length basis, (ii) in accordance with applicable law, (iii) following the receipt of at least one more competitive offer from a highly reputable third-party provider and (iv) following discussion of the Croma managing directors or the EHC Board, respectively, and protocolling the reasons to mandate Yuvell over any other provider.

8.2.7 Some of our management team has limited experience managing a public company.

Some members of our management team have limited experience managing a publicly traded company, interacting with public company investors, including our CEO, and complying with the increasingly complex laws pertaining to public companies. We may not successfully or efficiently manage our transition to being a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, results of operations, and financial condition.

8.2.8 Our future success depends in part on recruiting and retaining key personnel and if we fail to do so, it may be more difficult for us to execute our business strategy.

We are a family-led business and depend on the continued input of the founders' sons Andreas and Martin Prinz. We are also dependent upon the continued services of key personnel, including members of the current Prinz management team who have extensive experience in our industry, with Martin Prinz becoming a member of the Scientific Board. The loss of any one of these individuals could disrupt our operations or our strategic plans. Additionally, our future success will depend on, among other things, our ability to continue to hire and retain the necessary qualified clinical, scientific, technical, sales and managerial personnel, for whom we compete with numerous other companies, academic institutions and organizations. If we lose key employees, if we are unable to attract or retain other qualified personnel, or if our management team is not able to effectively manage us through these events, our business, financial condition, and results of operations may be adversely affected.

Any failures to execute our business plan, such as failure to successfully develop or launch our products, or delays in the regulatory approval process, may make it more challenging to recruit and retain qualified personnel. Further, turnover of executive officers may cause disruption in our business, strategic and employee relationships, which may significantly delay or prevent the achievement of our business objectives. Resulting leadership transitions can be difficult to manage and leadership changes may also increase the likelihood of turnover in other key officers and employees and may cause declines in the productivity of existing employees. The search for a replacement personnel may take many months or more, further exacerbating these factors. Identifying and hiring experienced and qualified senior personnel can be difficult. Periods of transition in senior personnel are often difficult as the new hires gain detailed knowledge of our operations and may result in cultural differences and friction due to changes in strategy and style. During the transition periods, there may be uncertainty among investors, employees, creditors and others concerning our future direction and performance.

8.2.9 Cyberattacks or other breaches of our information systems could have a material adverse effect on our business, in particular our manufacturing capabilities.

Our operations rely on our computer systems, hardware, software, and networks, as well as those of third parties with which we do business, to securely process, store and transmit proprietary, confidential and other information, including intellectual property and personal identifiable information, such as from clinical trials or other product-related studies. We are also dependent on these information systems to operate our fully-automated manufacturing facility, in which we manufacture our HA Fillers with an innovative and proprietary cross-linking technology as well as our "pure HA" skincare product and, in addition, further hyaluronic acid-based products as part of our contract manufacturing business.

Our information systems may be compromised by cyberattacks, computer viruses or other IT-related events, each of which could be materially disruptive to our business operations and could put the security of our information, and that of the third parties with which we do business, at risk of misappropriation or destruction. In recent years, such cyber incidents have become increasingly frequent and sophisticated, targeting or otherwise affecting a wide range of companies. While we have instituted certain security measures, in particular, relating to our IT, in order to minimize the likelihood and impact of a cyber-incident, there is no assurance that these measures, or those of the third parties with which we do business, will be adequate in the future. If these measures fail, valuable information may be lost, our operations may be disrupted, we may be unable to fulfill our customer obligations and our reputation may suffer. For example, given our fully-automated manufacturing facility, any cyber incident affecting our manufacturing facility may adversely affect our ability to produce our HA Fillers and other hyaluronic acid products or otherwise affect the quality, safety or efficiency of our produced products. As a result, our revenue and profitability as well as our brand recognition may be adversely effected, each of which may be detrimental for our sales and growth targets. This would be particularly the case if we become subject to litigation or regulatory action.

8.3 Key Risks Related to Croma's Manufacturing and Supply Chain

8.3.1 We utilize internal and external manufacturing facilities, including third-party contract manufacturers and our partners, to support the production of our products. If we experience a significant disruption in our manufacturing operations or our third-party manufacturers or partners experience a significant disruption in their operations for any reason, our ability to continue to operate our business would be materially harmed.

Our portfolio consists of HA Fillers, Non-HA Products (including biostimulators and PDO threads), medicinal products (*i.e.*, Letybo, Pliaglis) and certain skincare products. In addition, our portfolio is complemented by our contract manufacturing business for HA Fillers as white label products as well as for the orthopaedics and ophthalmology industry, as remaining part of our legacy business. To date, we supply the orthopaedics and ophthalmology industry with hyaluronic acid-based and hydroxypropyl methylcellulose ("**HPMC**") based products. We manufacture these products as well as our proprietary HA Fillers and our "pure HA" skincare product, in our internal manufacturing facility, adjacent to our headquarters. Our market leading technology lies, in particular, in our innovative crosslinking technology for the production of hyaluronic acid and other biopolymers. For this, we implemented a special processing step with carefully aligns the hyaluronic acid chains which ensures that our produced HA Fillers are long-lasting and stable. If the manufacture of our products were to be interrupted (*e.g.*, fires, natural hazards, employee malfeasance, power outages and cyberattacks) we may be unable to find sufficient third-party manufacturers as replacement for the loss of our manufacturing capacities given our proprietary crosslinking technology and, as a result, may not be able to meet customer demand, including our growth targets, which could adversely affect revenues and sales growth as well as profitability and market position.

With respect to the remaining products of our portfolio (*i.e.*, Princess threads, PhilArt injectables, Arthrex ACP, Pliaglis and Letybo) we get exclusively supplied by our partners. Under the relevant agreements, we are obliged to acquire our entire requirement of the respective product from them. In addition, we have fully outsourced the manufacturing of our skincare products to third-party manufacturers (except for our "pure HA" product which we manufacture ourselves). There is, however, no guarantee that our third-party manufacturers or our partners will continue to be available and willing to manufacture or supply us with our products, at the right quality levels required within our geographic commercialization areas, and be supplied with the required goods, and that they will have sufficient capacities to handle our growing sales. As our partners hold the original rights to certain of our products (*i.e.*, Princess threads, PhilArt injectables, Arthrex ACP, Pliaglis and Letybo) any unwillingness of them to manufacture or supply us with them, would result in us not being able to sell such products and having to source alternative products suitable for the relevant indications. As finding new partners

is time consuming and there is no guarantee that we find new partners that offer comparable products, we may not be able to maintain our comprehensive product portfolio which may adversely affect our revenues and sales growth as well as our market position.

For the manufacture of most of our skincare products, for which we plan to scale their commercialization, we depend on third-party manufacturers. Our reliance on them makes us less flexible and dependent on their capacity, given that we are typically required to order our products several months in advance and complete a qualification process for our third-party manufacturers. A lack of capacities in the market may force us to bear higher costs and there is no guarantee that we will be able to pass such costs on to our customers. If we are not able to commission suitable, sufficient manufacturing capacities from third-party manufacturers, we may not be able to introduce new skincare products or maintain our current skincare product offering which may have adverse effects on our revenues and profitability.

To ensure the compliance of our suppliers with good manufacturing process standards, our suppliers are, in general, subject to a qualification process and we conclude quality assurance agreements with them. However, we have only limited control over the operations of our partners and third-party manufacturers and cannot guarantee that they will comply with these standards and quality assurance agreements, nor that they manufacture our products in accordance with their specifications and the applicable laws and regulations. Any failure to comply with these requirements could result in enforcement action against us, our third-party manufacturers, including the seizure of products and shutting down of manufacturing facilities. Such enforcement as well as other factors (*e.g.*, fires, natural hazards and power outages) could interrupt the manufacture of our products, which may prevent us from meeting customer demand, including our growth targets, and adversely affect our revenues and sales growth as well as profitability and market position.

8.3.2 We depend on single-source suppliers for raw materials, substances and components necessary to produce our HA Fillers and our "pure HA" skincare product. The loss of these suppliers, or their failure to supply us with these raw materials, substances and components could negatively affect our business.

For the manufacture of our HA Fillers, our "pure HA" skincare product and all of our hyaluronic acid-based products under our contract manufacturing we depend on sodium hyaluronate as the raw material necessary to produce hyaluronic acid. We procure our sodium hyaluronate from HTL S.A.S, a biotechnology company based in France, as single-source supplier. Similarly, we are supplied with the necessary components of our proprietary and design award winning Croma syringe, which we use for our HA Fillers and assemble ourselves, from certain other single-source suppliers. For other products that we develop, for example, our Thioderm devices, a next generation HA Filler compared to our current Saypha brand based on a BDDE-free crosslinking technology, we may also rely on single-source suppliers to supply us with the necessary substances for production.

In general, when using single-source suppliers there is no guarantee, despite their contractual obligations towards us, that these suppliers will continue to be available and willing to supply us with the necessary raw materials, substances or components necessary to manufacture our products, and to have sufficient capacities to handle our growing sales. Reliance on third-party suppliers also further risks, such as, the reliance on them to comply with regulatory and manufacturing standards as well as delivering the quality necessary for us to manufacture our products in accordance with our quality standards and regulatory standards we have to comply with. In this regard, any failure of our single source suppliers to comply with applicable regulations could result in fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect our supply of raw material, substances and components necessary to produce our products. Similarly, if quality issues with the raw materials, substances and components remain to be undetected by us, before processing such materials, substances and components, the quality of our products may be harmed which could result not only regulatory actions which would adversely affect our profitability but also negatively affect our revenues due to lower demand and our band recognition resulting in a negative impact on revenues, growth and sales targets, cash flows and profitability.

In addition, our single-source suppliers may breach their supply agreements with us or may to decide to terminate such agreements or not renew them. In each of these events we would have to find new suppliers which is time consuming due to the necessary vetting, due diligence and quality assurance process and there is no guarantee that we find new single-source suppliers offer the raw materials, substances and components we need to manufacture our current or future products. Consequently, we may not be able to maintain our product

portfolio or release envisioned product candidates which may adversely affect our revenues and sales growth as well as our market position.

8.3.3 Our business involves the use of hazardous materials and we and our third-party manufacturers and suppliers must comply with environmental laws and regulations, which can be expensive and restrict how we do business.

Our sales, marketing, research and development and manufacturing activities and our third-party manufacturers', license partners' and suppliers' activities involve the controlled storage, use and disposal of hazardous materials and compounds owned by us. We and our third-party manufacturers and license partners as well as suppliers are subject to laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. In some cases, these hazardous materials and various wastes resulting from their use are stored at our and our manufacturers' facilities pending their use and disposal. We cannot eliminate the risk of contamination, which could cause an interruption of our commercialization efforts, research and development efforts and business operations, environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. Although we believe that the safety procedures, we and our third-party manufacturers and license partners utilize for handling and disposing of these materials generally comply with the standards prescribed by these laws and regulations, we cannot guarantee that this is the case or eliminate the risk of accidental contamination or injury from these materials. In such an event, we may be held liable for any resulting damages and such liability could exceed our resources and state or federal or other applicable authorities may curtail our use of certain materials and interrupt our business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance.

8.4 Key Risks Related to Marketing and Commercialization of Croma's Products

8.4.1 We rely on license, joint venture, distribution and supply agreements with third parties to market and distribute certain of our products in territories such as the United States, Canada, China, Hong Kong, Australia and New Zealand. Any termination or loss of significant rights, including exclusivity, under such agreements, or adverse actions taken by such third parties that are outside our control, could materially and adversely affect our commercialization of such products in any covered territory.

As part of our operational and geographical expansion strategy, we have secured certain exclusive licensing and distribution agreements with third-party partners for the commercialization of our products in numerous territories, such as China and Hong Kong with respect to our HA Fillers, and may continue to secure further licensing and distribution agreements in the future. In addition, we entered into certain joint ventures, such as with Hugel, Inc., for the commercialization of our HA Fillers in the United States, Canada, Australia and New Zealand, and non-controlling interests, such as our shareholding in Novaestiq, which holds commercialization rights for threads and Thioderm devices, once regulatory approval is obtained, in the United States and Canada. We have also entered into a joint venture with Chinese conglomerate Sinopharm for the commercialization of our HA Fillers in Hong Kong and China. Besides, being entitled to potential dividend payments through our shareholdings in companies we have an interest in, we have also concluded license and distribution agreements with these companies.

The license and distribution agreements concluded with our partners, including the joint ventures or other companies we have a minority interest in, may contain certain conditions related to exclusivity, territorial rights, development, commercialization, funding, payment, minimum purchase obligations, diligence, sublicensing, intellectual property protection and other matters which, if not met, by either party, could adversely affect our business. In many instances, the agreements provide that the counter-party may terminate the agreement if we fail to comply with our obligations, such as the timely supply of our product in sufficient quality. Any termination or loss of significant rights, including exclusivity, under such agreements, or adverse actions taken by such third parties that are outside our control, could materially and adversely affect our commercialization of such products in these territories and our business and prospects in general.

Similarly, our commercialization of such products in the licensed territories may be adversely affected if our partners do not comply with or perform their obligations under the agreements we have with them. Even though our agreements provide for termination or loss of significant rights, including exclusivity, and also contain indemnifications in the event that our partners fail to comply with their obligations, such as, minimum purchase commitments, we cannot control the amount and timing of our partners' resources that will be devoted

to performing their responsibilities under our agreements with them, or our partners may use their rights granted under the agreements not in accordance with our expectations. This includes our partners promoting inadequate commercial tactics, which may have immediate implications for us or indirect effects on our reputation in such markets or in markets where we directly commercialize our products. Our partners may choose to pursue alternative technologies in preference to those being developed in collaboration with us. In the event, we were to terminate the agreements with our partners, there is no guarantee that we find a sufficient replacement partner and that such partner may use the rights granted under the agreement with them in accordance with our expectations. Alternatives to using partners may prove costly and may not be feasible for us, from a cost or capacity perspective.

With respect to our joint ventures or non-controlling interest, we may not be able to be represented in the management bodies of the respective companies and, thus, not be in a position to influence strategy, planning and commitment to our license and distribution agreements concluded with them. Even though, we may have certain shareholder agreements or other provisions in place protecting our influence in the joint ventures or non-controlling interest parties, we may ultimately not successful in exercising such rights or otherwise be disadvantaged, ignored or overruled by the other shareholders.

In addition, our contract manufacturing business relating to HA Fillers as white label products and hyaluronic-acid based products for the orthopaedics and ophthalmology industry depends on the commercial success of our partners and their order sizes as well as their commitment to contractual obligations, such as, minimum purchase commitments. Even though, our agreements, may provide for certain customary remedies and indemnifications these may not be sufficient to protect our economic interests and we may not be able to compensate for any loss of customers in this regard by finding replacement customers.

Any of the aforementioned would result in negative effects on the commercialization of our products, and, thus, could impede growth prospects, sales targets and revenues.

8.4.2 If our current and any future product lines and product candidates fail to achieve a broad degree of physician adoption and use, or consumer demand necessary for commercial success, our business, results of operations, financial condition and growth prospects would be adversely affected.

Our current products or any future product candidates (even though approved by the respective competent authorities) may not achieve market acceptance among healthcare professionals or consumers, and may not be commercially successful, which could harm our financial results and future prospects. The degree and rate of market acceptance of our current products or any future product candidates for which we receive approval depends on a number of factors, including:

- the safety, efficacy and duration of the product as compared to existing and future therapies, or the market perception of these;
- the clinical indications for which the product is approved and patient demand for the treatment of those indications;
- acceptance by healthcare professionals, major operators of clinics and consumers of the product as a safe and effective treatment;
- the extent to which healthcare professionals recommend the products to their patients;
- the proper training and administration of the products by healthcare professionals such that patients do not experience excessive discomfort during treatment or adverse side effects;
- patient satisfaction with the results and administration of the product and overall treatment experience;
- the potential and perceived advantages and cost of the product over alternative treatments;
- the revenue and profitability that the product will offer a healthcare professional as compared to alternative therapies;
- the relative convenience and ease of administration;
- the effectiveness of our sales and marketing efforts, including efforts by any third parties we engage;
- consumer sentiment about the benefits and risks of aesthetic procedures generally and our products in particular; and

- general consumer and healthcare professional confidence and availability of practicing healthcare professionals, which may be impacted by general economic and political conditions, including challenges affecting the global economy resulting from the COVID-19 pandemic.

Any failure by our product candidates, in particular, Letybo and our recently launched PhilArt injectables, to achieve market acceptance or commercial success would materially adversely affect our results of operations and delay, prevent or limit our ability to generate revenue, meet our growth targets and continue our business.

8.4.3 If we are found to have applied improper commercialization practices such as improper promotion of off-label uses or missing marketing and/or medical materials for our products that are approved for marketing, or if healthcare professionals misuse our products or use our products off label, we may become subject to prohibitions on the sale or marketing of our products, significant fines, penalties, and sanctions, product liability claims, and our image and reputation within the industry and marketplace could be harmed.

The competent pharmaceutical, medical device and medicinal product regulatory agencies in the territories we operate in strictly regulate the marketing and promotional claims that are made about regulated products. To date, except for our skincare products, our whole product portfolio is either subject to medical devices (*e.g,*. HA Fillers) or medicinal product regulations (*i.e.*, Letybo, Pliaglis) and, thus, consists of regulated products. Regulated products, in particular, may not be promoted for uses or indications that are not approved by the EMA or other regulatory authorities or notified bodies competent for the relevant distribution territory as reflected in the product's marketing authorization and conformity assessment certification. If we are found to have promoted such off-label uses, we may receive warning letters, be fined, become subject to significant liability and be subject to prohibitions by each competent regulatory authority on the sale or marketing of our products, which could affect our reputation within the industry and materially harm our business. In addition, management's attention could be diverted from our business operations. To prevent off-label promotion, we operate regulatory compliance operation procedures for the check and release of marketing materials and train our sales force on a regular basis. In addition, especially with a growing organization, there could be miss-use of promotional material or material that was not released for promotional purposes, or other misconduct within our commercial team and our affiliates, leading to legal disputes, possible fines, or even implications on our ability to keep our products in the market.

Healthcare professionals may, in their independent medical judgment, prescribe legally available products for off-label uses. However, healthcare professionals may also misuse our products, or use improper techniques, potentially leading to adverse results, side effects or injury, which may lead to product liability claims. If these products are misused or used with improper technique, we may become subject to costly litigation by our customers or their patients. Product liability claims or improper marketing or promotional practices (perceived or real) could divert management's attention from our core business, be expensive to defend, and result in sizable damage awards against us that may not be covered by insurance. As a precaution to prevent off-label use, we operate post market surveillance and adverse event (so-called "signal") management to detect and assess such signals and react accordingly to mitigate risks. Furthermore, the use of these products for indications other than those authorized by the EMA or other authorities or notified bodies competent for the relevant distribution territory may not effectively treat such conditions, which could harm our reputation in the marketplace among physicians and patients.

Any of these events could harm our business and results of operations and cause our stock price to decline.

8.5 Key Risks Related to Research and Development

8.5.1 Medicinal product development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Furthermore, we rely on clinical research organizations ("**CROs**"), and clinical trial sites to ensure the proper and timely conduct of our clinical trials. While we have agreements governing the committed activities of our CROs, we have limited influence over their actual performance. A failure of one or more of our clinical trials can occur at any time during the clinical trial process. The results of preclinical studies and clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. Furthermore, final results may differ from interim results.

We have and may again experience delays in our ongoing clinical trials, and we do not know whether future clinical trials, if any, will begin on time, need to be redesigned, enroll an adequate number of subjects on time or be completed on schedule, if at all. For example, our current clinical trial with respect to our Saypha HA Filler "Volume Lidocaine", which is intended for the United States market, is delayed by two months due to enrollment of subjects taking longer as expected. In the past, clinical trials conducted by our sponsors (*i.e.*, with respect to Saypha HA Filler "Filler Lidocaine") have also been delayed due to a voluntary hold based on recommendations of the FDA to update the clinical investigational protocol which resulted in delays of approximately twelve months, but has been resolved.

Clinical trials can be delayed or aborted for a variety of reasons, including delay or failure to:

- obtain regulatory approval to commence a trial;
- reach agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtain necessary regulatory approvals at each site;
- recruit suitable subjects to participate in a trial;
- have subjects complete a trial or return for post-treatment follow-up;
- ensure clinical sites observe trial protocol or continue to participate in a trial;
- address any patient safety concerns that arise during the course of a trial;
- address any conflicts with new or existing laws or regulations;
- add a sufficient number of clinical trial sites;
- manufacture sufficient quantities of product candidate for use in clinical trials; or
- lack of adequate funding to continue the clinical trial.

Subject enrollment is a significant factor in the timing of clinical trials and is affected by many factors, including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the medicinal product being studied in relation to other available therapies, including any new medicinal products or treatments that may be approved for the indications we are investigating.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the competent body of the institutions in which such trials are being conducted (*e.g.*, ethic committees or institutional review boards), by the data safety monitoring board for such trial or by the EMA, FDA or other regulatory authorities. Such authorities may suspend or terminate a clinical trial due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, failure of inspection of the clinical trial operations or trial site by the EMA, FDA or other regulatory authorities resulting in the imposition of a clinical hold, discovery of unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a medicinal product, changes in governmental regulations or administrative actions, risks related to conducting clinical trials during the COVID-19 pandemic, or lack of adequate funding to continue the clinical trial.

Delays in the completion or termination of any clinical trial of our product candidates will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues. In addition, many of the factors that cause or lead to a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates. Any of these occurrences may significantly harm our business, financial condition and prospects.

8.5.2 We currently rely on third parties and consultants to conduct all of our preclinical studies and clinical trials. If these third parties or consultants do not successfully carry out their contractual duties or meet expected deadlines, we may be unable to obtain regulatory approval for or commercialize our current products or any future product candidates.

We do not have the ability to independently conduct preclinical studies or clinical trials and, therefore, rely on medical institutions, clinical investigators, contract laboratories, collaborative partners and third parties, such as CROs and clinical data management organizations, or trial sites and study centers, such as Yuvell, that may be contracted by CROs or us. The third parties with whom we contract for execution of our clinical trials play a significant role in the conduct of these trials and the subsequent collection and analysis of data. However, these third parties are not our employees, and except for contractual duties and obligations, we have limited ability to control the amount or timing of resources that they devote to our programs. Although we rely on these third parties to conduct our preclinical studies and clinical trials, we remain responsible for ensuring that each of our preclinical studies and clinical trials is conducted in accordance with its investigational plan and protocol (including, but not limited to, ICH-GCP, ISO14155, ISO15798, ISO 13485, ISO 10993).

Moreover, the EMA and foreign regulatory authorities, such as the FDA, require us to comply with good clinical practice ("**GCP**") and good laboratory practices for conducting, monitoring, recording and reporting the results of clinical and preclinical trials to ensure that the data and results are scientifically credible and accurate, and that the trial subjects are adequately informed of the potential risks of participating in clinical trials. We also rely on consultants to assist in the execution, including data collection and analysis, of our clinical trials. In addition, the execution of preclinical studies and clinical trials, and the subsequent compilation and analysis of the data produced, requires coordination among various parties. In order for these functions to be carried out effectively and efficiently, it is imperative that these parties communicate and coordinate with one another. Moreover, these third parties may also have relationships with other commercial entities, some of which may compete with us.

These third parties may terminate their agreements with us upon short notice of a material breach by us if we are unable to cure such breach immediately or in a short amount of time. Many of these agreements may also be terminated by such third parties under certain other circumstances, including our insolvency or our failure to comply with applicable laws. In general, these agreements require such third parties to reasonably cooperate with us at our expense for an orderly winding down of services of such third parties under the agreements. If the third parties or consultants conducting our clinical trials do not perform their contractual duties or obligations, experience work stoppages, do not meet expected deadlines, terminate their agreements with us or need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical trial protocols or GCPs, or for any other reason, we may need to conduct additional clinical trials or enter into new arrangements, which could be difficult, costly or impossible, and our clinical trials may be extended, delayed or terminated or may need to be repeated. We may be unable to recover unused funds from these third-parties. If any of the foregoing were to occur, we may not be able to obtain, or may be delayed in obtaining, regulatory approval for, and will not be able to, or may be delayed in our efforts to, successfully commercialize the product candidate being tested in such trials.

8.5.3 We currently use and may continue to use third-party collaborators to help us develop and/or validate any new products, and our ability to commercialize such products could be impaired or delayed if these collaborations are unsuccessful.

We may continue to license or selectively pursue strategic collaborations for the development, validation and distribution of our current and future products. In any third-party collaboration, we are dependent upon the success of the collaborators to perform their responsibilities and continue cooperation. Our collaborators may not perform their obligations under our agreements with them or cooperate with us. We cannot control the amount and timing of our collaborators' resources that will be devoted to performing their responsibilities under our agreements with them. Our collaborators may choose to pursue alternative technologies in preference to those being developed in collaboration with us. The development, validation and commercialization of our product candidates will be delayed if collaborators fail to perform their obligations in a timely manner or in accordance with applicable regulatory requirements or if they breach or terminate their collaboration agreements with us. Any such delay could materially adversely affect our business and operations.

8.6 Key Risks Related to Government and Industry Regulation

8.6.1 We are subject to numerous, complex and sometimes conflicting legal and regulatory regimes.

Presently, we distribute our products through direct presences in 13 key markets and by utilizing a global network of distributors spanning across over 70 markets, located in, among others, Europe, South America, Asia and Africa. In addition, we maintain exclusive distribution and license partnerships as well as entered into joint ventures to launch our products in further markets. As a result we have also to comply with the laws in such markets with respect to our products. In each of these markets different regulations may be applicable to our products, which include medical devices, such as our HA Fillers and Non-HA Products, as well as prescription medicinal products, *i.e.*, Letybo and Pliaglis.

With respect to our medical devices, we are subject applicable medical device directives (including the Medical Devices Directive and the European Medical Device Regulation) and obliged to obtain CE Mark certification in order to market medical devices. In the United States, the US Food, Drug and Cosmetic Act ("**FDC Act**") applies to us, pursuant to which medical devices must receive FDA clearance or approval or an exemption from such clearance or approval before they can be commercially marketed in the United States. In addition, exported devices are subject to the regulatory requirements of each country to which the device is exported. Many countries require that product approvals be renewed or recertified on a regular basis, generally every four to five years. The renewal or recertification process requires that we evaluate any device changes and any new regulations or standards relevant to the device and conduct appropriate testing to document continued compliance. Where renewal or recertification applications are required, they may need to be renewed and/or approved in order to continue selling our products in those countries. There can be no assurance that we will receive the required approvals for new products or modifications to existing products on a timely basis or that any approval will not be subsequently withdrawn or conditioned upon extensive post-market study requirements. The European Union regulatory bodies finalized a new EU Medical Devices Regulation 2017/745 (MDR) in 2017, which replaced the existing directives and provided three years for transition and compliance. The MDR will change several aspects of the existing regulatory framework, such as updating clinical data requirements and introducing new regulatory requirements, such as the Unique Device Identification (UDI). We and the national authorities who will oversee compliance to the new MDR face uncertainties as the MDR is rolled out and enforced by the European Commission and the respective governing authorities of the European Economic Area, creating risks in several areas, including the CE Marking process and data transparency, in the upcoming years.

However, we are not only subject to these medicinal product and medical device regulations but also numerous other laws and regulations to a varying degree, including with respect to privacy, data protection and data security as well as laws with respect to intellectual property protection, consumer protection, product liability, competition, anti-corruption and international sanctions.

While we are not aware of any material breaches of applicable laws and regulations, we cannot guarantee that we have always been in full compliance with them in the past and will be able to fully comply with them in the future. The violation of any of the laws and regulations applicable to us may result in litigation, damage claims from our customers, business partners and/or competitors as well as extensive investigations by governmental authorities and substantial fines being imposed on us. Even unfounded allegations of noncompliance may adversely affect our reputation and business.

Any changes in the legal framework applicable to our business, in particular, regulations for prescription medicinal products or medical devices, could adversely affect our operations and profitability. If we continue to expand our business and geographic scope, we will become subject to a legal framework that is even more complex. Furthermore, the laws and regulations of various jurisdictions in which we operate or may operate in the future are evolving. Consequently, such laws and regulations may change and sometimes even conflict with each other, making it even harder to observe them.

At any time, authorities in the countries where we operate may require us to obtain additional, or extend existing, licenses, permits and approvals. However, there is no guarantee that we will be able to obtain these in a timely and cost-effective manner. In addition, authorities may revoke existing licenses and we may not be aware of, or able to appeal, any such revocations in a timely manner, or at all.

8.6.2 The regulatory approval process is highly uncertain, and we or any collaboration partner may not obtain regulatory approval for the commercialization of our current and any future product candidates.

The research, testing, manufacturing, labeling, approval, selling, import, export, marketing and distribution of medicinal product and biologic products are subject to extensive regulation by the EMA or foreign regulatory authorities, such as the FDA or the national authorities of the European member states, with regulations differing from country to country. We are only allowed to market our products or product candidates in any country upon receiving the required marketing approval from the regulatory authority in such country. To date, the approval of Letybo by the FDA in the United States is still outstanding even though Letybo was approved in Canada and Australia in 2022. Obtaining regulatory approval can be a lengthy, expensive and uncertain process and delay or failure can occur at any stage of any of our clinical trials, or during the approval process itself.

For example, the biologics license application filed for the approval of Letybo with the FDA by Hugel America, Inc. ("**Hugel America**") was declined by the FDA's issuance of a complete response letter. In October 2022, Hugel America resubmitted the biologics license application in accordance with the requests made by the FDA. However, in April 2023, the FDA issued a second complete response letter with respect to Letybo following an inspection of Hugel, Inc.'s manufacturing plant in Chuncheon, Korea and relating to a manufacturing plant management issue. Accordingly, Hugel America will address the issues mentioned in the complete response letter and intends to file its response to the complete response letter in the third quarter of 2023. The FDA's decision on the approval of Letybo is therefore not expected before the end of the first quarter of 2024. Any issuance of a definitive complete response letter by the FDA may have negative consequences for obtaining the market authorizations in the United States or, more generally, on our existing market authorizations in certain European countries.

Failure to comply with EMA, FDA and other applicable foreign regulatory requirements may subject us to administrative or judicially imposed sanctions or other actions, including:

- warning letters;
- civil and criminal penalties;
- injunctions;
- withdrawal of approved products;
- product seizure or detention;
- product recalls;
- total or partial suspension of production.

Prior to obtaining approval to commercialize a product candidate in the relevant country or jurisdiction, we or our collaborators must demonstrate with substantial evidence from well controlled clinical trials, and to the satisfaction of the competent regulatory agencies, that such product candidates are safe and effective for their intended uses. Results from preclinical studies and clinical trials can be interpreted in different ways. Even if we believe the preclinical and clinical data for our product candidates are promising, such data may not be sufficient to support approval by the relevant regulatory authorities. Administering product candidates to humans may produce undesirable side effects, which could interrupt, delay or halt clinical trials and result in the EMA, FDA or other regulatory authorities denying approval of a product candidate for any or all targeted indications. In addition, existing product approvals may get revoked by authorities, or additional data may be required to maintain these registrations, especially as new information or clinical, quality, safety, manufacturing, or other data becomes available. Considerations from one regulatory body may also cause consequences in other geographies, as arguments or underlying facts become available based on investigations by one regulatory body in one geography. This could lead to marketing authorizations being suspended, or new data being required to maintain the products in the market, leading to additional cost and possible loss of revenues and reputation.

Currently, products for which we have commercialization rights and that have been approved for sale by the applicable regulatory authorities for multiple countries include, among others, our proprietary HA Fillers, all of our Non-HA Products, such as our Princess threads, PhilArt PN, Arthrex ACP, Pliaglis and in certain territories, such as, Europe, Australia and Canada, Letybo. We may never obtain regulatory approval to commercialize Letybo in the United States. The FDA may grant approval of Letybo only contingent on the performance of costly additional post-approval clinical trials or for a more limited indication or a narrower patient population than we originally requested, and the FDA may not approve the labeling that we believe is

necessary or desirable for the successful commercialization of Letybo. In addition, the FDA may request significant changes to the manufacturing process at the sites of our partner Hugel, which may lead to required amendments also in Europe or other geographies, or may even cause challenges with the steady manufacturing of Letybo overall.

The requirement to conduct additional clinical trials, the requirement to augment manufacturing processes, or our inability to obtain the requested label or indication, either with respect to Letybo in the United States or any other future product candidate of us, could increase our expenses or limit our ability to generate revenue.

8.6.3 Our current or future products may cause or contribute to adverse medical events that we are required to report to regulatory agencies and if we fail to do so, we could be subject to sanctions that would materially harm our business.

Certain regulations require us to report to regulatory agencies when we receive or become aware of information that reasonably suggests that one or more of our products may have caused or contributed to a death or serious injury or malfunctioned in a way that, if the malfunction were to recur, it could cause or contribute to a death or serious injury. The timing of our obligation to report is triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events of which we become aware within the prescribed timeframe. We may also fail to recognize that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of the product. If we fail to comply with our reporting obligations, the EMA or any other competent authority in the jurisdictions we operate in could take action, including warning letters, untitled letters, administrative actions, criminal prosecution, imposition of civil monetary penalties, revocation of our device clearance, seizure of our products or delay in clearance of future products.

The EMA and foreign regulatory bodies have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture of a product or in the event that a product poses an unacceptable risk to health, or in cases where there is good reason to believe that this could be the case, although it has not yet been fully proven. We may also choose to voluntarily recall a product if any material deficiency is found. A government-mandated or voluntary recall by us could occur as a result of an unacceptable risk to health, component failures, malfunctions, manufacturing defects, labelling or design deficiencies, packaging defects or other deficiencies or failures to comply with applicable regulations. Product defects or other errors may occur in the future. Depending on the corrective action we take to redress a product's deficiencies or defects, the EMA or other foreign regulatory authorities may require, or we may decide, that we will need to obtain new approvals or clearances for the product before we may market or distribute the corrected product. Seeking such approvals or clearances may delay our ability to replace the recalled products in a timely manner. Moreover, if we do not adequately address problems associated with our products, we may face additional regulatory enforcement action, including warning letters, product seizure, injunctions, administrative penalties or civil or criminal fines. Companies are required to maintain certain records of recalls and corrections, even if they are not reportable to relevant authority. We may initiate voluntary withdrawals or corrections for our products in the future that we determine do not require notification of the relevant regulatory authority. If the relevant regulatory authority disagrees with our determinations, it could require us to report those actions as recalls and we may be subject to enforcement action. A future recall announcement could harm our reputation with customers, potentially lead to product liability claims against us and negatively affect our sales. In the case of potentially unsafe use of our products or other risks associated with these, stakeholders may question the validity of our study setup or the ways we have assessed risks associated with our products, which could further impede our sales and growth targets.

8.6.4 Legislative or regulatory healthcare reforms in the European Union and U.S. may make it more difficult and costly for us to obtain and maintain regulatory clearance and approval of Letybo, Pliaglis or any future product candidates, such as our Thiomer technology, and to produce, market, and distribute such products if clearance or approval is obtained.

From time to time, legislation is drafted and introduced that could significantly change the statutory provisions governing the regulatory clearance or approval, manufacture, and marketing of regulated products or the reimbursement thereof. In addition, regulations and guidance by the competent regulatory authorities, including EMA and FDA, are often revised or reinterpreted in ways that may significantly affect our business and our products. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of, or affect the price that we may charge for our current products and future product candidates. We cannot determine what effect changes in regulations, statutes, legal interpretation

or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could require, among other things:

- changes to manufacturing methods;
- changes to data management, data systems, and data integrity processes;
- recall, replacement, or discontinuance of one or more of our products; and
- additional recordkeeping.

Each of these would likely entail substantial time and cost and could materially harm our business and our financial results. In addition, delays in receipt of or failure to receive regulatory clearances or approvals for any future products would harm our business, financial condition, and results of operations.

8.6.5 We are subject to data protection laws governing the use, processing, and cross-border transfer of personal information.

Croma is required to comply with applicable data protection laws, including the European Union's General Data Protection Regulation ("**GDPR**"), which impose strict obligations and restrictions on the collection and use of personal data. The applicable data protection laws, such as the GDPR, are particularly relevant to us, as we conduct clinical trials for our product candidates and also other studies, such as marketing or non-interventional studies, to test, monitor and further develop our current products and in this process are exposed to data from study subjects on a pseudonymized basis. In addition, we may have access to personal data or other sensitive information during the ordinary course of our business, with respect to our partners or own employees.

Even though we have established processes and controls for the compliance with applicable data protection laws, including the GDPR, we cannot guarantee that we are, or will be, in compliance with all applicable international regulations as they are enforced now or as they evolve. For example, our privacy policies may be insufficient to protect any personal information we collect, or may not comply with applicable laws, in which case we may be subject to regulatory enforcement actions, lawsuits or reputational damage, all of which may adversely affect our business. In particular, there is significant uncertainty related to the manner in which data protection authorities will seek to enforce compliance with the GDPR, especially with regard to clinical trial conduct. Such enforcement uncertainty and the costs associated with ensuring GDPR compliance may be onerous and divert our management's attention from business operations or, in the event of a breach, litigation or authority proceedings adversely affect our business, cash flow and profitability and thus our growth targets.

8.7 Key Risks Related to Croma's Intellectual Property

8.7.1 If we fail to obtain and maintain patents, licensing arrangements or other protection for the proprietary intellectual property that we have exclusive distribution rights to, we could lose our rights related to our botulinum toxins, Non-HA Products as well as Pliaglis.

Our now comprehensive product portfolio consists of proprietary products, such as our HA Fillers and our "pure HA" skincare product, as well as botulinum toxins, such as Letybo, Non-HA Products (*i.e.*, PhilArt injectables, Arthrex ACP, Princess threads) and an anesthetic topical (*i.e.*, Pliaglis). For the licensed products, we are granted certain intellectual property rights, such as the rights of use, development, distribution or commercialization through license agreements with our partners granting us exclusive distribution rights for certain territories. In addition, even though we are the original owner of the intellectual property of our HA Fillers, for the commercialization of their lidocaine version in the United States we depend on certain patents licensed under a licensing agreement concluded with, among others, Allergan USA, Inc.

With respect to the licensed products we entered into license and distribution agreements with our partners which may decide to terminate these agreements with us or not renew them. In both of these events we would have to find new partners which is time consuming due to the necessary vetting, due diligence and quality assurance process and there is no guarantee that we find new partners that offer products which are similar or able to replace the product for which we have lost the license. Consequently, we may not be able to maintain our comprehensive product portfolio which may adversely affect our revenues and our growth targets as well as our market position. Similarly, we could lose our exclusive distribution or other exploitation rights granted under the license agreements which would enable competitors to enter our markets and offer the same products as us resulting in adverse effects for our revenues, growth targets, profitability and market position.

In addition, our own intellectual property, for example, with respect to our HA Fillers and "pure HA" skincare product, as well as other intellectual property we utilize for the development of future products, either by enhancing our current products or developing new products, is of critical importance for our business and if we fail to maintain and protect such intellectual property, competitors could develop or market competing products using such intellectual property.

Intellectual property protection involves complex legal, business and scientific issues and is complicated by the rapid pace of scientific discovery in our industry. Disputes may arise regarding intellectual property subject to each of the license or distribution agreements concluded with respect to these products, including:

- the scope of rights granted under each relevant license or distribution agreement and other interpretation issues;
- the extent to which our technology and processes infringe on intellectual property of our partners that is not subject to the relevant license or distribution agreements;
- the sublicensing of patent or other rights under the contractual relationships with our partners;
- the ownership of inventions and know-how resulting from the development of intellectual property under the relevant license or distribution agreements.

Under certain license or distribution agreements we have also undertaken to perform development or regulatory services with regard to medicinal product or medical device applications pursuant to the applicable laws in the European Union or the United States, which may also give rise to disputes in the aforementioned areas. If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing agreements on acceptable terms, we may be unable to successfully develop and commercialize the affected products or product candidates.

8.7.2 We may be accused of infringing on the intellectual property of third parties.

Our research, development and commercialization activities may infringe or otherwise violate or be claimed to infringe or otherwise violate patents or trademarks that are owned or controlled by other parties. Our competitors with respect to minimally invasive aesthetics and in the orthopaedics and ophthalmology industry offering hyaluronic acid-based products have developed large portfolios of trademarks and patents as well as applications relating thereto in fields relating to our business. For example, there are patents held by third parties that relate to hyaluronic acid products, biostimulators, botulinum toxin or other products for indications we are currently developing. There may also be patent applications that have been filed but not published that, when issued as patents, could be asserted against us. Third parties active in our industry may also hold trademarks similar to trademarks we use or intend to use. In addition, our contracts entered into with respect to our white labeling business or the in-licensing of products may contain clauses restricting our use of certain trademarks or brand names which may result in litigation, if justified or not. For example, in April 2023, we received a cease and desist letter from Laboratoires Fillmed ("**Fillmed**"), one of our customers with respect to our white labeling business for HA Fillers, claiming that our use of the trademark "PhilArt", which we license from Mastelli s.r.l. (see *"9.11.5 Distribution and Supply Agreement with Mastelli s.r.l."*) would infringe their trademark "Art-Filler". Under the label "Art Filler" Fillmed sells one of our HA Fillers. Fillmed demands that Croma stops all commercialization of our injectables under the "PhilArt" label.

Any intellectual property litigation, but, in particular, patent litigation can involve complex factual and legal questions, and its outcome is typically uncertain. Any claim relating to infringement of patents that is successfully asserted against us may result in our having to pay substantial damages and we could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate. Even if we were to prevail, any litigation could be costly and time-consuming and would divert our attention from our business. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could impair our ability to compete in the marketplace and negatively impact our reputation and, consequently in the future, the stock price.

Furthermore, if a patent infringement suit were to be brought against us or one of our collaboration partners, we or our partners may be forced to terminate or delay the manufacturing or marketing of products that are claimed to infringe a third party's intellectual property unless that party permits us or our collaboration partners to use its intellectual property. In this regard, as a result of patent infringement claims, or to avoid potential claims, we may choose or be required to seek licenses from third parties. These licenses may not be

available on acceptable terms, or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, and the rights granted to us might be nonexclusive, which could result in our competitors gaining access to the same intellectual property.

Our business is based and continues to be based to a significant degree on the acquisition of licenses from third-parties to commercialize their products under the Croma brand. For example, we concluded license agreements with Hugel, Inc., Crescita Thereapeutics, Inc. and Arthrex GmbH for the acquisition of the rights to exclusively commercialize our Croma branded products Arthrex ACP, Pliaglis and Letybo, respectively, in certain territories (see "*9.11 Material Agreements*"). Although we conduct due diligence investigations prior to licensing new products, there can be no assurance that in the course of such investigations we will detect all potential ownership or validity issues relating to these licenses or products.

Our patents may be attacked by any third party and competitor and invalidated due to the relevant authority having overlooked a pre-existing disclosure, *e.g.*, of a compound or part thereof. As a result, we may discover that we do not have enforceable or exclusive rights to some of our products or processes, which may adversely affect our revenues, growth targets, cash flows, results of operations and financial condition.

8.7.3 We may become involved in lawsuits or administrative proceedings to protect or enforce our patents or other intellectual property or the patents of our licensors, or to challenge patent claims of third party patents which could be expensive and time-consuming.

Competitors may infringe or otherwise violate the patents we or our licensors rely on, or our other intellectual property rights or the ones of our licensors. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights.

In addition, in an infringement proceeding, a court may decide that a patent we are asserting is invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that the patents we are asserting do not cover the technology in question. An adverse result in any litigation proceeding could put one or more patents at risk of being invalidated or interpreted narrowly. Furthermore, in any litigation, in particular, in intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Interference or derivation proceedings provoked by third parties or brought by any patent authority in the jurisdictions we operate or hold patents in may be necessary to determine the priority of inventions or other matters of inventorship with respect to patents and patent applications. We may become involved in proceedings, including oppositions, interferences, derivation proceedings, inter partes reviews, patent nullification proceedings, or re-examinations, challenging our patent rights or the patent rights of others, and the outcomes of any such proceedings are highly uncertain. An adverse determination in any such proceeding could reduce the scope of, or invalidate, important patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. Our business also could be harmed if a prevailing party does not offer us a license on commercially reasonable terms, if any license is offered at all. Litigation or other proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. We may also become involved in disputes with others regarding the ownership of intellectual property rights. If we are unable to resolve these disputes, we could lose valuable intellectual property rights.

Even if resolved in our favor, such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities while distracting our technical or management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our common shares. Uncertainties resulting from the initiation and continuation of intellectual property litigation or other proceedings could have an adverse effect on our ability to compete.

8.7.4 We may not be able to adequately protect our intellectual property against infringements from third parties.

As of the date of this Circular, we own more than 150 patents, or have patent applications pending, in 40 countries worldwide. The most material patents and patent applications relate to our Thiomer technology which is currently in clinical development. We actively seek patent protection for our Thiomer technology, also by means of prosecution, among others, in the European Union, United States, Canada, China, and in the LATAM region. Filing, prosecuting and defending patents on our products or product candidates in all countries throughout the world, however, would be prohibitively expensive, and, in general, intellectual property rights in some countries can be less extensive than those in the European Union or the United States, where we hold and maintain most of our patents. In particular, the laws of some foreign countries do not protect intellectual property rights to the same extent the laws of Austria, the European Union or the United States and in some cases may even force us to grant a compulsory license to competitors or other third parties. Consequently, we may not be able to prevent third parties from using our inventions in all countries outside the European Union and the United States, or from selling or importing products made using our inventions in and into markets in which we operate or plan to operate. In addition, the legal systems of certain countries do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Our ability to protect and enforce our intellectual property rights may also be adversely affected by unforeseen changes in domestic and foreign intellectual property laws.

8.8 Key Legal and Tax Risks Related to Croma

8.8.1 We may not be able to adapt our internal controls as well as our reporting, related party transaction and risk management and compliance procedures to the requirements of a public company.

As in the past, our internal controls as well as our reporting and risk management was not untypical for a private family-owned company, we are aware of the requirements and expectations for a publicly listed company. Thus, we are in the process of implementing or adapting our internal controls as well as our reporting and risk management procedures to be compliant with the requirements and in-line with the expectations for a publicly listed company, but there is no guarantee that adequate procedures will be implemented in a timely manner, or at all. We may be unable to detect and react to risks arising in the course of our business. Any failure to establish or maintain an effective system of internal controls over financial reporting could limit our ability to report financial results accurately and in a timely manner or to detect and prevent fraud. In addition, we plan to adopt a group wide related party transaction, risk management and compliance program that is aimed at preventing corruption, fraud and other criminal or other forms of non-compliance by our management, employees, consultants, agents and suppliers. Although we intend that the risk management and compliance organization continuously seeks to improve the effectiveness and efficiency of this program, such controls may prove to be insufficient to prevent or detect non-compliant conduct. Non-compliance with applicable laws and regulations may harm our reputation and ability to compete and result in legal action, criminal and civil sanctions, or administrative fines and penalties (*e.g.*, a loss of business licenses or permits) against us, members of our governing bodies and our employees. They may also result in damage claims by third parties or other adverse effects (*e.g.*, lawsuits, class actions and enforcement actions by national and international regulators resulting in limitations to our business).

8.8.2 We or our distribution partners may be involved in litigation, such as the claim filed by Medytox, Inc. alleging unfair methods of competition and unfair acts in relation to certain botulinum toxin products of Hugel, Inc., or other proceedings that could adversely affect our business.

As a developer, manufacturer and distributor of medical devices and medicinal products, third parties may not only bring claims of patent infringement against us, but also other claims relating to, among others, unfair competition or the misappropriation of proprietary technology or other information in the development, manufacture and commercialization of the products in our portfolio. In addition, as we have in-licensed some

our products, claims could be brought against our license partners. Consequently, we would not be able to defend us since we are not a party to such lawsuits and any restrictions awarded as a result of the claims would affect us similarly as if the claims had been brought directly against us.

Defense of any claim brought directly against us, would require dedicated time and resources, which time and resources could otherwise be used by us towards the maintenance of our own intellectual property and the commercialization and development of our products or product candidates.

We are currently involved in a complaint filed by Medytox, Inc. ("**Medytox**"), a subsidiary of South Korean-based limited liability corporation Medytox, with the United States International Trade Commission in March 2022, relating to certain botulinum toxin products of Hugel, Inc., known in Korea under the trade name "Botulax" and under the Croma brand "Letybo" ("**Alleged Products**"). The defense in the proceeding is organized exclusively by Hugel, Inc. as Croma is only subject to the proceeding through its participation in Hugel America.

Medytox alleges that Hugel, Inc., a subsidiary of South Korean-based company Hugel, developed and now manufactures the Alleged Products using a proprietary strain of c. botulinum bacteria and related secrets illegally obtained and misappropriated from Medytox and, therefore, through unfair methods of competition and unfair acts in violation of 19 U.S.C. §13378(a)(1)(A). Under the claim, Medytox seeks remedial orders against Hugel, Inc., Hugel America and Croma and requests under an issuance of relief that (i) under a permanent exclusion order, the Alleged Products are barred entry in the U.S. and (ii) under a cease and desist order, the Alleged Products are not sold and otherwise distributed, either directly or indirectly, nor tested, licensed or in any other way commercialized or utilized by the Croma and the other respondents.

As of the date of this Circular, the Alleged Products are yet to be approved by the FDA for marketing and distribution in the United States, and, thus, are only imported for the use in clinical trials to obtain the data necessary for the FDA approval. Hugel, Inc. and Croma believe, however, that there are no facts or circumstances that support the claims filed by Medytox. Nonetheless, even if Medytox's claims are successfully defended, the litigation may result in delays in product development, reputational damage or other collateral consequences for Croma. However, given the early stage in the Medytox litigation, we are unable to predict likelihood of success of Medytox with its claims or quantify any risk of loss. Should Medytox, however, succeed the loss of Letybo's commercialization in the United States or any other country of the world, if Medytox brings lawsuits in such countries following a positive outcome in the United States, would materially affect our business prospects, as Letybo allows us to offer a comprehensive portfolio. Consequently, the loss of Letybo's commercialization in the United States or other countries in the world would result in a loss of revenue and the miss of our growth and sales targets as well as a decline in our results of operations and profitability.

The Medytox litigation and any other claims, suits, government investigations, and proceedings are inherently uncertain and their result may not be favorable for us. Furthermore, because of the substantial amount of disclosure of facts required in connection with litigation proceedings, there is a risk that some of our confidential information could be compromised by disclosure during litigation proceedings. In addition, during the course of litigation proceedings, there could be public announcements of the results of hearings, motions or other interim proceedings or developments or public access to related documents. If investors perceive these results to be negative, the market price for our shares could be significantly harmed.

8.8.3 If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of any future products we develop.

We face an inherent risk of product liability lawsuits as a result of commercializing and undergoing clinical testing of certain of our products. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during clinical trials, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, the perception that the clinical or safety data generated was not of the highest quality standards established across the industry, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability and a breach of warranties, or brought with respect to consumer protection laws.

If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products. Even a successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our existing or future products;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants or cancellation of clinical trials;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- regulatory investigations, product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- an increase in product liability insurance premiums or an inability to maintain product liability insurance coverage;
- the inability to commercialize our current or future products.

Our inability to obtain and maintain sufficient product liability insurance at an acceptable cost and scope of coverage to protect against potential product liability claims could prevent or inhibit the commercialization of our current or future products. We currently carry product liability insurance covering legal liability, in particular, relating to manufacture, storage and distribution of pharmaceutical product, such as botulinum toxins, medical devices and cosmetics. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions and deductibles, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Moreover, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses.

8.8.4 Our business is subject to the general tax environment in the jurisdictions in which we operate and any changes to this tax environment may increase our tax burden.

Our business is subject to the general tax environment in Austria and all the jurisdictions in which we operate. Significant judgements, calculations and estimates are required in determining Croma's provisions for income, sales, valued-added and other taxes. In the ordinary course of business, there are various transactions and calculations, including, for example, intragroup transactions and cross-jurisdictional transfer pricing, for which the ultimate tax determination or the timing of the tax effect is uncertain. Pursuant to transfer pricing rules related companies are obligated to conduct any intercompany transactions or transactions that are conducted with related parties on conditions which would also apply among unrelated third parties concluding comparable agreements (arm's length principle) and to provide sufficient documentation thereof.

In light of us having been an internationally operating family-owned privately held company there have been related party transactions in a significant amount. Although we are not aware that any of these infringed any tax laws or other obligations in this regard, the possibility that the tax authorities will challenge Croma's compliance with related party tax laws or applicable transfer pricing rules for intragroup transactions cannot be ruled out. Such transfer pricing adjustments (*e.g.*, adjustment of distribution margins) could have adverse tax and customs duty effects on Croma. In addition, being active in the research and development of new products, Croma regularly benefits from the Austrian "research tax premium" tax premium (*Forschungsprämie*), which is granted as a tax-exempt subsidy for (certain eligible) in-house research and contract research activities based on the research expenses actually occurred. The eligibility for this premium depends, among others, on the nature of R&D activities and related costs, which requires judgements, calculations and estimates by Croma. Croma is regularly audited and Croma's tax returns and interpretation of laws are regularly reviewed by tax authorities, who may disagree with Croma's tax estimates, calculations or judgments. Although Croma believes its tax judgements, calculations and estimates are reasonable, the final determination of any such tax audits or reviews could differ from its tax provisions and accruals and such final determination could result in additional tax liabilities and related interest payments, as well as in penalties and regulatory, administrative or other sanctions. In addition, our ability to use tax loss carry forwards, write-offs, premiums and other favorable tax provisions depends on national tax laws and their interpretation in these countries. Changes in tax legislation,

administrative practices or case law could increase our tax burden and such changes might even occur retroactively.

Any of the foregoing could have an adverse effect on our business, results of operations, financial condition and prospects.

8.8.5 The Company may become taxable in a jurisdiction other than Germany or, as the case may be, Austria and this may result in an increase of the Company's tax burden.

The Company is an entity incorporated under Dutch law, but with its current place of effective management in Germany (and not in the Netherlands) until the completion of the Business Combination. The Company is a tax resident corporation of Germany under German national tax law but is also deemed to be tax resident in the Netherlands under Dutch tax law (dual tax resident). However, as the Company's place of effective management is situated in Germany, the Company should solely be a tax resident of Germany within the meaning of Article 4(3) of the Convention between the Federal Republic of Germany and the Kingdom of the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion in the field of taxes on income dated April 12, 2012 (the "**German-Dutch DTT**") and the current interpretations thereof, including the amendment protocol dated March 24, 2021.

The applicable tax laws, tax treaties or interpretations thereof may change. Furthermore, whether the question of place of management is largely a question of fact and degree based on all circumstances, rather than a question of law, which facts and degree may also change. Changes to applicable laws or interpretations thereof and changes to applicable facts and circumstances (for example, a change of board members or the place where board meetings take place), may result in the Company becoming a tax resident of a jurisdiction other than Germany. As a consequence, the Company's overall effective income tax rate and income tax expense could materially increase, which could have a material adverse effect on the Company's business, results of operation, financial condition and prospects, which could cause the Company's share price and trading volume to decline. However, if there is a double tax treaty between the Netherlands and the respective other country similar to the German-Dutch DTT the double taxation of income may be avoided.

Following completion of the Business Combination, the effective place of management of the Company will be moved from Germany to Austria. The above tax consequences will apply accordingly, *i.e.*, while the Company should be treated as a tax resident solely in Austria in light of the Convention between Austria and the Kingdom of the Netherlands for the avoidance of double taxation dated September 1, 1970 the above mentioned risks in the interpretation of laws and the factual uncertainties will remain.

8.8.6 The Company may withhold Dutch and German or, as the case may be, Austrian withholding tax on dividends in Germany or, as the case may be, Austria and the Netherlands for Dutch resident shareholders.

As the Company is incorporated under Dutch law, dividends distributed by the Company are in principle subject to Dutch dividend withholding tax pursuant to Dutch tax law. However, as the Company's current place of effective management is in Germany (and not in the Netherlands) until the completion of the Business Combination, dividends paid by the Company are generally subject to German dividend withholding tax and not Dutch dividend withholding tax based on Article 10(5) of the German-Dutch DTT. However, Dutch dividend withholding tax will be required to be withheld from dividends if and when paid to Dutch resident holders of the Company's shares (and non-Dutch resident holders of the Company's shares that have a permanent establishment in the Netherlands to which their shareholding is attributable). As a result, upon a payment (or deemed payment) of dividends, the Company will be required to identify its shareholders in order to assess whether there are Dutch residents (or non-Dutch residents with a permanent establishment to which the shareholding is attributable) in respect of which Dutch dividend tax has to be withheld. Such identification may require the cooperation of Dutch and non-Dutch shareholders and their depositary banks and may not always be possible in practice. Under certain conditions, the Company may approach the competent Dutch tax authorities prior to a payment (or deemed payment) of dividends to request confirmation that no withholding of any Dutch dividend tax is applicable at all (as the dividend withholding tax can generally be credited against a Dutch resident shareholder's income tax). The outcome of tax ruling requests is uncertain. If a favorable tax confirmation cannot be obtained and if the identity of the shareholders cannot be established, both German and Dutch dividend tax from such dividend may have to be withheld upon a payment (or deemed payment) of dividends. If shareholders are not able to claim back from the competent tax authority Dutch dividend withholding tax which was withheld due to a lack of evidence of tax residency, such shareholders will not receive the amount of dividend to which they would be entitled.

Following completion of the Business Combination, the effective place of management of the Company will be moved from Germany to Austria. The above tax consequences will apply accordingly. *I.e.*, the dual-residency of the Company will result in a risk of double Dutch and Austrian withholding tax to be withheld by the Company on dividends paid (or deemed paid).

8.8.7 The Company may not be able to successfully claim input VAT (Vorsteuerabzug).

The Company is of the opinion that it is entitled to claim input VAT as regards costs in connection with the Private Placement and the Business Combination, i.e., until the move of effective place of management of the Company to Austria, if the input VAT relates to a business of the Company that is subject to VAT (so called entrepreneurial activity). While the acquisition, holding and selling of shares is generally not considered as an entrepreneurial activity, based on case law of the European Court of Justice, holding companies rendering management services for remuneration can be qualified as VAT entrepreneurs. As the Company intends to render management services to Croma-Pharma GmbH following completion of the Business Combination, the Company should be entitled to claim input VAT. However, in practice the German tax authorities – not taking into account the above case law – may partially or completely deny the input VAT claim of the Company in particular if no management services should be rendered by the Company to Croma-Pharma GmbH following completion of the Business Combination. Insofar, the Company might be forced to bring its input VAT claim before court and, if not successful, suffer monetary disadvantages from a higher VAT leakage.

Following completion of the Business Combination, the effective place of management of the Company will be moved from Germany to Austria. The above VAT risk will also apply for input VAT relating to the period after the movement of the effective place of management. Insofar, Austrian VAT law provides that the Company as a management holding might not be entitled to input VAT if no management services are rendered by the Company to Croma-Pharma GmbH.

8.9 Key Risks Related to the Public Shares

8.9.1 Assuming redemptions of 9,000,000 Public Shares, or €90 million, and no PIPE Financing or other additional financing to occur following the consummation of the Business Combination, each of OLIN and PMJ will continue to own approximately 38.45%, and Prinz Holding GmbH will continue to own approximately 1.4%, of EHC and, thus, control the direction of our business, and the concentrated ownership of our common stock may prevent you and other Public Shareholders from influencing significant decisions.

Assuming redemptions of 9,000,000 Public Shares, or €90 million, and no PIPE Financing or other additional financing to occur upon consummation of the Business Combination each of OLIN and PMJ will own approximately 38.45% of the voting rights in the Company, with PH owning approximately 1.4% and the Sponsors owning approximately 7.1% of the voting rights. Therefore, the Public Shareholders own approximately 12.2% of the voting rights in the Company. The interests of the Public Shareholders may be different from OLIN and PMJ, in particular, given that Croma was and remains a family-owned company which, based on past experiences with family-led publicly listed companies, could prove either beneficial from a shareholder and stakeholder value perspective but also obstructive on some occasions. In light of expected attendance at our general meetings, the voting rights of OLIN, PMJ and PH in the aggregate mean that the Croma Shareholders may, subject to them working together (as the case may be), be in a position to pass shareholder resolutions, for example, to determine the allocation of profit, and, hence, our dividend policy, and also adopt certain resolutions on other significant matters such as corporate transactions (*e.g.*, mergers, spin-offs, business combinations and disposals of assets) and the election of our supervisory board members, which is, however, subject to the Relationship Agreement for as long as it is effective. In this regard, the remaining stake of OLIN and PMJ, either alone or in the aggregate together with PH, may have the effect of making certain transactions more difficult or impossible without the support of the Croma Shareholders, and may have the effect of delaying, postponing or preventing certain major corporate actions which may be advantageous for the Public Shareholders. In addition, as the voting rights are equally divided between OLIN and PMJ, which are owned by Andreas Prinz and Martin Prinz, respectively, and PH only owning voting rights to a minor extent, there may be situations in which OLIN and PMJ interests are not aligned and, thus, significant shareholder resolutions may be delayed or impossible to be passed, subject to majority requirements. Even if OLIN, PMJ and PH, either in the aggregate or each alone, were to beneficially own less than a majority of the total voting rights in the Company, the OLIN, PMJ and PH, again either acting together or alone, may be able to influence the outcome of corporate actions requiring shareholder approval for as long as each of them own a significant portion of our common stock.

8.9.2 Even if the Business Combination is consummated, the Public Warrants may never be in the money, and they may expire worthless.

EHC placed 6,666,666 redeemable Public Warrants, ISIN NL0015000K28. Each Public Warrant entitles its holder to subscribe for one Public Share, with a stated exercise price of €11.50 (subject to customary anti-dilution adjustments). The Public Warrants will become exercisable 30 days after the consummation of the Business Combination and will expire five years from the date of the consummation of the Business Combination or earlier upon redemption or liquidation. Given that the exercise price exceeds the current market price of the Public Shares of €9.95, based on the closing price on Euronext Amsterdam on May 12, 2023, the Public Warrants may never be in the money once the exercise period commences. If the Public Warrants are not in the money prior to their expiration, they may expire worthless.

8.9.3 There is no guarantee that a Public Shareholder's decision to not have its shares repurchased for a pro rata portion of the Escrow Account will put the Shareholder in a better future economic position.

As with any publicly company, it is uncertain if a Public Shareholder will be able to sell its Public Shares for a share price higher than the amount he would have received if he had its Public Shares repurchased by the Company. The development of the price of the Public Shares upon the Consummation of the Business Combination is entirely uncertain and dependent on numerous conditions and, as the case may be, macroeconomic events, each of which cannot, or may not, be foreseen by the Company's Management Board or Supervisory Board, or any other person, and each of which may result in the price of the Public Shares to be less than the repurchase price in the foreseeable future. Similarly, if the Public Shareholder has its Public Shares repurchased, the market price of the Public Shares may rise above the repurchase price resulting in the Public Shareholder missing out on potential return of its investment. Therefore, a Public Shareholder should consult its own tax and financial advisor for assistance on how the decision to have its Public Shares repurchased affects its individual situation.

8.9.4 Upon conversion of the Public Warrants, the Sponsor Warrants and the Sponsor Shares into Public Shares, investors in the Public Shares may experience substantial dilution, i.e., a reduction in the value of existing Public Shareholders' ownership interests in the Company.

In addition to the 6,666,666 Public Warrants, EHC sold a total of 6,768,000 Sponsor Warrants at a price of €1.50 per warrant to the Sponsors.

Furthermore, following the consummation of the Business Combination, the Sponsors hold a total of 6,666,666 Sponsor Shares. Subject to the Sponsor Share and Sponsor Warrant Agreement becoming effective, 5,333,334 of these Sponsor Shares will convert into Public Shares in accordance with the following schedule (as amended by the Sponsor Share and Sponsor Warrant Agreement upon it becoming effective): (i) 33.33% on the Trading Day following the completion of the Business Combination, (ii) 33.33% of the Sponsor Shares upon the price of the Class A Ordinary Shares exceeding €12.00 for any 10 Trading Days within a 30 Trading Days period, (iii) 27.09% of the Sponsor Shares upon the closing price of Class A Ordinary Shares exceeding €15.00 for any 10 Trading Days within a 30 Trading Days period, and (iv) 6.25% of the Sponsor Shares upon the closing price of the Class A Ordinary Shares exceeding €20.00 for any 10 Trading Days within a 30 Trading Days period, but not earlier than 720 days following the completion of the Business Combination and provided that by that time the Sponsors (or any of them) still hold 12.5% of the Class A Ordinary Shares converted pursuant to (i) - (iii) above, and further provided that the conversion pursuant to this clause (iv) shall be excluded upon and following the fifth anniversary of the completion of the Business Combination.

The exercise of Public Warrants and Sponsor Warrants and the conversion of Sponsor Shares will substantially dilute the economic and voting rights of Public Shareholders and accordingly reduce the value of their interests.

8.9.5 Any PIPE Financing and future capitalization measures could lead to substantial dilution of the Public Shareholders' ownership interests in the Company.

Under the Business Combination Agreement, it is also stipulated, that EHC may, subject to market conditions, seek commitments from PIPE Investors to purchase some or all of the remaining 90,982,144 Class A Ordinary Shares, issued in connection with the Private Placement and held as Treasury Shares by EHC, in a private investment in public equity transaction for a purchase price of €10.00 per share (PIPE Financing), with such shares being transferred to PIPE Investors on the date of the Croma Shares being transferred to EHC. The

conclusion of any PIPE Financing would result in a dilution of the ownership interests of the Public Shareholders in the Company.

In addition, we may require additional capital in the future to finance our business operations and growth or to repay debt or for other purposes. Both the raising of additional equity of the Company through the issuance of new Ordinary Shares, either with or without warrants, and the potential exercise of conversion or option rights by holders of any convertible bonds or bonds with warrants that may be issued in the future may dilute Public Shareholders' ownership interests in the Company. The Company may issue all or part of its authorized shares without any action or approval by its shareholders and, under certain, limited conditions, without granting any pre-emptive rights to its shareholders. If the Company issues additional Ordinary Shares in the future, or if it issues securities that are convertible into Ordinary Shares of the Company's common stock, Public Shareholders may experience significant dilution of their equity investment.

8.9.6 Public Shareholders may not be able to participate in future capitalization measures with pre-emptive rights, or pre-emptive rights may be excluded.

The Company's Management Board may undertake to perform future rights offerings, and, accordingly, issue new Ordinary Shares. If that were to occur, each Public Shareholder in order to retain its share in the Company, would need to participate in such rights offering pro rata its existing share in order to prevent any dilution. To enable each Public Shareholder to participate, the provisions of the Dutch law and the Articles of Association provide that each shareholder of the Company is entitled to a pre-emptive right. However, as per the Articles of Association that pre-emptive may be excluded according to certain conditions, such as for the period of 18 months after the Consummation of the Business Combination, or, among others, based on a resolution of the General Meeting. If the pre-emptive right is excluded, the Public Shareholder is not able to participate in the rights offering and as a result his share in the Company is diluted after the consummation of the rights offering.

Similarly, if a rights offering with pre-emptive rights is performed by the Company, a Public Shareholder may not be able to participate in the event that the pre-emptive rights and related Ordinary Shares are not registered or qualified to be sold under the law and regulations of the jurisdiction, the Public Shareholder is domiciled or holding its Public Shares in. This may result in certain Public Shareholders outside of the Netherlands or the European Union not being able to exercise their pre-emptive rights or being awarded such rights for exercise, unless the Company decides to comply with the laws and regulations of the jurisdiction the Public Shareholder is domiciled or holding its Public Shares in. As a result, the Public Shareholder may suffer dilutions if he is not able to participate in any rights offering.

8.9.7 Future sales or the possibility of future sales of the Class A Ordinary Shares held by the Croma Shareholders may have an adverse effect on the market price of the Class A Ordinary Shares.

Upon consummation of the Business Combination, OLIN and PMJ will own 28,364,014 Public Shares each, corresponding to a respective stake in the Company of 38.45% (immediately following the consummation of the Business Combination, assuming redemptions of 9,000,000 Public Shares, or €90 million, and no PIPE Financing or other additional financing). In addition, PH owns 1,039,828 Public Shares, which corresponds to stake of 1.4% in the Company (immediately following the consummation of the Business Combination, assuming redemptions of 9,000,000 Public Shares, or €90 million, and no PIPE Financing or other additional financing). In the event, OLIN or PMJ may reduce their stake in the Company by selling their shares in the public market, subject to compliance with the lock-up undertakings under the Business Combination Agreement, the selling pressure could, depending on volume and liquidity of the publicly traded shares in the Company, negatively affect the market price of the shares in the Company. Similarly, OLIN and PMJ could also decide to sell their shares en bloc in a private placement, which may not create the aforementioned selling pressure, but in the event that the price paid per share sold in the block transaction may be lower than the then current market price, could result in the market price dropping to the price per share under the private placement or even lower. In addition, any sale of shares held by the Croma Shareholders may have a signaling effect for the other shareholders or the public market in general and, thus, result in the other shareholders selling their shares or short-sellers becoming active, either by researching the Company or selling the Company's shares short. As a result, the market price of the Company's shares may be negatively affected.

8.9.8 If securities or industry analysts do not publish or cease to publish research reports on the Company or its business, or adversely change or make negative recommendations regarding the outstanding securities of the Company, or if the Company may be subject of "short-selling attacks", the market price and trading volume of the Public Shares could decline.

As Croma has not been a publicly listed company before, there is no guarantee that securities analysts or industry analysts will cover the Company, which is a holding company for Croma, or its business. In general, any press, media and analyst coverage increases the visibility of the Company and promotes the existence of a liquid market for the Public Shares. In addition, any lack of analyst coverage, or if analyst coverage may cease to exist, due to whatever reason, or the number of research reports on the Company decreases, the loss of visibility of the Company in the public market may lead to a decline in the market price or trading volume of its outstanding securities, such as the Public Shares.

In addition, if securities analysts do not make positive or buy recommendations regarding the Company's outstanding securities, or if negative research or reports are published on the Company, its business, industry or its geographic markets, market price or trading volume of the outstanding securities of the Company may equally decline. This would likely be in particular the case, if the Company or its outstanding securities become subject of negative research reports, such as short-selling reports, or, in general, short-selling measures performed by certain investors, which are predominantly geared towards short-term profits. Measures taken by such investors may, besides a forced market price decrease of the Company's outstanding securities, undermine investors' confidence in our outstanding shares, by, for example, increasing volatility, depress the market value of our Company and, consequently, make it more difficult for the Company to raise capital through rights offerings or otherwise, such as with equity-linked instruments.

8.9.9 There is no guarantee that following the Business Combination a liquid market for the Public Shares will develop and persist.

The shares of Croma have not been publicly traded. There is no guarantee that following the Business Combination an active and liquid market for the Public Shares will develop and persist. Consequently, investors may not be able to sell their Public Shares at or above the price at which they acquired the Public Shares. In addition, the lack of trading history of the Public Shares of EHC as a holding company with respect to Croma's business will make it harder for investors to assess the future volatility of the price of the Public Shares. The development of the price of the Public Shares may be volatile and investors may lose all or part of their investments.

8.9.10 EHC is a holding company with no direct cash generating operations and is in relation to its ability to pay dividends to its shareholders dependent upon cash flow from the operating subsidiaries of Croma Group, in particular, dividend distributions from Croma.

The Company is a holding company and has no independent business operations. It is currently not expected to engage in any activities other than holding and managing the participation in Croma and the Croma Group. The amounts of dividends and distributions available to the Company and its ability to make dividend payments to its shareholders will depend on the profitability and cash flow of the Company's operating subsidiaries, including Croma, and the ability of those subsidiaries to pay dividends under applicable law. The relevant subsidiaries, however, may not be able to, or may not be permitted under applicable law and finance agreements to declare dividends to the Company.

The ability of Croma to declare and pay dividends to the Company will generally be limited to the amount of the distributable balance sheet profit as set-out in the single financial statements of Croma prepared in accordance with Austrian GAAP. While the balance sheet profit of Croma as shown in the single financial statements of Croma as of December 31, 2022 amounts to €62,556,091.77, of which an amount of €7,290,262.67 is not distributable because of restrictions under Austrian law (Section 235 para 2 Austrian Commercial Code (UGB)). In addition, the balance sheet profit of Croma is subject to various distribution restrictions due to existing financing and leasing agreements that limit Croma to distribute dividends for the 2022 financial year.

We expect that these or similar distribution restrictions at the level of Croma will continue to prevent Croma from distributing dividends to EHC in the coming years. Consequently, EHC may not be able to, and does not expect to pay dividends to its shareholders over the next few years.

8.9.11 The ability of Public Shareholders to bring actions or enforce judgements against the Company or Managing Directors or Supervisory Directors may be limited.

Croma is a family-owned privately held limited liability company governed by Austrian law. Upon Consummation, Croma will be a wholly-owned subsidiary of EHC, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid, B.V.*) governed by Dutch law as of the date of this Circular. Immediately after Consummation, in accordance with the Business Combination Agreement and as agreed therein, EHC will be converted from a private company with limited liability into a public limited liability company (*naamloze vennootschap, N.V.*) governed by Dutch law. Consequently, the rights of the Public Shareholders are governed by Dutch law. If Public Shareholders are not domiciled in the Netherlands, these rights may differ from the shareholder rights they are accustomed to in the respective jurisdictions they are domiciled in. Similarly, it may be difficult for a Public Shareholder domiciled in another country than the Netherlands to bring claims against the Company and prevail in such claims, or to enforce liabilities predicated upon the laws of the respective jurisdictions the Public Shareholder is domiciled in. This also applies to claims, such as civil liability claims, brought against or liabilities enforced against any Managing Directors or Supervisory Directors. In addition, courts in the Netherlands or, if competent, in any other country may not impose civil liability on Managing Directors and Supervisory Directors in any original action based solely on foreign securities laws for breaches by the Company or the Managing Directors or Supervisory Directors.

8.10 Key Risks Related to the Business Combination and the PIPE

8.10.1 EHC has no operating or financial history, and its results of operations may differ significantly from the unaudited illustrative pro forma aggregated financial information.

EHC has been incorporated in 2021 and had no operating history and no revenue prior to the consummation of the Business Combination. This Circular includes unaudited illustrative pro forma aggregated financial information as of and for the year ended December 31, 2022. This information should be considered illustrative as it has been prepared for information purposes and is only the aggregation of the financial information as of and for the financial year ended December 31, 2022 for both EHC and Croma, as the accounting treatment for the Business Combination, in particular if EHC or Croma will be the accounting acquirer, still needs to be finalized.

The unaudited illustrative pro forma aggregated financial information has not been prepared in accordance with the principles described in Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards to the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, Annex 20 Pro Forma Information and includes combined financial statements only without adjustments for consolidation purposes. Therefore, the unaudited illustrative pro forma aggregated financial information differs from unaudited pro forma consolidated financial information in accordance with the aforementioned laws and regulations. In any event, the unaudited pro forma aggregated financial information is presented for illustrative purposes only and is not necessarily indicative of the financial position and results of operations that would have been achieved had the Business Combination and related transactions occurred on the dates indicated. Further, the unaudited pro forma aggregated information may not be useful in predicting our future financial condition and results of operations. Our future financial position and results of operations may differ significantly from any predictions based on the unaudited pro forma aggregated financial information.

8.10.2 Subsequent to the consummation of the Business Combination, EHC may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on its financial condition, results of operations and share price, which could cause investors to lose some or all of their investment.

Although EHC has conducted a due diligence review on Croma, EHC cannot assure that this review revealed all material issues that may be present in Croma's business, that it would be possible to uncover all material issues through a customary amount of due diligence, or that factors outside of EHC's and Croma's control will not later arise. As a result, subsequent to the consummation of the Business Combination, the Company may be forced to write down or write off assets, restructure our operations, or incur impairment or other changes that could result in losses. Even if EHC's due diligence successfully identifies certain risks, unexpected risks may arise and previously known risks may materialize in a manner not consistent with EHC's preliminary risk analysis. Even though these charges may be non-cash items and may not have an immediate impact on our liquidity following the Business Combination, the fact that the Company reports charges of this

nature could contribute to negative market perceptions about our business or our securities. In addition, charges of this nature may cause the Company to be unable to obtain future financing on favorable terms or at all.

8.10.3 Croma is a private company about which little information is available, and despite EHC's management conducting a due diligence review of Croma, EHC's Management Board and supervisory board may not have properly valued Croma.

Despite EHC's management having conducted a due diligence review of Croma, EHC may not have identified all material issues or liabilities related to the Croma. In this case, the Company may later be forced to write down or write off assets, restructure its operations or incur impairment or other charges that could result in its reporting losses.

8.10.4 Croma's financial forecasts and targets, which were prepared in connection with the Business Combination, may prove to be inaccurate or may not be reached, including if the implementation of the Business Combination is delayed.

Any financial forecasts and targets prepared by Croma in connection with the Business Combination, including, not limited to, revenue, Gross Margin and EBITDA margin, were based on numerous variables and assumptions at the time of preparation, all of which are inherently uncertain and many of which are beyond the control of Croma and EHC. Important factors that may affect actual results and cause such financial forecasts and targets to not be achieved included, but are not limited to, industry performance, the competitive environment, changes in technology and regulatory environment, general business and economic conditions.

In addition, Croma has incurred substantial debt to finance its strategic refocus from its orthopaedics and ophthalmology to minimally invasive aesthetics, and continues to need funds in a substantial amount to further grow its current business and meet its projected sales growth. In this regard, in February 2023, Croma had been granted a shareholder loan in the amount of €8.0 million from OLIN as a bridge loan, which is subject to the OLIN Subordination, in order to be able to repay promissory notes (*Schuldscheindarlehen*) in the amount of €9.0 million and to continue to fund its day-to-day operations until the Business Combination consummates.

With respect to any future debt or equity financings, the Company cannot assure them to be available to it on favorable terms, or at all, in an amount sufficient to fund the Company's liquidity needs.

9. CROMA'S BUSINESS

*References to "**we**", "**us**" or "**our**", "**Croma**" and "**Croma Group**" refer to Croma-Pharma GmbH and its subsidiaries, prior to and/or after Consummation, unless the context requires otherwise.*

9.1 Overview

We believe we are a specialty pharma player in the field of minimally invasive aesthetics and a leading manufacturer of premium quality HA Fillers, as well as a supplier of hyaluronic acid based products for medical applications in the field of orthopaedics and ophthalmology. Our mission is to offer a comprehensive and innovative product portfolio for minimally invasive treatments and to develop products with the consumers' well-being in mind. We, therefore, continuously try to enhance and evolve our product offering and commit to manufacturing excellence with respect to our premium quality HA Fillers, in compliance with the applicable regulatory obligations and marketing authorizations. Consequently, our products are, in accordance with their respective marketing authorizations, safe, effective and easy to use. We aim to become the go-to partner for healthcare professionals in minimally invasive aesthetics, offering a comprehensive portfolio of aesthetics injectables, such as, HA Fillers, Non-HA Products, botulinum toxin, PDO threads and complementary products on a global scale.

The global minimally invasive aesthetics market, which covers the market value of all minimally invasive aesthetic treatments and procedures (including injectables), is estimated to amount to between €15 to €16 billion (*source: DRG*). Additionally, the global aesthetics injectables market, which includes HA Fillers, Non-HA products and aesthetic neuromodulators is estimated to amount to approximately €8 billion, with the filler segment being slightly bigger than neuromodulators (*source: DRG*). Going forward, the global aesthetic injectables market is furthermore expected to continue its pre-pandemic high growth at a CAGR of 8-10% from 2022 to 2027 (*source: DRG*). This growth is expected to be driven primarily by the overall increase in volume, while the current recessionary impact is expected to soften volume growth over the next two years, with less new patients and less frequent treatments for existing patients, especially impacting the low-cost providers. To a lesser extent, this growth is expected to be driven by pricing, which mainly is expected to increase over the next two years given the current inflationary environment and the expected impact of increased regulatory requirements of the MDR on European prices from 2025 onwards.

Founded in Vienna in 1976 by pharmacist family Prinz, we are headquartered in Leobendorf, near Vienna, Austria. After selling our legacy orthopaedics and ophthalmology ("**Ortho & Ophtha**") business to Valeant Pharmaceuticals in 2014, we have been focusing on minimally aesthetic medicine. Our current product portfolio comprises our proprietary HA Fillers, Non-HA Products such as our biostimulators and PDO threads, and a botulinum toxin product (*i.e.*, Letybo), and is further complemented by our skincare products and a local anaesthetic topical. Besides our proprietary HA Fillers and our skincare products, all of our current products are in-licensed from experienced collaboration partners on a global scale but sold under the overall Croma brand. With some of our collaboration partners we also entered into joint ventures.

A milestone in our history was partnering with Hugel, Inc. with respect to the commercialization of their botulinum toxin product (*i.e.*, Letybo) in certain jurisdictions. The addition of Letybo to our portfolio allows us, subject to a successful roll-out, to offer a comprehensive portfolio to healthcare professionals in Europe and select international markets, and to further facilitate our growth through cross-selling and other sales strategies. We may, in particular, engage in further geographic expansion with longer-term views towards the opening of an affiliate in the United States, where we are currently present through our joint venture with Hugel, Inc (*i.e.*, Hugel America, Inc.). In addition, by leveraging our expertise gained through our Ortho & Ophtha legacy business as well as our expertise with manufacturing hyaluronic acid-based products, we act as a contract manufacturer for parties in the Ortho & Ophtha and the minimally invasive aesthetics industry. To the minimally invasive aesthetics industry we mainly manufacture and distribute our proprietary HA Fillers as a white label product and with respect to Ortho & Ophtha we produce certain hyaluronic-acid based products for third parties based on long-standing customer relationships.

With 604 employees, or 572 full-time equivalents ("**FTEs"**) as of March 31, 2023, 12 subsidiaries in Europe and one in Brazil, two joint ventures and 60 export partners, we distribute our products in 80 markets globally, and are well positioned for further growth and the global roll-out of Letybo. In 2021, we had revenues of approximately €95.8 million and an EBITDA of approximately €7.8 million. In 2020, we generated approximately €81.1 million in revenues and had an EBITDA of approximately €0.9 million. Around 55% of our net sales derive from our Top 5 markets (Brazil, Germany, Poland, Italy and Ireland) with 15% of net sales deriving from Brazil.

9.2 Market Opportunity

The global minimally invasive aesthetics market, which covers the market value of all minimally invasive aesthetic treatments and procedures, is currently estimated to amount to €15 to €16 billion, with €8 billion accountable to aesthetics injectables (*source: Brand Essence*). We serve an aesthetic injectables market of approximately €5 billion in its five key geographies, including the U.S., Germany, Poland, Spain and Brazil. We believe this market will continue to grow, mainly driven by increased acceptance and democratization of injectables, leading to increases both in customers as well as purchase volume per customer.

Our main competitors are tier 1 players, mostly well-established private global players with high brand recognition, such as U.S.-based Allergan (now part of Abbvie), Swiss-based Galderma and Germany-based Merz. Each of these companies offers a comprehensive portfolio of botulinum toxins, HA Fillers (to a varying degree), and biostimulators on a global scale. In contrast to us, however, none of these companies have PDO threads included in their product offering and their skincare product offerings are only limited to the United States. In addition, we compete with certain tier 2 players, which are mostly local competitors, such as US-based Revance Aesthetics and Evolus as well as French-based Laboratoires Vivacy and Swiss company Teoxane. Most of these tier 2 players either lack a full HA filler portfolio and botulinum toxins, biostimulators or PDO threads in their product offering and, therefore do not have a comprehensive portfolio such as the tier 1 players.

We believe we are well-positioned to implement growth factors by expanding to other geographies, winning new customers and launching new or newer versions of products, thus steadily increasing its market share. Our comprehensive portfolio enables us to compete with global players, whose offerings exclude threads and include skincare only in the United States. Especially in higher fragmented markets, such as Spain and Poland (*source: DRG, Global Data*), we see an opportunity to successfully increase our market share. In particular, we expect to gain significant market share within botulinum toxins (a market which we just entered in 2022) in Brazil, Mexico, Germany, Poland and Spain, mainly by gaining shares from competitors. A further differentiator is our service program which other peers, for example, offers only in a limited capacity.

The above-mentioned higher acceptance of minimally invasive aesthetics procedures, in our opinion, is driven by various factors, including:

- increasing use of injectables by males, which is more and more socially acceptable;
- social media increasing awareness for beauty products and driving the wish for “optimization” of physical appearance;
- prices for patients being more tiered, and more affordable offerings becoming increasingly available, resulting in more accessibility for broader parts of the population.

In the vast majority of our key countries, the average number of injectables procedures per annum is already in the millions (12.9 million in the United States; 2.9 million in Brazil; 1.8 million in Germany and 1.4 million in Spain, each for the year 2021), with penetration rates of injectable treatments of approximately 2% to 4% among the population above the age of 20 years in middle and high income groups (*source: DRG, Euromonitor*). Penetration rates are increasing across all consumer segments, as injectable treatments are adopted by a broader group of patients. For example, in the United States, significant penetration growth for persons above the age of 18 with earnings of more than $45,000 p.a. has been seen in the last 10 years: Starting at around 2% in 2014, with a temporary slow-down due to the COVID-19 pandemic, penetration is at 3% in 2023 and expected to reach 4% around 2027 (*source: DRG, Euromonitor*).

In particular, the market for medical spas, which combine nonsurgical aesthetic medical services with a day spa is expected to grow, increasing the number of customers in the market, as well as showing the increased democratization trend. For example, medical spa revenues in Germany, United Kingdom, France, Spain and Italy have increased from approximately €1.8 billion in 2017 to approximately €2.9 billion in 2022 and are expected to further increase to €5.7 billion in 2027 (*source: GVR*).

We expect the injectables market to be robust through 2024 despite comparatively high inflation rates in our core markets. Even though inflationary impact is expected to further increase prices in the coming years, aesthetic injectables are expected to be impacted by two to three percentage points below macro inflation. This is due to generally robust Gross Margins of 60-80%, which allow for short-term margin erosion for the benefit of maintaining market position (*source: Fitch, ECB*).

In general, possible disruptions of the aesthetic injectables market do exist, but they are either unlikely to materialize or expected to have a low impact only:

- **General economic downturns**: The aesthetics market is mostly resilient to downturns and is thus expected to maintain low single-digit growth through coming downturns, mainly due to (i) resilience of existing patients who depend on ongoing and recurring treatments, as fillers and toxins treatments require a routine, (ii) the market's core customers being higher income women aged 40 or above who are likely to be more financially able to continue self-care treatments throughout a downturn and (iii) secular consumer trends driving a continued increase in the acceptance of aesthetic treatments. For example, global injectable volumes continued to grow steadily during the great financial crisis in 2008, even as disposable income declined. In the US, even from 2007 to 2009, toxins and fillers maintained a CAGR of approximately 16%, while disposable income stalled at average of $35,000 and the S&P500 dropped by approximately 50% (*source: ASPS, Euromonitor*).

- **Stricter regulation**: Fillers are typically subject to fewer regulations than toxins, both in terms of market authorization and deployment. However, in general, regulatory developments may impact market and competition landscape: The new European Medical Devices Regulation (EU) 2017/45 and its Commission Implementing Regulation (EU) 2022/2346 provides for stricter regulation for the admission of injectables for aesthetic purposes to the EU market, for example, by making CE mark certification and quality management systems according to ISO mandatory for HA filler products. This is expected to drive a price increase, as lower cost brands will be removed from the market.

- **New products/substitutes**: New products are currently not expected to be widely disruptive but are expected to mainly carve out niches.

9.3 Key Investment Highlights

9.3.1 Well established and high-growth minimally invasive aesthetics market, offering substantial upside potential for few high-quality market participants

The global minimally invasive aesthetics market, which covers the market value of all minimally invasive aesthetic treatments and procedures (including injectables), is estimated to amount to between €15 to €16 billion (*source: Brand Essence)*. Additionally, according to Brand Essence, the global aesthetics injectables market, which includes HA Fillers, Non-HA Products and aesthetic neuromodulators is estimated to amount to approximately €8 billion in 2022. We currently serve an aesthetics injectables market of €4 billion in the five key geographic markets in which we operate (*i.e.*, United States, Germany, Poland, Spain and Brazil). Going forward, the global aesthetic injectables market is expected to continue its pre-pandemic high growth at a CAGR of 9-11% from 2022 to 2027, according to Brand Essence. This growth is expected to be driven primarily by the number of patients, as demand of injectables increases across demographics, and increasing adoption of injectables by males, with social media contributing to higher awareness. In addition, competitive pressure from medical spas and chains is furthermore expected to democratize access to the market.

In addition, we believe that there exist significant barriers to entry in the aesthetic injectables market, providing established players with a defensible moat. For example, in terms of portfolio breadth and cross-selling opportunities, we believe that the biggest players have biochemical engineering and manufacturing expertise and vast portfolios, which enables cross-selling and facilitates loyalty incentives across product families. Furthermore, regulations can vary widely in each market, adding a significant hurdle for players to gain a global scale, or differ from product to product, thereby increasing difficulty in creating product portfolios across several categories. Beyond the regulatory framework, commercial dynamics vary by market, implying that the recruiting of local experienced marketing and sales FTEs is crucial to win accounts creating strong competition among peers. In addition, given the large number of filler brands, customers can oftentimes be saturated by commercial pitches resulting in higher market saturation; this is, however, less pronounced for botulinum toxins. With respect to our relationships with healthcare professionals, we believe that key opinion leaders play a significant role in sharing their professional experiences and echoing the brand image. Hence, establishing deep relationships with such key opinion leaders is challenging for new entrants as competitors focus on protecting their existing relationships.

9.3.2 Comprehensive premium portfolio of first line treatments, combination therapy and skincare products addressing market-wide demand

We believe that we offer a comprehensive and differentiated portfolio in minimally invasive aesthetics covering key indications and treatments demanded by healthcare professionals and their patients. We believe that we are one of the few players among tier 1 players (*e.g.*, Allergan, Galderma, Merz) that has a portfolio encompassing HA Fillers, Non-HA Products, a botulinum toxin and complementary products (*e.g.*, skincare) and services (*e.g.*, service program). Other tier 1 competitors and offer skincare only in the United States but not worldwide and, at least in European markets, lack PDO threads in their product offering.

Besides the continuous development of our portfolio, we offer bespoke services to build a compelling value proposition to our partners. Through our service program "Croma is More", we seek to drive engagement and loyalty among our customer base (*i.e.*, healthcare professionals). Those business services give our customers a comprehensive roadmap on how to grow an aesthetic business by combining medical treatments with a business approach. Our programs provide support to our customers in order to inform more patients and treat them in the most efficient and effective way in order to retain their loyalty and thrive financially.

To achieve this, we provide under "Croma is More" the following service offering:

- **Trainings**: Technical trainings and anatomy workshops to establish high quality treatment practices as well as practice management trainings.
- **Digital Services**: Business & medical e-learning platform and medical practice software "CliniCore" (specifically designed for healthcare professionals in aesthetics). Even though, due to technical developments, CliniCore is currently restricted to German speaking markets, we have unrestricted distribution rights and a clear strategy to launch CliniCore in additional international markets.
- **Consulting**: Tailor-made business & social media consulting for aesthetic doctors.

Our service offerings are either paid for by our customers or they are able to qualify for participation through certain purchase volumes or the conclusion of long-term supply agreements with us (if and to the extent legally permitted). Nevertheless, these services are designed to develop stronger customer relationships to either increase our share of wallet with existing customers or to use them as entry point for winning new customers.

As part of our "Croma is More" we intend to support the Austrian Institute for Scientific Research and Education in setting up the world's first interdisciplinary master's degree program, together with the Medical University of Vienna, for applied medical aesthetics. Our support relates to providing educational content and product expertise to ensure aesthetic physicians are taught in accordance with the highest standards.

Overall, we believe our "Croma is More" value added service program to be a differentiator in the industry and that it can be a key enabler for strategic growth.

9.3.3 One of the medical aesthetics market leaders with category-defining offering for both botulinum toxin and HA end-markets

We believe that we are a medical aesthetics market leader that has established a lean international coverage to capture market share. In Europe, our home market, as well as in Brazil, we operate through direct affiliates (*i.e.*, wholly owned subsidiaries and joint venture entities in which we hold more than 50%). With respect to the United States and Canada as well as New Zealand and Australia, we entered into a joint venture with Hugel, Inc. ("**Hugel**") and established Hugel America as a joint venture to exclusively commercialize Hugel-owned botulinum toxin type A 50U and 100U products, including the botulinum toxin sold under the brand name "Letybo", as well as our proprietary HA Fillers. For the purpose of commercializing such products, we entered into certain distribution agreements with Hugel and Hugel America (see "*9.11.1 Partnering with Hugel*"). In Asia, we entered into a joint venture with Chinese conglomerate Sinopharm for the commercialization of our HA Fillers in Hong Kong and China and further access Sinopharm's botulinum toxin product in such territories. We further utilize international partnerships such as our partnering with Novaestiq in the United States and with Profex for China and Hong Kong to commercialize our products, such as our Thioderm device product line, once regulatory approval has been received. In addition, in the rest of the world, predominantly Latin America, Asia and MENA, we operate through independent distributors. Going forward, as part of our strategy to gain a higher market share, we plan to establish direct presences in the Scandinavian countries as well as other of our

focus markets worldwide with presences in Latin America, in particular in Columbia, planned. For difficult to access and highly competitive markets, we intend to operate through joint ventures or international partners.

In terms of our product offering, we believe that our high quality product and our comprehensive portfolio offering enables competing head-to-head with global leaders while having an edge against smaller firms. Compared to tier 1 players in the global aesthetic injectables market (*e.g.*, Allergan, Galderma, Merz), and we consider ourselves a tier 1 player in some key markets in which we operate, we offer a comprehensive portfolio of aesthetics injectables. For example, in Europe we are the only tier 1 player offering, in all markets, PDO threads and skincare products besides HA Fillers, biostimulators, a botulinum toxin and complementary products. In addition, we have a comprehensive service offering (*e.g.*, service program) for our customers. Our well-rounded portfolio is complemented in some markets by Pliaglis, our anesthetic topical.

Historically, we mainly focused on single practices, smaller independent clinics and medical spas. In 2021, we generated 60% of our direct sales (*i.e.*, sales made by us or our direct affiliates) from medical spas ("medspas") and chains, 27% from medical generalists and 13% from medical specialists. We categorize "medspas" as small businesses that offer a wide range of beauty services at different sophistication levels, from procedures with fillers to botulinum toxin injections. Under the category "chains", we include chains with a minimum of ten stores with shared branding and procurement at which medical doctors or specially trained nurses perform injections. In the "medical generalists" category, we subsume smaller scale medical clinics with an aesthetics offering in addition to the primary clinic offerings (*e.g.*, general practitioners, dentists). We categorize "medical specialists" as individual or a small group of clinics that perform higher complexity procedure focused on aesthetic procedures or specialized medical doctors, for example, dermatologists or plastic surgeons. By leveraging our now comprehensive portfolio including Letybo, we target the higher-end segment as well as chains and larger clinics.

In addition, ESG is a fundamental pillar of our DNA. As part of our environmental strategy, we focus on transitioning to renewable electricity and carbon neutrality. To this end, we have been used a photovoltaic system for environmentally friendly power generation since 2018. Moreover, additional electricity demand for the headquarters, including our manufacturing facility, is sourced exclusively from renewable energy sources, namely 100% hydropower. This green electricity strategy is also to be rolled out to affiliates, where green electricity can be purchased. Furthermore, we have increased our e-mobility efforts and have built nine electric vehicle charging stations for employees. We also seek to neutralize our wastewater with carbon dioxide instead of phosphoric acid and have optimized the blistering process in packaging to significantly reduce waste packaging material. In terms of our social strategy, we aim to promote diversity, equity and inclusion. We have a strong focus on work-life-balance and family promoting hybrid work models and flexible parental agreements. We have furthermore developed comprehensive health and well-being programs, with an emphasis on mental health and physical exercise (fitness classes, company-own fitness room), as well as tailored education and highest training standards. With a current rate of approximately 43% of women in management positions, we also focus on gender-diverse leadership and target approximately 50% by 2025. As part of our governance efforts, we seek to apply our ethical conduct standards to every area of our business. For example, we have implemented uniform management and control processes (ICS, dual-control-principle). We are committed to science and data-driven decision making, compliance, integrity and responsible business practices. We have furthermore implemented policies, procedures and trainings ensuring our employees and suppliers comply with applicable laws, regulations and industry codes. We are currently in the process of establishing state-of-the art ESG policies, which includes the preparation of its first ESG report with the assistance of an ESG advisory. The publication of relevant, sustainability-specific information and key figures for the financial year 2023 is planned for 2024.

9.3.4 Highly automated and data-driven manufacturing plant enabling market leading manufacturing capabilities

We maintain a highly automated good manufacturing practice ("**GMP**") manufacturing plant at our headquarters in Leobendorf, Austria, to produce our proprietary HA Fillers for distribution under our "Croma" brand and, as part of our contract manufacturing, as white label products. In addition, as remaining part of our legacy business we contract manufacture certain hyaluronic acid based products for companies in the field of orthopaedics and ophthalmology.

Our manufacturing facilities are scalable and fully-automated and compliant with all relevant regulations for medicinal products, medical devices and cosmetics in Europe and other regions (*i.e.*, Australia, Canada, Brazil), with the FDA approval however still being outstanding. In reliance on tailor-made production lines that have a high level of automation, we utilize an innovative crosslinking technology for the manufacture of

products based on hyaluronic acid and other biopolymers. Our market leading technology lies, in particular, in our refined processing step which carefully aligns the HA chains to optimize crosslinking. We consider this process to be proprietary and state-of-the-art, as it ensures that our produced HA Fillers are long-lasting and stable.

Through our customized production lines and high level of automation, we are able to fill 5,000 syringes of highly viscous/viscoelastic HA or HPMC solutions per hour and offer competitive batch sizes of up to 80,000 syringes per batch. In addition, we have a clean room plant (with more than 1,180 square meter of clean room space) and a fully automated packaging plant. We also have a process control system in place that guarantees consistently high quality, stability and, as a result, safety for the treated patients. From 2017 to 2021 we only had adverse events of 0.00015% for our HA Fillers and 0.00011% for our orthopaedics and ophthalmology products. To further ensure the high quality of our manufacturing, all production data are recorded to analyze them, if necessary. Furthermore, we use a restricted access barrier system (RABS), a technology normally used for aseptic filling in addition to terminal sterilization.

Due to our state-of-the-art manufacturing facilities, we believe that we have a strong competitive position with respect to our proprietary HA Fillers. In general, dermal fillers, such as our HA Fillers, are designed to expand the respective facial area after injection with a view to filling wrinkles or boosting lip volume. The ability to predict the expansion behavior after injection is therefore key for the applying healthcare practitioner. We believe that for many HA fillers on the market – including the market leaders – there is a variance of expansion behavior, even between different product lines from the same manufacturer. However, due to our optimized in-house manufacturing process, we are able to offer a lower variance compared to other HA fillers on the market and therefore better predictability of the expansion behavior after insertion which results in predictable results for the consumers. We believe that the better predictability of the expansion behavior with respect to our HA Fillers has been proven in non-clinical studies. In addition, we have developed a very stable, automated production process, further minimizing the variability between production batches.

We furthermore believe that aesthetic treatments have positive effects on improving depression and other conditions. For example, we have evaluated 56 clinical trials, which included five studies with placebo-controls and high-quality endpoints (*source: Journal of Psychiatric Research 135 (2021): 332-340*). Consistent evidence for efficacy was found: patients in the treatment arm showed a highly significant improvement of depressive symptoms compared to subjects who received the placebo. Based on our own research we also have found that there are statistically significant psychological effects of Letybo, improving patients' quality of life.

9.3.5 Resilient financial profile of positive EBITDA backed by an active and sticky customer base and attractive unit economics

We believe that we achieved a resilient top-line growth with strong growth prospects. We believe that we reached an inflection point due to the launch of the botulinum toxin "Letybo". Overall, revenues increased from €95.8 million in the year ended December 31, 2021 to €121.2 million in the year ended December 31, 2022, representing an increase of 26.5%. Going forward, we expect top-line growth to be driven by the overall growth prospects of the global aesthetic injectables market, which is expected grow at a CAGR of 9-11% from 2022 to 2027 (*source: DRG*), the roll-out and launch of Letybo in select key markets worldwide and additional growth in our existing territories.

Benefiting from the overall expected market growth, we seek to continuously grow our revenues in the medium term with existing customers, for example through an increased share of wallet and through the acquisition of new customers. We are furthermore in the process of launching Letybo in all territories for which we own the exclusive commercialization rights (see for Europe, North America and Oceania "*9.11.1 Partnering with Hugel*" and for China and Hong Kong through our partnering with Chinese conglomerate Sinopharm "*9.7.3 International Aesthetic Biotech Ltd.*") and are also active in the pursuit to license further botulinum toxin products to cover further territories, in particular in Latin America. Besides that, Hugel America, our joint venture with Hugel, Inc., plans to launch Letybo in the United States at the end of the third quarter 2023, subject to FDA approval for Letybo, and with respect to Canada and Australia Hugel America received the marketing authorization for Letybo in June 2022 and November 2022, respectively. By leveraging the roll-out of Letybo, we set our strategic medium-term target of sales at over 30% for Europe.

Our now comprehensive portfolio, which includes HA Fillers, Non-HA Products such as PDO threads and biostimulators, medicinal products (*i.e.*, Letybo, Pliaglis) and complementary skincare products, enables entry points into new customer accounts and cross-selling opportunities. In addition, we plan to continue to expand our geographic footprint to new regions (*e.g.*, Latin America, Scandinavia, Middle East, United States)

successively in the short and medium term. We strategically select new locations based on market potential and attractiveness which may include factors such as access to diverse, skilled talent, benefit to clients, competitive density and convenience of location.

In addition, we benefit from our contract manufacturing business for which we utilize our state of the art manufacturing facilities for hyaluronic acid-based products. Besides commercializing our HA Fillers under the Croma brand, we also sell them as white label product to third parties and are, in addition, active as contract manufacturer for hyaluronic acid-based products for the orthopaedics and ophthalmology industry. Through these contract manufacturing activities we receive recurring revenues with our HA Filler white label business having further growth potential.

In terms of profitability, we seek to improve our Gross Margin and EBITDA margin in the medium term. As we seek to scale our operations, we expect to be able to spread fixed overhead costs specific to pharma (*e.g.*, clinical development, R&D, regulatory functions) and to benefit from cross-selling opportunities. At the same time, we made and intend to make upfront investments in property, plant and equipment to increase production capacities in order to drive scalability, and to conduct additional clinical studies to obtain market authorizations for our products and to further advance the MDR readiness for certain of our products. In terms of operational excellence, we seek to further improve our supply chain, distribution and logistics capabilities. Against this background, we expect that revenues will increase at a CAGR of 30% (strategic mid-term target), Gross Margin to increase to 70%-75% (strategic mid-term target). With respect to the mid-term improvement potential of our EBITDA margin, we expect that we will have increased marketing costs to strengthen our brand awareness, benefit from costs savings regarding manufacturing and logistics costs due to economies of scale, benefit from reduced costs as our pipeline focusses on selected add-on projects and increase operating leverage in personnel costs. We furthermore expect that our Capital Expenditure will decrease to 4% of revenues (strategic mid-term target).

Broken down by geographic region, in the financial year ended December 31, 2022, we generated 43.1% of revenues in Europe (excluding DACH, *i.e.*, Austria, Germany and Switzerland), 18.7% in DACH, 16.6% in South America, 6.4% in North America (in the United States, we have our partnership with Hugel) and 15.2% of revenues in Asia and other markets. In the medium-term, we expect to be able to increase our revenues primarily in Europe (excluding DACH) and North America. With respect to our customer segmentation, we historically focused on single practices, smaller independent clinics and medical spas. In Europe, most of our affiliate/direct sales are driven by sales to medical specialists, highly reflecting the regulatory environment. We believe that some of the European markets, such as Germany, are seeing an increased consolidation into chains, which is why we have been shifting our focus towards chains. Through the addition of the botulinum toxin, we believe to be able to capitalize on this development and seek to target larger clinics and chains. Overall, we believe our now comprehensive portfolio gives us more exposure to customers, in particular, in the high-end segment in all of our categories consisting of medical spas and chains, medical generalist and medical specialists.

9.3.6 Accelerated growth prospect from roll-out of Letybo and market penetration in high-growth regions

We believe that our now comprehensive portfolio opens up a very high organic growth potential, which, besides the growth of the global aesthetic injectables market, includes our geographic expansion and the roll-out of our comprehensive portfolio. Of particularly significance are our acquired rights to a botulinum toxin (*i.e.*, Letybo) in Europe as they give us more exposure to customers and enable us to target larger clinics and chains as compared to our previous main customers consisting of single practices, smaller independent clinics and medical spas.

With respect to the use of proceeds from the Business Combination, we have clear priorities for fast-return investments that, as we believe, will fuel strong growth and significant margin expansion. In terms of geographic and portfolio expansion, we intend to roll out global initiatives to grow our Croma brand value. From a marketing perspective, we will launch repositioning campaigns for Saypha and develop a sales structure to properly address our U.S. market expansion. In addition, we seek to establish a network of training locations to enhance quality end experience.

Besides launching our Saypha HA Fillers in the U.S. market through Hugel America, we will also launch special Saypha HA Fillers for lips and eyes in Europe. Furthermore, we intend to launch our Thiomer technology for certain indications worldwide (subject to obtaining the necessary regulatory approvals as our envisioned products based on the Thiomer technology are still undergoing clinical trials). Our Thiomer technology includes next generation HA Fillers that are based on a BDDE-free crosslinking technology, which

caters to consumers' preferences for natural products ("clean beauty"). Since there are higher toxicity limits compared to the HA Fillers, this allows for more volume compared to our HA Fillers and, thereby, as we believe, supports the general trend in "body contouring". We also expect this technology to benefit from a higher lifting capacity, greater injection control and a likely longer duration. Furthermore, we believe that our Thiomer technology allows for superior precision, thereby improving outcomes. In addition, due to less material, waste and energy used in the manufacturing process, we believe to be able to improve our carbon footprint compared to regular BDDE fillers.

As part of our geographic expansion strategy, we intend to open new presences in key strategic markets worldwide, such as in Latin America (*e.g.*, Mexico), MENA and mid-sized markets in the European Union (*e.g.*, Scandinavian countries). We believe this to be a key pillar for our geographical expansion and further market penetration. In addition, we intend to use the funds to establish additional facilities and laboratories to further enhance our innovation program.

In terms of R&D and technology, we continuously focus to develop new technologies and treatments. As of today, our current pipeline – including external opportunities – contains fillers, threads, biostimulators and cosmetic products. With respect to our current growth initiatives, we seek to maximize the opportunity of our new botulinum toxin in Europe, further maximize our current portfolio opportunity with respect to our HA Fillers, launch a new portfolio of biostimulators in Europe, drive our PDO threads portfolio and launch a rebranding, explore regenerative medicine opportunities (which we consider a strategic entry point into clinics) and to further expand our medical offering in terms of skincare. With respect to future growth initiatives, we seek to, for example, to in-licence new botulinum toxins for our planned geographic expansion and to develop the next generation botulinum toxin (topical). We also intend to explore next generation HA Fillers with BDDE-free crosslinking as well as a next generation, innovative biostimulators (non-animal). We also intend to continue to expand our portfolio with respect to new materials and geographic expansion, to develop a new regenerative medicine technology, and to fully penetrate business-to-consumer channels, adding new high-tech products to our portfolio (*e.g.*, exosomes, peptides).

In terms of organic growth, we intend to focus on the roll-out of Letybo and to further drive our commercial excellence. In this context, we seek to establish new subsidiaries in key strategic markets (*e.g.*, Latin America, mid-sized markets in Europe) and to establish and expand partnerships in other markets (with new distributor management approach). The roll-out of our botulinum toxin portfolio is supported by our own distribution rights in Europe, our partnership with Sinopharm (as defined below) in Asia, our joint venture with Hugel in the United States and BMI (as defined below) in Latin America. While we are currently involved in a complaint filed by Medytox, Inc. in the United States relating to Letybo (for which Hugel, Inc. holds the exclusive rights in the United States), Hugel, Inc. and we believe that there are no facts or circumstances that support the claims filed by Medytox (for more information, see "*9.12 Litigation*"). If Medytox, Inc.'s claim were to be successful or an adverse ruling against one of the defendants were to be issued, this would create an adverse effect on the distribution rights held by Croma through its joint venture Hugel America with respect to the United States market. In this event, it will no longer be possible for Hugel America to distribute Letybo in the United States. In addition, a positive outcome may encourage Medytox to bring a lawsuit against Hugel, Inc. and Croma in Europe and the rest of the world in order to prevent the distribution of Letybo also in these territories. Besides commercializing Letybo in the United States (which we intend to do through our joint venture Hugel America), we seek to launch our Saypha HA Fillers in the United States in the medium term.

As regards external opportunities, we may pursue select M&A transactions relating to, among others, entering into shareholdings in promising start-up companies with the option to acquire full ownership, the conclusion of in-licensing agreements for disruptive products and technologies, entering into partnership agreements for technology developments or joint ventures with select partners in key territories for the distribution of our products and the acquisition of aesthetics companies. Overall, it is our focus, to reinforce our existing portfolio and expand its indication offering with, for example, body indications as well as hair growth and cellulite.

9.4 Product Portfolio

Since our strategic re-alignment in 2014 through the sale of our legacy ophthalmic and orthopedic business to Valeant Pharmaceuticals, we have been focusing on the field of minimally invasive aesthetics, even though – to a lesser degree – we are still active as contract manufacturer for certain players in the ophthalmic and orthopedic industry, utilizing our strong manufacturing capabilities.

In the field of minimally invasive aesthetics, we offer a comprehensive portfolio spanning our proprietary HA Fillers as well as Non-HA Products, such as polynucleotide ("**PN**") injectables, a syringe system to process platelet-rich plasma and PDO threads, as well as medicinal products, such as a botulinum toxin (*i.e.*, Letybo) and an anesthetic topical (*i.e.*, Pliaglis). Even though, to date, we license all of our Non-HA Products as well as our botulinum toxin and the anesthetic topical from our partners, they are sold under the overall "Croma" brand. We complement this portfolio skincare products. Based on our manufacturing expertise with respect to hyaluronic acid-based products, we have developed our proprietary skincare product "pure HA", which is a highly concentrated liquid skin mask containing 1.8% of hyaluronic acid to apply at home. Our other skincare products are manufactured by third parties for us, with us, however, holding the license to distribute them under the "Croma" brand. Our guiding principle for stacking our portfolio is the intention to meet the demands of the aging process and to promote the consumers' well-being.

9.4.1 HA Fillers

Positioned with the brand "Saypha", we provide a complete range of proprietary HA Fillers to our customers covering the full range of major treatment areas in the face, such as crow's feet, nasolabial folds, lips and other areas midface. HA Fillers are generally used to enhance shape and restore skin by boosting water absorption. Primarily inserted around the checks and eyes to fill wrinkles or to boost lip volume, they can also be used in other facial areas for similar purposes. Results of one treatment typically lasts from six to twelve months depending on the product, and can be reversed using hyaluronidase.

We offer four different types of HA Fillers under the "Saypha" brand and, in total, six different Saypha HA Fillers that are labeled as "rich", "filler", "volume" and "volume plus". Our "filler" and "volume" HA Fillers come in two versions, namely with and without lidocaine. In contrast, the "rich" and "volume plus" HA Fillers are only sold in one version, the "rich" filler without lidocaine and "volume plus" filler with lidocaine. This portfolio of "Saypha" HA Fillers allows for different injection depths in the skin depending on physicochemical characteristics of each filler and the intended usage or indication. The results from our Saypha HA Fillers usually last between five to twelve months depending on the respective type of Saypha fillers used and indication area.

Dermal fillers, such as HA Fillers, in general, work by expanding the respective facial area after injection to fill wrinkles or boost the lip volume. To predict the expansion behavior after injection is therefore important for the applying healthcare professionals. For many HA fillers on the market – including the market leaders – there is a variance of expansion behavior, even between different product lines from the same manufacturer. However, due to our optimized in-house manufacturing process, we are able to offer a constant quality compared to other HA fillers on the market and therefore better predictability of the expansion behavior after insertion which results in predictable results for the consumers. In addition, we have developed a very stable and automated production process, further optimizing the variability between production batches.

Our HA Fillers are currently approved for use and marketed in the European Union. To prove the safety and efficacy of our HA fillers and to ensure they comply with the new MDR applicable in the European Union, we have been conducting eight multi-center clinical studies involving approximately 1,000 subjects.

For the United States, Canada, Australia and New Zealand, we licensed the exclusive commercialization rights of our HA Fillers to Hugel America (see "*9.11.1 Partnering with Hugel*"). We are currently in the process to obtain the marketing authorization for two Saypha HA Fillers developed for the U.S. market (*i.e.*, Saypha "Filler Lidocaine" and Saypha "Volume Lidocaine") that are based on Saypha HA Fillers already marketed in the European Union. Both will be distributed in the U.S. exclusively through Hugel America. In parallel, we are working to extending our Saypha product range in the European Union with specific products for lips and eyes.

In the long-term we plan to enhance our HA Filler portfolio by introducing innovations such as our advanced Thiomer technology, a new generation of HA Fillers based on a BDDE-free crosslinking technology. We plan to introduce these our new developments for the same indication areas as our current Saypha HA Fillers, which are mainly used for facial areas, as well as for the body area, for which we plan to introduce a Thioderm device (see *"9.5.1 Advanced Thiomer Technology"*).

9.4.2 Non-HA Products

We believe we are well positioned in the Non-HA Product market with PDO threads and biostimulators, such as PN fillers and a syringe system to process platelet-rich plasma, which are exclusively licensed from third-parties but marketed under the overall "Croma" brand.

Non-HA treatments are designed to achieve similar increases in skin volume and have similar rejuvenating effects as HA Fillers injections. Non-HA treatments and HA Fillers differ, however, in terms of the duration it takes from treatment to final result, its reversibility and how long the result will last. While the process from treatment to final results for non-HA treatments usually takes around eight to twelve weeks, the results will often last longer compared to HA Fillers but are not reversible.

Our Non-HA Product portfolio encompasses PDO threads marketed under the "Princess" brand, a PN injectable marketed under the "PhilArt" brand and a product marketed as "Arthrex ACP". Below is a more detailed overview of our Non-HA Products:

Product	Territory	Description
PhilArt PN	Majority of countries in the European Union and select European countries	• PhilArt is an injectable skin booster consisting of long-chain PNs that promote the skin's hydration and scavenge free radicals, thereby building an optimal environment for the growth of fibroblasts (*i.e.*, cells that produce collagen). As a consequence, PhilArt promotes the production of new collagen and elastic fibers, stimulating the body's own cell regeneration. • It is intended to restore the skin's elasticity with its application range stretching from the face, scalp and neck to décolletage and hands.
Arthrex ACP	Select countries in Europe only, including Austria, Poland, Romania, France, Spain, Netherlands, Portugal and Switzerland.	• Arthrex ACP is a system used to individually prepare an unique product for the patient in a clinic by using a blood sample from the patient from which the platelets are isolated. The platelets are then re-injected into the patient to stimulate its body's own regeneration process. • The increase in platelets is claimed to lead to improved skin as they promote the production of cell-preserving substances and therefore encourage healing and stimulate cellular metabolism.
Princess threads	29 territories worldwide (*e.g.*, European Union)	• Princess threads are used for lifting, reinforcing and rejuvenating the facial skin, enabled by a thread design which includes anchors and barbs. • The desired effect is achieved by the threads creating a mild stretch of the subcutaneous tissue and the skin, which is firmed up after a few days by the natural increase in connective tissue.

9.4.3 Botulinum Toxins

We are looking to add botulinum toxins to complete our product offering. We have partnered with Hugel, Inc. for the access to distribution rights in Europe and through a joint venture in North America, Australia and New Zealand (see *"9.11.1 Partnering with Hugel"*). We further acquired from BMI Korea Co. Ltd. the distribution rights to a botulinum toxin formulation for certain countries in South America and the LATAM region, including, among others, Brazil, Mexico, Argentina and Chile (see *"9.11.7 Supply Agreement with BMI Korea Co. Ltd."*). As a next step we are negotiating an exclusive agreement for the MENA region.

Korean company Hugel, Inc. provides us with a botulinum toxin on an exclusively basis for 40 European countries, including, among others, Austria, Germany, Poland, France, Spain, Switzerland and the United Kingdom. In addition, Hugel America, a joint venture between Croma and Hugel, Inc., holds the exclusive commercialization rights for the botulinum toxin for the United States, Canada, Australia and New Zealand. In Europe, where we distribute the botulinum toxin ourselves, it is marketed by us under the name "Letybo" and under the overall "Croma" brand.

Letybo is a botulinum toxin product that is adapted from Clostridium Letibotulinumtoxin type-A and used as local muscle relaxant, mainly to improve the appearance of wrinkles. Studies show on par effect with Onabotulinumtoxin A, also known as Botox (*source: "Clinical Trial to Compare the Safety and Efficacy of Botulax Versus Botox in Patients With Cervical Dystonia" published in the U.S. on November 20, 2019 under the identifier NCT04171258 and "Comparison of botulinum neurotoxin type A formulations in Asia" published in the U.S. on July 5, 2018 under the identifier PMC6039073*). Originally, "Letybo" was granted medicinal product approval in its home market Korea in 2009. It is marketed through Hugel, Inc. under the name "Botulax" and currently is the top selling botulinum toxin product in the Korean market.

We intend to market "Letybo" for the improvement of the glabellar line, also known as frown line, for which it already obtained regulatory approvals in several European countries, such as, among others, Austria,

Poland, Germany, France, Spain, the Netherlands and Romania and is currently in the process of obtaining approvals from regulators in further European countries, such as, among others, Switzerland, Belgium, Hungary, Greece and the Scandinavian countries. In the future, we may also seek regulatory approvals to use Letybo for other indications than the glabellar line.

In the United States, where Hugel America is solely responsible for obtaining the necessary marketing approvals by the regulatory authorities, the FDA in March 2022 received a complete response letter declining the approval of Letybo for marketing in the United States. In October 2022, Hugel America resubmitted the biologics license application in accordance with the requests made by the FDA. However, in April 2023, the FDA issued a second complete response letter with respect to Letybo following an inspection of Hugel, Inc.'s manufacturing plant in Chuncheon, Korea based on certain manufacturing plant management issues. Accordingly, Hugel America will address the issues mentioned in the complete response letter and is targeting to file its response to the complete response letter in the third quarter of 2023. The FDA's decision on the approval of Letybo is therefore not expected before the end of the first quarter of 2024.

While we are currently involved in a complaint filed by Medytox, Inc. in the United States relating to Letybo (for which Hugel, Inc. holds the exclusive rights in the United States), Hugel, Inc. and we believe that there are no facts or circumstances that support the claims filed by Medytox (for more information, see "*9.12 Litigation*"). If Medytox, Inc.'s claim were to be successful or an adverse ruling against one of the defendants were to be issued, this would create an adverse effect on the distribution rights held by Croma through its joint venture Hugel America with respect to the United States market. In this event, it will no longer be possible for Hugel America to distribute Letybo in the United States. In addition, a positive outcome may encourage Medytox to bring a lawsuit against Hugel, Inc. and Croma in Europe and the rest of the world in order to prevent the distribution of Letybo also in these territories.

9.4.4 Pliaglis

Besides Letybo, we offer another medicinal product with the brand name "Pliaglis", which we exclusively licensed from Canadian company Crescita Therapeutics, Inc. for distribution in nine countries including Germany, Ireland, Switzerland, Brazil, Romania, Belgium, Luxemburg, United Kingdom and the Netherlands.

Pliaglis complements our portfolio of aesthetic injectables. It consists of 7% tetracaine and 7% lidocaine and is used as local anesthetic to be applied topically and therefore reducing pain and stress for the patient before certain minimally invasive aesthetic treatments, such as with lasers and PDO threads. The combination of tetracaine and lidocaine ensures that Pliaglis combines the quick onset of less than two minutes for lidocaine with the long-lasting effect of tetracaine and, as a result, create a topical a self-occluding topical anesthetic with a proven efficacy in a wide range of minimally invasive aesthetic treatments.

9.4.5 Skincare Products

Our portfolio of products for minimally invasive aesthetic procedures is complemented by our skincare products which are either proprietary and based on our manufacturing capabilities with respect to hyaluronic acid-based products, such in the case of our "Croma pure" HA skincare product, or supplied to us by third-parties. In any event, our skincare products are sold under the overall "Croma" brand and our portfolio consists of the following products:

- **Croma farewell**: Under the "farewell" brand, we sell target-specific face serums designed to say farewell to skin problems. The farewell brand consists of five unique face serums, based on hyaluronic acid and other carefully selected ingredients, each for one of the five most common skin conditions.
- **Croma elure**: Our "elure" skincare is a clinically demonstrated cosmetic line around an advanced skin brightening solution based on melanozyme. Its active formula creates an effective solution to gently yet quickly correct discolorations and uneven skin tones by breaking down melatonin in a clinically proven safe manner.
- **Croma pure HA**: "pure HA" is a highly concentrated liquid skin mask to apply at home, containing 1.8% of hyaluronic acid to smooth, moisturize and revitalize the skin while boosting its natural hydration.
- **Croma Skincare Masks**: Our skincare mask portfolio offers three face masks and three different masks for specific target areas, such as the eyes, lips and laugh lines. The masks are intended to give

the customer an exclusive spa-moment at home, on a weekly basis, or more often, if preferred. All masks are dermatologically tested.

9.5 Pipeline

We continuously try to innovate and further develop our existing products or develop new products for other indications in the field of minimally invasive aesthetics. Our focus is, in particular, on the development of HA products as history has shown that even in the fast-paced world of minimally invasive aesthetic proceedings HA is not just a trend. However, as part of our drive to innovate, we also continuously evaluate new trends and watch for shifts in the landscape of minimally invasive aesthetics to identify promising future treatments, technologies and indications. Currently, one of these potentially long-lasting new trends lies in the field of regenerative technology.

9.5.1 Advanced Thiomer Technology

As part of our commitment to further evolve and enhance our product offering we are currently developing HA Fillers under the internal name "Thioderm" that are based on a BDDE-free crosslinking technology. In comparison, our Saypha HA Filler product range and, to our knowledge, the vast majority of other currently available HA filler products from competitors, is cross-linked with BDDE. The BDDE-free crosslinking of our Thioderm devices caters not only to new consumer preferences for natural products and clean beauty but also gives grounds for higher volume limits, greater durability and superior precision compared to our Saypha HA Fillers.

We currently plan to introduce multiple Thioderm devices in the mid- and long-term. For our Thioderm devices with the development names "Strong" and "Elate" the development process from today until launch is already fully funded. Subject to positive clinical data, we strive for their launch in 2026. Currently, the "Thioderm Strong" product is in phase 2b clinical trials with pivotal trials to follow thereafter. For "Thioderm Elate" we expect to commence phase 2b clinical trials in the near future. With respect to our further Thioderm devices we have yet to allocate funding.

While conventional HA fillers, also those of competitors, are limited to a use of 10ml to 20ml per year due to BDDE safety margins, there will be no BDDE based limits for our Thioderm devices and, in principle, higher toxicity limits apply, which should enable larger volumes and repeat uses for different party of the face or body. This supports the growing trend in body contouring. Our Thioderm devices achieve this by a higher elastic modulus with low extrusion force in comparison to HA Fillers. The lower water uptake of our Thiomer technology ensures, in addition, that there are no asymmetries and low swelling, *i.e.*, superior precision. This results in improved outcomes and enhanced reputation of the applying healthcare professionals, our customers.

In addition, our Thioderm devices will support our ESG environmental goals through their production efficiency. This is achieved by less material, waste and energy needed for their manufacture which will lead to an improved carbon footprint.

We will launch our Thioderm devices on a global scale, in the European Union and South America mainly through our subsidiaries but also our independent distributors. In the United States, we granted the exclusive distribution rights to our joint venture Novaestiq Corp. (see "*9.7.2 Novaestiq Corp*") and with respect to China, Hong Kong and Macau we partnered with Profex (Hong Kong) Limited which will distribute our Thioderm devices exclusively based on a license agreement (see "*9.11.11 License Agreement with Profex (Hong Kong) Limited*").

9.5.2 Further Product Developments and Launches

Besides the development and launch of our Thioderm devices, our currently planned developments and product launches include:

- **Entering the U.S. market with Saypha**

  We plan to enter the U.S. market with two of Saypha HA Fillers already distributed by us in the European markets and elsewhere, namely our products "Saypha Filler with Lidocaine" and "Saypha Volume with Lidocaine". Subject to FDA approval, we intend to launch them in 2024 (2HY) and 2025 (1HY), respectively. This is part of our geographic expansion into the United States and we will distribute the products exclusively through Hugel America, our joint venture with Hugel, Inc. that holds the exclusive distribution rights to our Saypha HA Fillers in the United States (see *"9.11.2 Croma Product Distribution Agreement"*).

- **Extending Saypha in the EU with specific products for lips and eyes**

  Due to high market demand for lip and eye treatments we are in the process of introducing a Saypha HA Filler for each treatment area, based on our Saypha HA Filler "Filler Lidocaine". We expect to launch the Saypha HA Filler for lip treatments in 2025, subject to the MDR approval process and timeline. The Saypha HA Filler for eye treatments will be launched thereafter, and not earlier than 2026. Both, products are currently only planned to be launched in the European Union through us and our subsidiaries as well as white label product in case of the eye indication.

- **Launching new PDO threads**

  As part of our continuous portfolio optimization, we plan to replace our current PDO threads sold under the Princess brand with new PDO threads from a different supplier, mainly to reduce our cost of materials. This allows us to be more competitive in price sensitive markets and to roll-out our PDO threads also to additional markets in the MENA and LATAM regions. The launch of our new PDO threads is planned for 2024, subject to the final outcome of our due diligence and agreement finalization, and we will launch the new PDO threads worldwide through our affiliates and independent distributors.

9.5.3 Letybo Roll-out

In addition, to the advancement of our product portfolio, we are currently in the process of launching Letybo in all territories for which we own the exclusive commercialization rights and are also active in the pursuit to license further botulinum toxin products to cover further territories. Territories in which we recently launched Letybo include Austria, Germany, Italy, France, United Kingdom, Ireland, Spain, Poland, Romania, the Netherlands and Portugal. In Switzerland the marketing authorization for Letybo of the Swiss regulator is currently pending and despite receiving a list of questions (without any major questions) we expect approval in Q4 2023.

Subject to obtaining the necessary regulatory approvals, we further plan to launch Letybo in two waves in the following territories: Belgium, Czech Republic, Luxembourg, Cyprus, Greece, Denmark, Hungary, Slovakia, Malta, Norway, Sweden, Finland in 2023 (*Wave 2*) and Slovenia, Croatia, Lithuania, Estonia, Bulgaria, Iceland, Liechtenstein and further optional countries in 2024 (*Wave 3*).

Besides that, Hugel America, our joint venture with Hugel, Inc., expects to receive the marketing authorization for Letybo in the United States in the second half of 2023 and consecutively launch Letybo. With respect to Canada and Australia, Hugel America received the marketing authorization in June 2022 and November 2022, respectively.

9.6 Operations

9.6.1 Development

To continuously evolve as well as enhance our product offering and to further develop our proprietary products, we maintain an R&D department with 31 FTEs and a business development department with five FTEs, reflecting our approach to build a comprehensive portfolio through the combination of proprietary (*e.g.*, HA Fillers) and in-licensed (*e.g.*, Non-HA Products, botulinum toxins) products.

Based on our extensive expertise in the research and development of medical devices, our R&D department is responsible for the innovation of new product ideas and processes. Driven by our expertise with hyaluronic acid-based products, our R&D department, for example, developed our Saypha HA Filler "Volume Plus" (with lidocaine) by increasing the HA content and crosslinking degree to yield a dermal filler for pronounced volumizing effect. Currently, our R&D department focuses on the development of next-generation biopolymers, such as our planned Thioderm product range, as well as other stimulating and volumizing composites.

In parallel, our business development team focuses on exploring disruptive technologies for in-licensing opportunities, such as our syringe system Arthrex ACP, and tries to anticipate future trends in the minimally invasive aesthetics industry and, therefore, interacts with the R&D department in constructing our comprehensive portfolio.

9.6.2 Clinical, Medical and Regulatory

We vouch with our name for the safety, high quality and efficacy of its products (in accordance with the respective market authorizations). This includes a strong emphasis on evidence-based medicine and high standards in the clinical development of our products.

Our clinical, medical and regulatory department has conducted 21 prospective, interventional, multi-center clinical trials in the past six years. Of these, nine were conducted internationally with study sites being located mainly in Europe and the United States. Recently, our clinical, medical and regulatory department conducted phase 3 clinical trials for the Letybo market authorization in the European Union and United States. Further, phase 2b studies for our Thioderm products "Strong" are ongoing and phase 2b clinical trials for "Elate" are expected to commence in the near future, as part of the process to get the market authorization in the European Union and the United States. Recent studies also related to our Saypha HA Fillers "Volume Lidocaine" and "Filler Lidocaine" for which we intend to obtain the market authorization from the FDA. In addition, we utilize our clinical, medical and regulatory department for head to head studies as well as post-approval marketing studies, such as with respect to "Letybo". To prove the safety and efficacy of our Saypha HA Fillers we have conducted eight multi-centre studies involving approximately 1,000 subjects. Our clinical, medical and regulatory department has, therefore, a key role in our operations as the market authorizations for our proprietary products as well as our commercial decisions to bring certain of our developments to market or to in-license specific products depend on it. In this regard, we utilize our expertise in clinical studies to ensure that the products we in-license meet our quality expectations and requirements, that are in-line with the standards we impose on our own products.

Our clinical, medical and regulatory department is also of importance for our MDR readiness. The introduction of the MDR with its aim to increase patient security has a significant impact on the regulatory environment in the EU In comparison to its predecessor regulation (so-called MDD) the MDR focuses not only on product development but the full product lifecycle (i.e., development, testing, manufacturing, commercialization, efficacy, safety and long-term use). The MDR thereby changes several aspects of the existing regulatory framework. Among these changes are also new provisions on the CE marking of medical devices. The benefits of the MDR CE marking, when lawfully affixed to medical devices include:

- **Improved patient safety:** Medical devices CE marked under the MDR are compliant with stricter patient safety requirements, and stricter controls to verify that those requirements are met. We believe, that at present, these requirements and controls are possibly among the strictest that exist anywhere in the world.

- **Clinical evidence for aesthetic purpose:** Compliance with the MDR's clinical requirements must be demonstrated via clinical evidence subject to tighter scrutiny by regulators and insuring market access and compliance of safety and performance claims. The MDR introduces the option to CE mark devices with a clear aesthetic purpose under MDR Annex XVI.

- **Better traceability:** Medical devices CE marked under the MDR must have unique device identifiers ("**UDI**"). This UDI enhances traceability in the supply chain, at least until they reach the health institution for which they are intended. This in turn is hoped to strengthen safety monitoring of devices placed on the market, and to combat device counterfeiting/falsification and reduce medical error.

- **Improved labelling:** Medical devices CE marked under the MDR must be accompanied by more extensive labelling, intended to benefit device users. The enlarged labelling requirements identify, in more granular ways the product, its components and performance and safety information.

Overall, the introduction of the MDR proves to be cost-intensive the minimally invasive aesthetic industry and requires the allocation of resources and capital. In particular, small competitors may struggle with the implementation of the MDR and getting their products MDR-ready. We, however, see us good positioned with our clinical, medical and regulatory department and deem it to give us an edge compared to these smaller competitors with its expertise and project management capabilities, especially since we started to focus on the MDR-readiness of our products in time. For example, we have recently conducted studies with respect to our Saypha HA Fillers "Volume Lidocaine" and "Filler Lidocaine" to achieve MDR readiness. Overall, the MDR readiness of our products will be material for our success in the future and the capabilities of our clinical, medical and regulatory department a key differentiator compared to many of our smaller competitors.

We also utilize our clinical, medical and regulatory department in connection with the contractual relationships we entered into with our partners. For example, we concluded a regulatory service agreement with Beaver-Visitec International, a customer of our orthopaedics and ophthalmology contract manufacturing (see *"9.11.12.2 Service Agreement"*) and also performed regulatory services in connection with the market authorization proceedings for "Letybo" in the United States and European Union.

Overall, the conduction of studies by our clinical, medical and regulatory department has enabled us to successfully complete development programs on a global scale for both medicinal products and medical devices in the European Union, United States, Canada, Australia, New Zealand, China as well as countries in the Latin America region.

9.6.3 Manufacturing

In our GMP manufacturing plant, as certified by the Austrian Federal Office for Safety in Health Care, at our headquarters in Leobendorf, Austria, we manufacture intradermal aesthetics products, such as our proprietary HA Fillers and our "pure HA" skincare products, for our own distribution and as part of our contract manufacturing business as white label products for third-parties. In addition, we utilize our manufacturing facilities for the manufacture of orthopedic and ophthalmic viscoelastic devices, which are part of our legacy business and which we manufacture exclusive as contract manufacturer for third parties in the orthopaedics and ophthalmology industry.

After starting with a tiny, five square-meter clean room in the back of a pharmacy in Vienna in the 1990ies, today, we operate one of the most modern, fully automated HA syringes manufacturing plants in Europe, featuring a 1,000 square-meter clean room with a capacity of 5-6,000 syringes per hour. The manufacturing process features competitive batch sizes which allow for a homogenous and reproducible product. We rely on tailor-made production lines, which are characterized by their high level of automation and digitization, which minimizes human influence while guaranteeing a reproducible process, consistent high quality, stability and, as a result, product safety (see *"9.3.4 Highly automated and data-driven manufacturing plant enabling market leading manufacturing capabilities"*).

For the past 25 years, Croma has been working together with TUV Süd as its preferred certification partner undergoing surveillance audits once a year and an extensive product and quality management system inspection and recertification every three years. In addition, our manufacturing facilities are subject to certain regulatory standards of the jurisdictions in which our customers are based. For example, U.S. market access is accompanied with quality inspections to ensure compliance of our contract manufacturer organization with applicable laws, guidance and standards. In this regard, two mock inspections will take place in 2023 to verify that our activities are in compliance with our ISO 13485 quality management system. Further pre-approval inspections are usually conducted by the FDA during the premarket approval process for achieving the market authorizations for our products (*i.e.*, Saypha HA Fillers for the U.S. market).

With respect to our activities in the European Union, we aim for MDR-readiness and in this regard the certification of our HA Fillers under the MDR and, thus, MDR quality management system compliance until the end of 2024. MDR and ISO 13485 compliance is audited on a regular basis by EU competent authorities and accreditation bodies. The stage 1 MDR inspection will take place in May/June 2023 and the stage 2 inspection will take place in July 2023.

In addition to our own manufacturing and to maintain a comprehensive portfolio as well as to continuously evolve or enhance our portfolio we in-license some of our products in our portfolio, such as our Non-HA Products (*i.e.*, PhilArt injectables, Princess threads, Arthrex ACP) and medicinal products (*i.e.*, Letybo, Pliaglis). Our partners exclusively supply us with these products based on the concluded licensing or distribution agreements. According to these agreements, we may be subject to minimum purchase quantities and obligated to submit our orders for the respective product in such manner and at such time in advance to enable our partners to produce or order the respective products or supplies.

Besides, we utilize well-known and suitable contract manufacturers for the production of certain products, such as our skincare products (except for our proprietary "pure HA" product) in order to keep our operations asset-light and focused on the development of new products. When introducing a new product, we either select a suitable contract manufacturer from amongst our existing manufacturers or seek a new potential manufacturer. In most cases, several suitable contract manufacturers are under consideration by us and we will request competitive offers from these manufacturers to choose the right manufacturer for our new product. Once we made our selection, we can leverage our in-house manufacturing knowledge and the manufacturing expertise of

the contract manufacturer to help ensure a smooth and swift ramp up of production to the anticipated production levels.

9.6.4 Distribution

Except for our white label HA Filler business and our contract manufacturing business in the orthopaedics and ophthalmology industry, our product offering is mainly aimed to be sold to healthcare professionals in the field of minimally invasive aesthetics.

Our customers are medical generalists and medical specialists as well as medical spas and chains. For the distribution of our products, we maintain direct presences in 13 key markets, such as Brazil, Poland, Germany, United Kingdom and in our home market Austria. In addition, we utilize a global network of independent distributors spanning across over 70 markets, located in, among others, Europe, South America, Asia and Africa.

Our distribution network is further complemented by our strategic partnerships and joint ventures. Under these agreements, we do not distribute our products ourselves but remain the exclusive manufacturer and hereby receive access to other territories not covered by us or our distributors, such as the United States and Canada as well as Australia, New Zealand and China (see "*9.7 Joint Ventures and Other Shareholdings*" and "*9.11 Material Agreements*").

All of these distribution channels are focused to sell our products to healthcare professionals. With respect to our skincare products, however, we would benefit from direct sales channels to their beneficiaries, *i.e.*, consumers (some of which are patients of our healthcare professionals). For this purpose, we have maintained an e-commerce website (cromaskincareshop.com) since 2020. We have, however, utilized this website only to a limited extent as we have prioritized existing B2B sales channels. In order to change that and also build B2C sales channels, we have concluded, for example, a distribution agreement with Flaconi GmbH, the operator of a large beauty e-commerce shop in Germany, to facilitate a direct consumer distribution of our skincare products through their e-commerce shop. We are in further negotiations with other e-commerce shops in Germany and Austria with respect to our skincare products.

9.7 Joint Ventures and Other Shareholdings

9.7.1 Hugel America, Inc.

On September 5, 2018, Hugel and Croma USA, Inc. ("**Croma USA**"), an indirect subsidiary of Croma, agreed to establish Hugel America as a joint venture to exclusively commercialize Hugel-owned botulinum toxin type A 50U, 100U and 200U products, including the botulinum toxin sold under the brand name "Letybo", and certain of Croma's HA Fillers, PDO threads and certain complimentary products in the United States, Canada, New Zealand and Australia. For the purpose of commercializing such products, Hugel America entered into certain distribution agreements with Croma and Hugel, respectively (see "*9.11.1 Partnering with Hugel*").

As of the date of this Circular, we hold, through Croma USA, 23.08% of the share capital in Hugel America, with the other 76.92% being owned by Hugel. Under the joint venture agreement for Hugel America, we are prohibited from selling our (indirect) shares in Hugel America, except for certain scenarios or in accordance with certain terms and conditions. The Business Combination does not infringe such share transfer restrictions under the joint venture agreement or trigger any rights of Hugel in this regard, as was confirmed by Hugel before Closing (see "*7.1.6.3 Closing Conditions to the Obligations of EHC*"). It is currently contemplated to further increase Hugel America's share capital in August 2023, which is expected to result in a further decrease of Croma's stake in Hugel America from 23.08% to 16.5%.

Based on the joint venture agreement, the joint venture is entered into for an indefinite term and can only be terminated by either party if there was a material breach of obligations by the other party. In the financial statements of Croma as of and for the financial year ended December 31, 2022, Croma Group's investment in Hugel America is recognized as a financial asset in accordance with IFRS 9.

9.7.2 Novaestiq Corp.

In September 2021, Croma, as consideration for the conclusion of a license and collaboration agreement (see "*9.11.6 License and Collaboration Agreement with Novaestiq*") with Delaware based Novaestiq Corp. ("**Novaestiq**"), received 200,000 shares in Novaestiq, an aesthetics company focused on improving skin health. The 200,000 shares correspond to stake of 14.56% in Novaestiq.

In addition, Croma received a warrant to purchase up to 2,800,000 shares which, if exercised in full, would increase Croma's stake in Novaestiq up to 71.8%. The warrant is exercised automatically, subject to the payment of the aggregate exercise price, in the event of an IPO or sale of Novaestiq, the occurrence of a qualified financing or when the approval for commercialization of the Thioderm products in the United States or Canada is received. Subject to adjustments, the exercise price under the warrant for one Novaestiq share is calculated by subtracting the notional value per common Novaestiq share of $0.01 from the fair market value of one Novaestiq share at the time of the exercise and dividing such result by the fair market value of one Novaestiq share at the time of the exercise. In the event of an IPO or the sale of Novaestiq the fair market value of one Novaestiq share, pursuant to the warrant agreement, will be the offering price and, respectively, the purchase price per share.

9.7.3 International Aesthetic Biotech Ltd.

By means of a joint venture agreement, dated August 2020, Croma agreed with Doug Abel and China National Biotec Group Company Limited ("**CNBG**"), an affiliate of China National Pharmaceutical Group Co., Ltd. ("**Sinopharm**"), to establish a Hong Kong law governed joint venture company. The joint venture International Aesthetic Biotech Ltd. ("**International Aesthetic**") was incorporated in 2021. International Aesthetic holds the exclusive commercialization rights for Croma's HA Fillers in China and Hong Kong based on a distribution agreement concluded with Croma (see "*9.11.10 License Agreement with International Aesthetic*"). CNBG provides to International Aesthetic its multi-channel distribution and marketing knowledge.

Croma owns 20% of International Aesthetic's share capital, with CNBG owning 70% and Doug Abel owning 10% of the share capital of International Aesthetic.

9.8 Intellectual Property

We maintain an extensive portfolio of patents counting, to this date, 150 patents, including pending patent applications, in 40 countries worldwide. Our most material patents relate to our Thiomer technology covering the use of BDDE-free cross-linked hyaluronic acid for tissue argumentation and different sterile hydrogel compositions. In this regard, we were granted patents in the U.S. (No. 9,597,277), Europe (No. 2107913B1) and China (No. 101622017B). We own further patents with respect to technologies discovered by our R&D department for which we either decided against the design and commercialization of corresponding products or are still in the process to decide whether we should exploit the patents on a commercial basis.

In addition, certain of our designs are protected. Our designs of our Saypha syringe components, including the backstop and plunger rod, are protected as registered community designs within the EU. The packaging designs of our skincare products "pure HA" and "farewell" serum are protected within the EU and in numerous other countries worldwide.

With respect to trademarks, our portfolio comprises approximately 45 different registered word marks, figurative marks and word-figurative marks and applications. Most of these trademarks are European, U.S., Canadian and Chinese registrations. Our most important protected trademarks are those related to our brand families, in particular "SAYPHA", "PRINCESS" and the overall "CROMA" brand. Furthermore, we exclusively license, among others, trademarks, such as "PLIAGLIS" and "PHILART".

In addition, we have more than 300 registered domain names including general domains, such as croma.at, cromaskincareshop.com, croma-pharma.com, and specific domain names for our products, for example with respect to "LETYBO", "SAYPHA" and "THIODERM" we maintain, among others, the following domains: letybo.de, saypha.com, thioderm.com.

9.9 Employees

As of March 31, 2023, we employed a total of 604 employees, or 572 full-time equivalents, in various functions and across twelve countries in addition to our home country Austria.

	AT	DE	CH	FR	BE	ES	PT	IT	PL	RO	UK	NL	BR	Total
Production	115,86	–	–	–	–	–	–	–	–	–	–	–	–	**115,86**
Quality	86,26	–	–	–	–	–	–	–	–	–	–	–	–	**86,26**
R&D	31,91	–	–	–	–	–	–	–	–	–	–	–	–	**31,91**
Clinical / Medical / Regulatory	39,23	–	–	–	–	–	–	–	–	–	–	–	–	**39,23**

	AT	DE	CH	FR	BE	ES	PT	IT	PL	RO	UK	NL	BR	Total
Supply Chain	38,4	–	–	–	–	–	–	–	3	–	–	–	2	**43,4**
Office.....	75,94	–	–	2	–	2	–	2	10	2	2	–	6	**101,94**
Sales & Marketing..	44,69	12	2,73	11	1	15	1	5	21	8	12	2	18	**153,42**
														572,02

9.10 Real Property

We do not own any real estate. The main real estate leased by us are our headquarters and the adjacent manufacturing facilities, located at Industriezeile 6, A-2100 Leobendorf, Austria, based on a long-term lease contract with IBA.

9.11 Material Agreements

9.11.1 Partnering with Hugel

Croma and Hugel entered into a distribution agreement for the commercialization of Letybo and two other distribution agreements in connection with the establishment of their joint venture, Hugel America, in order to provide Hugel America with commercialization rights to certain of their products.

9.11.2 2018 Croma Product Distribution Agreement

In October 2018, concurrently with the establishment of Hugel America, Croma and Hugel America entered into a distribution agreement under which Croma granted Hugel America the exclusive rights to commercialize our HA Fillers in the United States, Canada, Australia and New Zealand.

Under the agreement, Croma will remain the exclusive manufacturer and supplier of the HA Fillers and is granted a minimum purchase price per unit. Above the minimum price threshold, all purchase prices are set dynamically in order to allow Hugel America to achieve a net margin of 80% on the first $50 million of annual net sales and a net margin of 75% on the annual net sales exceeding $50 million.

In addition, Hugel America is subject to certain minimum purchase commitments. In the event that Hugel America fails to meet the agreed annual minimum purchase quantities in the first five years of the agreement, it has to pay Croma the full product value as if the minimum quantities had been delivered. Thereafter, both parties are to agree in good faith on any annual minimum purchase quantities. If no agreement can be reached, the minimum purchase quantity is set at a pre-determined value with any infringements leading to Croma and Hugel America being entitled to terminate the agreement. As a result, Croma would be re-awarded its commercialization rights for the HA Fillers in the United States, Canada, Australia and New Zealand.

The distribution agreement will generally remain in effect as long as the joint venture agreement between Croma and Hugel relating to Hugel America is not terminated (see "*9.7.1 Hugel America, Inc.*"). Ordinary termination rights of the distribution agreement are excluded for either party. However, each party may terminate the agreement for cause, especially in case of material breaches by the other party.

9.11.3 2018 Toxins Distribution Agreement

In addition, in October 2018, Hugel and Hugel America entered into a distribution agreement under which Hugel granted Hugel America the exclusive and royalty-free rights to commercialize certain of Hugel's botulinum toxin type A 50U, 100U and 200U products, including Letybo, in the United States, Canada, New Zealand and Australia.

Under the agreement it is agreed that Hugel remains the manufacturer of the botulinum toxin products and is granted a minimum purchase price per unit. Above the minimum price threshold, all purchase prices are set dynamically in order to allow Hugel America to achieve a net margin of 80% on the first $50 million of annual net sales and a net margin of 75% on the annual net sales exceeding $50 million.

The distribution agreement will generally remain in effect as long as the joint venture agreement between Croma and Hugel relating to Hugel America is not terminated (see "*9.7.1 Hugel America, Inc.*"). Ordinary termination rights of the distribution agreement are excluded for either party. However, each party may terminate the agreement for cause, especially in case of material breaches by the other party.

9.11.4 2014 Toxins Distribution Agreement

In March 2014, Croma and Hugel entered into a distribution agreement (as amended) under which Hugel has granted Croma the exclusive commercialization rights for certain of Hugel's Botulinum toxin type A 50U, 100U and 200U products, including the botulinum toxin sold under the brand name "Letybo", in 40 European countries, among others, Austria, Germany, Poland, France, Spain, Switzerland and the United Kingdom.

Croma undertakes in the distribution agreement to file applications for product approvals relating to the botulinum toxin products supplied by Hugel under this distribution agreement as well as to conduct any clinical trials necessary to obtain such product approvals at its own cost.

In addition, it is agreed that Hugel remains the manufacturer of the botulinum toxin products and Croma will be subject to minimum purchase quantities. The minimum purchase quantities will be negotiated by Hugel and Croma for each country in good faith prior to the anticipated receipt of the product approval in a particular country. If Croma fails to meet the applicable minimum purchase quantities, Croma may lose its exclusivity and the commercialization rights would continue to exist only on a non-exclusive basis.

The distribution agreement is concluded for an initial term of ten years, starting separately for each country with the product approval in the respective country being obtained. In addition, the distribution agreement automatically renews for successive periods of five years if not terminated by either Croma or Hugel at the beginning of the respective renewal period. In addition, the distribution agreement is subject to customary extraordinary termination rights.

Under the distribution agreement, Hugel is further entitled to terminate the agreement if a change of control with respect to Croma, beyond its corporate structure and owners in March 2014, or a sale or disposition of substantially all of Croma's assets, without the prior written approval of Hugel, to a third party other than its owners and companies in the corporate structure as of March 2014 occurs. Hugel may give or withhold the approval for such change of control at its sole discretion. However, any change of control termination rights by Hugel are excluded if at least one Managing Director of Croma has the same function in the newly formed corporate entity or acts as supervisory board member in such entity. This condition is fulfilled so that the Business Combination does not trigger change of control termination rights by Hugel.

9.11.5 Distribution and Supply Agreement with Mastelli s.r.l.

In October 2022, Croma entered into a distribution and supply agreement with Mastelli s.r.l ("**Mastelli**") under which Mastelli has granted Croma royalty-free rights to commercialize certain of Mastelli's Polynucleotide products exclusively as PhilArt injectables in the European Union (excluding Poland and Italy), Iceland, Norway, Liechtenstein, Turkey, Switzerland and the United Kingdom.

Under the agreement, it is agreed that Mastelli remains the manufacturer of the PhilArt injectables and remains permitted to either market the PhilArt injectables itself in the above mentioned territories or to appoint additional distributors in such territories, provided however, that the use of the PhilArt trademark, which is exclusive to Croma, is not permitted. In the event that Mastelli plans to appoint a third party as distributor outside of the above mentioned territories for the PhilArt injectables (independent whether the PhilArt trademark is used), Croma is entitled to a right of first refusal.

Croma will be subject to minimum purchase quantities at pre-defined purchases that increase on a yearly basis until 2024; afterwards Croma and Mastelli will negotiate the supply prices in good faith. In addition, Croma is obliged to exchange with Mastelli binding forecasts for its demand of PhilArt injectables in advance of the respective delivery periods. If and to the extent, Croma is not able to meet its binding forecasts, Mastelli is entitled to terminate the agreement.

Mastelli committed under the agreement to use best efforts to obtain the MDR-certification by December 2023. For the European CE certification of the PhilArt injectables Croma undertook to pay Mastelli a yearly fee of €15,000.00.

The agreement is concluded for a term of five years and subject to customary extraordinary termination rights on part of either party (*e.g.*, failure by Croma to meet the respective binding forecasts or by Mastelli to obtain the MDR-certification until December 2023).

9.11.6 License and Collaboration Agreement with Novaestiq

In September 2021, Croma entered into a license and collaboration agreement with Novaestiq under which Croma granted Novaestiq the exclusive and royalty-free rights to commercialize Croma's PDO threads and Thioderm devices in the United States and Canada.

As consideration, Croma received a stake in Novaestiq, consisting of an initial 14.56% stake which, subject to the warrant exercise, may increase to up to 71.82% (see "*9.7.2 Novaestiq Corp.*"). Croma did not receive any other compensation under the license and collaboration agreement for granting the commercialization rights.

Croma will remain the exclusive supplier of PDO threads and Thioderm devices to Novaestiq and receive a certain price per unit which is subject to adjustments in order to allow Novaestiq to achieve a net margin of at least 90% on the sale of Thioderm devices and at least 75% on the sale of each unit of PDO thread. Novaestiq is, however, obliged to purchase annual minimum purchase quantities of the Thioderm devices from Croma, starting from 62,580 units in the first year upon receipt of marketing approval in the United States and increasing up to 300,000 units in the subsequent years. In the event that Novaestiq is not able to meet the minimum purchase quantities it is meant to reimburse Croma for any missed Gross Margins relating thereto. On such occasion, Croma would furthermore have the right to terminate the agreement and, thus, reclaim exclusivity to the PDO threads and Thioderm devices in the contract territory.

In addition, as the Thioderm devices has not yet received market approval in the United States and Canada, the parties agreed that Croma will fund the phase 2b study through completion and Novaestiq will be responsible, subject to commercially reasonable efforts, to have the first patient enrolled in the phase 3 studies for the devices "Thioderm Strong" and "Thioderm Elate" in due time, as specified in the agreement.

The license agreement, which is concluded for an indefinite term, only allows for terminations for cause by either party subject to a customary catalogue of extraordinary termination rights. For example, Croma may terminate the license agreement if Novaestiq fails to timely initiate certain clinical studies concerning the Thioderm devices.

9.11.7 Supply Agreement with BMI Korea Co. Ltd.

In June 2021, Croma through its Brazilian affiliate entered into a supply agreement (as amended) with BMI Korea Co., Ltd. ("**BMI**") for the acquisition of the exclusive right to distribute a botulinum toxin type A 100 unit formulation under the overall Croma brand in certain South and Latin American countries, including, among others, Brazil, Argentina, Chile, Uruguay, Venezuela, Columbia, Mexico and Costa Rica.

As the products at the time of the conclusion of the agreement have not yet received any market authorization in the contract territory, Croma is responsible for obtaining the necessary market authorizations for which it is granted the right to register the formulation under the Croma name and to be the holder of the market authorizations upon their approval. With respect to costs for any clinical trials which may be necessary, the parties agreed to share the costs equally. The first product registrations is planned for Brazil.

Once the formulation has been launched as a product in any country of the contract territory, Croma is subject to minimum purchase commitments (relating to the contract territories as a whole) for the first five years upon the launch. Afterwards, the minimum purchase commitments will be agreed annually based on mutual agreements. Should Croma fail to comply with its minimum purchase commitments in consecutive years, BMI, as a remedy, may terminate the agreement.

BMI develops new formulations and any of these formulations is ready for commercialization in any part of the contract territory, Croma has been granted the right of first negotiation.

The agreement is immediately effective and concluded for an initial term of five years starting with the first commercial launch of the formulation (as product) in any country in the contract territory. Thereafter the agreement will auto-extend on a yearly basis if not terminated by either party in due time. Besides, the agreement provides for customary extraordinary termination rights for either party (*e.g.*, non-compliance with sales targets in consecutive years).

9.11.8 License Agreement with Crescita Therapeutics, Inc.

In June 2021, Croma and Crescita Therapeutics, Inc. ("**Crescita**") entered into a supply and license agreement under which Croma is granted the rights to commercialize Crescita's product Pliaglis in nine

countries including Germany, Ireland, Switzerland, Brazil, Romania, Belgium, Luxembourg, the United Kingdom and Netherlands.

As part of the agreement, Crescita is eligible to receive a combination of upfront and cumulative sales and other milestone payments that could reach €1.25 million over the term of the agreement with a potential for further cumulative sales milestones based on tranches of incremental sales. Crescita will be the sole supplier of Pliaglis under the agreement at a price per unit including a profit margin and Croma subject to minimum purchase quantities. In the event, Croma fails to comply with the minimum purchase quantities in two consecutive years, Crescita has the right to revoke the exclusivity or, up to its sole discretion, terminate the agreement.

The agreement is concluded for an initial term of ten years and automatically extends for further two years, if not terminated by either party with twelve months' notice to the end of the initial term. In addition, the agreement is subject to extraordinary termination rights on part of Crescita (*e.g.*, consecutive non-compliance with minimum purchase quantities or delays with respect to commercialization of Pliaglis).

9.11.9 Supply Agreement with Grand Aespio, Inc.

In September 2021, with effect from August 1, 2021, Croma entered into a supply agreement with Korean company Grand Aespio, Inc. ("**Grand Aespio**") under which Grand Aespio granted Croma the exclusive right to commercialize its PDO threads in the European Union, Switzerland, United Kingdom, Australia, New Zealand, Iran, South Africa, Kuwait, Lebanon, Russia, Argentina, Kingdom of Saudi Arabia, United Arab Emirates, India, Ukraine, Belarus, Brazil, Morocco, Georgia, Armenia, Azerbaijan, Ecuador, Chile, Guatemala, Peru, Bolivia, Costa Rica, El Salvador and Mexico.

Under the agreement it is agreed that Croma has to purchase the PDO threads exclusively from Grand Aespio at certain pre-defined prices. In addition, both parties agreed on certain purchase quantities, with Grand Aespio only being obliged to comply with any order of Croma within these pre-defined quantities.

The agreement is concluded for a term of three years (*i.e.*, until August 1, 2024), with Croma having the option to extend the agreement for an additional period of two years. The agreement is subject to customary extraordinary termination rights.

9.11.10 License Agreement with International Aesthetic

In July 2020, Croma and Lanzhou entered into a license agreement granting Lanzhou the exclusive and royalty-free rights to commercialize certain of Croma's HA Fillers in China and Hong Kong. In May 2021, the license agreement was fully assigned to International Aesthetic, a joint venture of Croma (see "*9.7.3 International Aesthetic Biotech Ltd.*") and Lanzhou was released from its position as party under the agreement.

Under the license agreement, Croma is to remain the manufacturer of the HA Fillers and International Aesthetics committed to minimum purchase quantities. In the event of International Aesthetic's failure to meet the minimum purchase quantities, Croma is entitled to either demand payment of the missed revenue under the agreement or, at its choice, to terminate the license agreement.

The license agreement, which is concluded for an indefinite term, is, except for Croma's termination right with respect to the minimum purchase quantities on part of International Aesthetic, only subject to customary extraordinary termination rights on part of either party,

9.11.11 License Agreement with Profex (Hong Kong) Limited

In May 2022, Croma entered into a license agreement with Profex (Hong Kong) Limited ("**Profex**") under which Croma granted Profex the exclusive rights to commercialize HA Fillers and Thioderm devices in China, Macau and Hong Kong under a brand of Profex's choice, and to further develop the Thioderm devices.

Under the agreement, Croma received a one-off payment in the amount of €5.0 million upon signing and is due to receive another one-off payment in the same amount upon receipt of the approval to start the pivotal Phase III trial for receiving the marketing authorization approval for Products for Europe (CE certification) for the Thioderm devices. In addition, Croma will receive milestone payments in the total amount of €14.0 million dependent on certain regulatory milestone and cumulative sales milestones based on net sales being achieved.

Croma will be the sole supplier of Thioderm devices to Profex and receive a price per unit plus profit margin. In addition, Profex committed to annual minimum purchase quantities for the first five years upon

commercial launch of the Thioderm devices in the contract territory. Failure to comply with the minimum purchase quantities results in Croma being entitled to reimbursements of any net profits lost.

Should Profex decide to make use of its right to further develop the Thioderm devices, it is for such further developed devices not bound to Croma's manufacturing exclusivity or the minimum purchase quantities. In addition, Profex is granted the right of first negotiation in the event that Croma plans to retain a contract manufacturer for the Thioderm devices domiciled in the contract territory.

The agreement, which is concluded for an indefinite term, can only be terminated by either party subject to customary extraordinary termination rights.

9.11.12 Agreements with Beaver-Visitec International

In December 2019, Croma and, among others, Beaver-Visitec International Sales Limited and Victoria Limited (together with their group companies, "**BVI**") entered into certain contractual relationships pursuant to which (i) Croma under an asset purchase agreement sells all rights and interests in a certain hyaluronic acid formulation, known under the name "ETAFILL", and a dispersive ophthalmic viscosurgical devices ("**OVD**") product to BVI, (ii) Croma under a service agreement commits to continue engaging itself in the development of the products and to render regulatory services in this regard, and (iii) Croma under a manufacturing and supply agreement undertakes to manufacture and supply the products exclusively for BVI, which is granted worldwide exclusive distribution rights.

9.11.12.1 Asset Purchase Agreement

Under the asset purchase agreement, BVI acquired certain OVD assets from Croma, among others, know-how, technical information, trademarks and existing marketing authorization for a one-off payment of €8 million and milestone payments in the total amount of €4.5 million for certain regulatory approvals. The asset purchase agreement was amended by an amendment agreement entered into in 2022, pursuant to which the one-off payment was decreased from €8 million to €6 million and the milestone payments were increased from €4.5 million to €9.7 million.

Should Croma decide to sell its remaining OVD business or substantially all of its assets relating thereto, BVI is granted a pre-emption purchase right for as long as the manufacturing agreement is effective (see "*9.11.12.3 Manufacturing and Supply Agreement*").

Based on a non-compete provision in the agreement, Croma is not permitted to develop, manufacture, distribute or commercialize any OVDs other than the OVDs solely composed of HPMC. Should Croma within these limits and during the term develop any new OVD products, BVI has the right of first negotiation.

9.11.12.2 Service Agreement

Under the service agreement, Croma undertook to provide certain services to BVI relating to, among others, developing future products and obtaining regulatory approvals for BVI. Any consideration for Croma's services provided under the service agreement is covered by the milestone payments agreed upon in the asset agreement (see "*9.11.12.1 Asset Purchase Agreement*"). The service agreement runs for an initial term of ten years and automatically renews for successive periods of one year, unless terminated by either Croma or BVI.

9.11.12.3 Manufacturing and Supply Agreement

Under the purchase agreement, Croma undertook to manufacture and sell a certain hyaluronic acid formulation, known under the name "ETAFILL", and a dispersive OVD product, once it is developed, exclusively to BVI and BVI undertakes to purchase its entire requirement from Croma. The prices for any products sold from Croma to BVI are set at the cost of materials and cost of services per unit plus margin.

Pursuant to the manufacturing and supply agreement, BVI is subject to certain minimum purchase commitments, which in the event of failure entitle Croma to customary remedies, among others, the reimbursement of profit margins to Croma, or on election by Croma the loss of BVI's exclusivity. The manufacturing and supply agreement contains also a non-compete clause under which both Croma and BVI have to refrain from developing, distributing or commercializing any product that competes with ETAFILL or dispersive OVD. Should BVI, however, fail to comply with its minimum purchase commitments, the non-compete may, only together with the exclusivity, be revoked by Croma.

The manufacturing and supply agreement runs for an initial term of ten years and automatically renews for successive periods of one year, unless terminated by either Croma or BVI.

9.11.13 Allergan Licensing Agreement

In July 2018, Croma entered into an in-licensing agreement with, among others, Allergan USA, Inc. ("**Allergan**"), pursuant to which Allergan has granted the Company a non-exclusive, royalty-bearing right and license to use Allergan's U.S. Patent Nos. 8,450,475 and 8,357,795 and related patents to manufacture certain products containing hyaluronic acid and lidocaine (and related processes). For the right to use the patents Croma has agreed to pay certain royalties on Croma's net sales of such products in the U.S. The royalties may be subject to down adjustments in the future.

The licensing agreement continues to be in effect as long as Allergan is the valid owner of the patents governed by the licensing agreement. The licensing agreement can only be terminated by either party subject to customary extraordinary termination rights. In addition, Croma under the product distribution agreement concluded with Hugel America (see "*9.11.2 2018 Croma Product Distribution Agreement*") undertook not to amend or terminate the licensing agreement without Hugel America's consent.

9.11.14 Arthrex Distribution Agreement

In April 2017, Croma entered into a distribution agreement (as amended) with Arthrex GmbH ("**Arthrex**") under which Arthrex granted Croma the exclusive distribution rights for the Arthrex ACP product and other complimentary products produced by Arthrex ("**Arthrex Products**") for certain European countries, including Austria, Poland, Romania, France, Spain, Netherlands, Portugal and Switzerland.

Arthrex will be the sole supplier of Arthrex Products to Croma which has to comply with certain annual sales targets. Failure by Croma to achieve at least 50% of the annual sales target results in Arthrex being entitled to terminate the agreement or, at its sole discretion, amend the contract territories or deprive Croma of its exclusivity in all territories.

Croma undertook under the agreement not to sell, during the term of the agreement, any competing products for the preparation of autologous cell or blood concentrates in the contract territory and to not enter into participations with competitors of Arthrex exceeding a stake in the share capital of 24.9%. Furthermore, Croma undertook to, among others, adhere to Arthrex's style guide with respect to the marketing of Arthrex Products and to implement them in its combination therapy workshops and also mention them as part of its product portfolio.

Moreover, Croma undertook not to sell any competing products with respect to the preparation of autologous cell or blood concentrates in the territories of the distribution agreement and to not enter into participations in Arthrex competitors exceeding 24.9% of the competitor's share capital (both only applicable during the term of the agreement).

In 2022, the term of agreement was extended until March 31, 2027. It contains a change of control termination right in the event that the majority of voting stock by either party to the distribution agreement is transferred, or if there is a change to the ownership, principals or control of the cooperation or legal entity. This change of control termination right is not triggered by the consummation of the Business Combination.

9.11.15 Financing Agreements

9.11.15.1 Promissory Notes

In February 2020, Croma issued promissory notes (*Schuldscheindarlehen*) in the aggregate amount of €40 million with Erste Bank, an Austrian bank, acting as arranger. The promissory notes were mainly sold to German and Austrian banks and were divided into three tranches with maturities in 2023, 2025 and 2027. The first tranche in the amount of €9.0 million was repaid by Croma in February 2023, as a result of which the outstanding principal amount was €31.0 million as of the end of February 2023.

The promissory notes are either subject to a fixed interest rates of 1% to 1.5% or variable interest rates based on the EURIBOR with a margin between 1% to 1.5%. In addition, the fixed and variable interest rates are subject to step-up of 0.5% in case Croma's consolidated capital ratio is below 45%.

The promissory notes contain certain financial and non-financial covenants that, in the event of a breach, allow the creditors to early terminate the contract. In such a case the creditor is entitled demand repayment of the outstanding amount, including due interests as well as customary indemnifications. The financial covenant is breached if Croma's consolidated equity ratio according to IFRS is less than 35.0% at the end of each financial year.

The promissory notes are further subject to a change of control clause that is triggered if an event occurs which leads to Andreas and Martin Prinz (in the aggregate) ceasing direct or indirect control of more than 50% of the outstanding share capital or the corresponding voting rights in Croma, with the initial public offering of the Company, however, being exempted. In addition, the change of control clause is not triggered if the Prinz family retains its influence with respect to appointing the majority of the members of the Management Board or Supervisory Board. Consequently, the Business Combination does not trigger the change of control clause.

9.11.15.2 Other Financing Arrangements

In addition to the promissory notes, Croma had loans in the drawn amount of €22.2 million outstanding as of December 31, 2022. The majority of these loans was concluded with Austrian banks and interest rates being either fixed or variable, with maturities ranging from the end of 2024 to 2028.

Some of the loans are subject to financial and other covenants, with the financial covenants relating to, among others, (i) an adjustable equity ratio of no less than 15%, 17.5%, 23% and 27.5%, respectively, (ii) a net debt ratio of no less than 6, (iii) a debt servicing maximum of 12 years (except for the financial year 2022, for which the debt servicing maximum was 14 years), and (iv) a leverage maximum of 5.5. Furthermore, some loans provide for covenants that prohibit profit distributions on part of Croma to its shareholders. In addition, under the IBA Lease Agreement, Croma is subject to (i) a free liquidity covenant in excess of €5 million, (ii) a debt servicing maximum of 12 years and (iii) an adjusted equity ratio of no less than 27.5%.

If any of the financial or other covenants were breached, the lenders would be entitled to terminate the relevant loan agreements and demand immediate repayment of the outstanding amounts, including interest.

As of December 31, 2022, we were in breach with the net debt ratio covenants under our loan agreements with Erste Bank (credit line of €16.4 million) and with Unicredit (nominal loan amount of €5 million), which provided for a net debt ratio of 6 and 5.5, respectively. Our net debt ratio as of December 31, 2022 was 8 and was, therefore, above the contractually agreed thresholds. However, we were able to remedy these breaches through the issuance of letters of comfort (*Patronatserklärungen*) by Andreas Prinz and Martin Prinz towards both lenders. Furthermore, we were also in breach of another covenant relating to a loan with Raiffeisenlandesbank Oberösterreich in the amount of €4 million (under which €2.6 million were drawn as of December 31, 2022) under which we are obliged to have an equity ratio of no less than 30% and a debt servicing maximum of 12 years. As we were not able to obtain a formal waiver, Andreas Prinz provided a so-called bill guarantee (*Wechselbürgschaft*) towards Raiffeisenlandesbank Oberösterreich to the benefit of Croma, which allowed us to re-negotiate the loan agreement and the financial covenants. As a result of these negotiations, Raiffeisenlandesbank Oberösterreich agreed to amend the financial covenants under the loan agreement retrospectively, according to which we were required, as of December 31, 2022, to have an adjusted equity ratio of no less than 23% and a debt servicing maximum of 14 years. In order to comply with the debt servicing maximum for 2022, we decided to reclassify an amount of €1.9 million from non-current to current interest bearing loans and borrowings. For the following financial years starting with the financial year 2023, the original covenants of an equity ratio of no less than 30% and a debt servicing maximum of 12 years continue to apply. In previous years, for example in 2020 and 2021, we were also unable to comply with certain financial covenants relating to our (adjusted) equity capital having to be over 30% and our leverage lower than 8. In each case, however, we could avoid the exercise of termination rights by the lenders due to our anticipation and letters of comfort (*Patronatserklärungen*) being granted by our shareholders' Andreas Prinz and Martin Prinz. In addition, Andreas Prinz and Martin Prinz provided a guarantee (*Bürgschaft*) in favor of Croma with respect to a credit line at Erste Bank under which an amount of €11.9 million was outstanding as of December 31, 2022.

9.12 Litigation

In the course of its business activities, we are regularly exposed to numerous legal risks, in particular in the areas of product liability, competition, intellectual property disputes and tax matters.

Other than for the litigation proceeding with Medytox, Inc. described in the following, we are not aware of any governmental, legal or arbitration proceedings (whether pending or threatened) with a value exceeding €0.5

million or which may otherwise have, or have had, a significant effect on Croma's financial position or profitability during the past twelve months.

In the United States, we are currently involved in a complaint brought by Medytox, a subsidiary of South Korean-based limited liability corporation Medytox, before the United States International Trade Commission on March 30, 2022, relating to the Alleged Products (see also "*8.8.2 We or our distribution partners may be involved in litigation, such as the claim filed by Medytox, Inc. alleging unfair methods of competition and unfair acts in relation to certain botulinum toxin products of Hugel, Inc., or other proceedings that could adversely affect our business.*").

Medytox alleges that Hugel, Inc., a subsidiary of South Korean-based company Hugel, developed and now manufactures the Alleged Products using a proprietary strain of c. botulinum bacteria and related secrets illegally obtained and misappropriated from Medytox and, therefore, through unfair methods of competition and unfair acts in violation of 19 U.S.C. §13378(a)(1)(A). In particular, Medytox claims that the Alleged Products interfere with its own product "MT10109L", which is not yet marketed or sold in the U.S. but for which phase III clinical trials commenced in fall 2018. After successful trials "MT10109L" is planned to be market and sold in the United States.

Accordingly, under the claim, Medytox seeks remedial orders against Hugel, Inc., Hugel America and Croma and requests under an issuance of relief that (i) under a permanent exclusion order, the Alleged Products are barred entry in the U.S. and (ii) under a cease and desist order, the Alleged Products are not sold and otherwise distributed, either directly or indirectly, nor tested, licensed or in any other way commercialized or utilized by the Croma and the other respondents.

As of the date of this Circular, the Alleged Products are yet to be approved by the FDA for marketing and distribution in the United States, and, thus, are only imported for the use in clinical trials to obtain the data necessary for the FDA approval. If Medytox's claim were to be successful or an adverse ruling against one of the defendants were to be issued, this would create an adverse effect on the distribution rights held by Croma through its joint venture Hugel America with respect to the U.S. market. Hugel, Inc. and Croma believe, however, that there are no facts or circumstances that support the claims filed by Medytox.

10. CURRENT SHAREHOLDING STRUCTURE OF CROMA

10.1 Issued Share Capital

As at the date of this Circular and immediately prior to the completion of the Business Combination, the issued share capital of Croma amounts to €36,336.42 and is divided into three shares (*Geschäftsanteile*), each with a different nominal value as depicted in the table below, but all of which are fully paid-up and are subject to, and have been issued under, the laws of Austria.

10.2 Direct Shareholders

The current direct shareholders of Croma (as at the date of this Circular) are:

Shareholders	Nominal Value (EUR)	Share Percentage (%)
OLIN Holding GmbH	17,841.18	49.1
PMJ GmbH	17,841.18	49.1
Prinz Holding GmbH	654.06	1.8
Total	**36,336.42**	**100.00**

(1) A limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria and registered in the business register (*Firmenbuch*) of the regional court (*Landesgericht*) of Korneuburg under FN 422705 a with registered office at Industriezeile 6, 2100 Leobendorf, Austria.

(2) A limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria and registered in the business register (*Firmenbuch*) of the commercial court (*Handelsgericht*) of Vienna under FN 431203 y with registered office at Franz-Josefs-Kai 53/10, 1010 Vienna, Austria.

(3) A limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria and registered in the business register (*Firmenbuch*) of the commercial court (*Handelsgericht*) of Vienna under FN 431204 z with registered office at Franz-Josefs-Kai 53/10, 1010 Vienna, Austria.

10.3 Indirect Shareholders

The current shareholder of OLIN is Andreas Prinz. PMJ is owned to 99.3% by Martin Prinz and to 0.7% by M. Schneider Holding GmbH. Croma's founders Karin and Gerhard Prinz currently own PH to 50% each.

11. SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE CROMA GROUP

The financial information of the Croma Group contained in the following tables is taken or derived from Croma's audited consolidated financial statements as of and for the financial years ended December 31, 2022, December 31, 2021 and December 31, 2020. The financial information with respect to the financial year ended December 31, 2021 presented in the tables is taken from the comparative consolidated financial information as of and for the financial year ended December 31, 2021 included in the audited consolidated financial statements of Croma as of and for the financial year ended December 31, 2022. The audited consolidated financial statements of Croma as of and for the financial years ended December 31, 2022, December 31, 2021 and December 31, 2020 have been prepared in accordance with IFRS and the additional requirements under Section 245a Austrian Commercial Code (Unternehmensgesetzbuch, UGB).

Ernst & Young has audited the consolidated financial statements of Croma as of and for the financial years ended December 31, 2022, December 31, 2021 and December 31, 2020 in accordance with Austrian standards on auditing, which require to comply with International Standards on Auditing (ISA), and has issued unqualified auditor's reports with respect to the German-language consolidated financial statements of Croma as of and for the financial years ended December 31, 2022 and December 31, 2021. With respect to the German-language consolidated financial statements of Croma as of and for the financial year ended December 31, 2020, Ernst & Young issued a German-language qualified auditor's report. With respect to the emphasis of matter paragraph contained in the unqualified auditor's report on the consolidated financial statements of Croma as of and for the financial year ended December 31, 2021 and the qualification and emphasis of matter paragraphs as well as other matter paragraph contained in the qualified auditor's report on the consolidated financial statements of Croma as of and for the financial year ended December 31, 2020, see "5.8 Additional Information on Financial Information of Croma". English translations of the aforementioned consolidated financial statements of Croma and the respective auditor's reports thereon are included in this Circular.

Where financial information in the following tables is labeled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but has been taken either from Croma's accounting records or internal reporting system, or has been calculated based on figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables included in this Circular is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables below may not add up to the aggregate amounts in such tables (sum totals or sub totals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Circular.

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

11.1 Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

	For the year ended December 31,		
	2022	2021	2020
		(audited)	
		(in € million)	
Revenue from contracts with customers	120.7	94.1	79.8
Other income	0.5	1.7	1.3
Revenues	**121.2**	**95.8**	**81.1**
Other operating income	2.8	1.0	1.4
Income from internally generated intangible assets	6.7	6.4	5.0
Cost of materials	(28.5)	(18.8)	(20.8)
Cost of services	(0.4)	(0.1)	(0.2)
Changes in inventories	0.8	(2.5)	4.4
Employee benefits expenses	(44.3)	(37.2)	(31.1)
Depreciation[(1)]	(10.0)	(8.1)	(8.2)
Impairment losses[(2)]	(1.1)	(5.5)	–

	For the year ended December 31,		
	2022	2021	2020
		(audited)	
		(in € million)	
Other operating expenses[(1)]	(39.8)	(36.8)	(38.7)
Finance costs	(2.0)	(1.5)	(1.3)
Finance income	0.0	0.0	0.1
Profit/(loss) before tax	**5.3**	**(7.3)**	**(8.5)**
Income tax expense/income	(1.0)	1.7	0.1
Profit/(loss) for the period	**4.2**	**(5.6)**	**(8.4)**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations	0.3	(0.1)	(0.6)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods(net of tax):			
Remeasurement gain/(loss) on defined benefit plans	0.0	(0.1)	0.0
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	1.7	0.5	(0.5)
Other comprehensive income/(loss) for the year, net of tax	**2.0**	**0.3**	**(1.0)**
Total comprehensive income for the year, net of tax	**6.2**	**(5.2)**	**(9.4)**
Profit/(loss) for the period, attributable to:			
Equity holders of the parent	4.1	(5.7)	(8.6)
Non-controlling interests	0.1	(0.1)	(0.2)
	4.2	**(5.6)**	**(8.4)**
Total comprehensive result for the year, attributable to:			
Equity holders of the parent	6.1	(5.4)	(9.6)
Non-controlling interests	0.1	0.1	0.2
	6.2	**(5.2)**	**(9.4)**

(1) Adjusted for the financial year 2021 as the additional line item impairment losses has been introduced in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022, resulting in €2.6 million, which were previously reported as depreciation, and €2.9 million, which were previously reported as other operating expenses in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2021, being reclassified to impairment losses for 2021 in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022. No adjustments have been made to the consolidated financial information for 2020.

(2) Additionally introduced in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022. In the consolidated financial statements of Croma as of and for the financial years ended December 31, 2021 and December 31, 2020, impairment losses have been reported within other operating expenses and depreciation.

11.2 Consolidated Statement of Financial Position

	As of December 31,		
	2022	2021	2020
		(audited)	
		(in € million)	
Assets			
Non-current assets			
Property, plant and equipment	6.3	7.0	5.3
Right-of-use assets	34.7	39.9	44.4
Intangible assets and goodwill	57.0	53.2	53.8
Non-current financial assets	41.4	39.7	36.7
Other non-current receivables	11.5	11.1	11.7
Non-current contract assets	0.6	0.4	–

	As of December 31,		
	2022	2021	2020
		(audited) (in € million)	
Deferred tax assets	0.9	1.3	0.7
Non-current assets	**152.4**	**152.6**	**152.5**
Current assets			
Inventories	26.0	22.7	20.3
Trade receivables[(1)]	33.6	22.5	17.6
Prepayments	1.8	2.6	0.8
Other current receivables	1.4	3.0	3.0
Current contract assets	–	0.5	–
Government grants	3.4	2.7	3.7
Cash and short-term deposits[(2)]	7.1	5.7	15.3
Current assets	**73.2**	**59.8**	**60.6**
Total assets	**225.6**	**212.4**	**213.2**
Equity			
Issued capital	0.0	0.0	0.0
Retained earnings	89.5	85.4	90.8
Other components of equity	1.1	(0.8)	(0.9)
Equity attributable to the equity holders of the parent	**90.7**	**84.5**	**89.9**
Non-controlling interests	0.7	0.7	0.6
Total equity	**91.3**	**85.2**	**90.5**
Non-current liabilities			
Interest-bearing loans and borrowings	36.3	50.0	45.4
Other non-current financial liabilities	34.4	35.2	1.3
Other non-current payables	1.7	-	1.2
Provisions	1.1	1.1	0.9
Government grants	3.1	2.2	3.7
Deferred tax liabilities	3.2	2.2	5.3
Non-current liabilities	**79.9**	**90.7**	**54.2**
Current liabilities			
Trade and other payables	19.2	11.6	10.4
Contract liabilities	2.0	4.6	2.5
Interest-bearing loans and borrowings	25.8	10.7	10.0
Other current financial liabilities	4.5	5.4	43.5
Income tax payable[(3)]	0.1	2.1	–
Provisions	2.7	2.1[(3)]	2.0
Current liabilities	**54.4**	**36.5**	**68.4**
Total liabilities	**134.3**	**127.2**	**122.6**
Total equity and liabilities	**225.6**	**212.4**	**213.2**

(1) Trade receivables do not bear interest and are generally due within 10 to 120 days.
(2) Short-term deposits are held for varying periods of time, ranging from one day to three months, depending on the cash requirements of Croma.
(3) In the consolidated financial statements of Croma as of and for the financial year ended December 31, 2020, the income tax liabilities were included in the provisions.

11.3 Consolidated Statement of Cash Flows

	For the year ended December 31,		
	2022	2021	2020
		(audited)	
		(in € million)	
Profit/(loss) before tax	**5.3**	**(7.3)**	**(8.5)**
Depreciation and impairment losses	11.1	13.6	8.2
Finance costs	2.0	1.5	1.3
Finance income	(0.0)	(0.0)	(0.1)
Other non-cash items	2.6	(5.9)	1.7
Increase (+)/decrease (-) in non-current provisions	(0.1)	0.1	0.0
	20.9	**1.9**	**2.7**
Working capital changes:			
Increase (-)/decrease (+) in inventories	(5.3)	(0.2)	(5.2)
Increase (-)/decrease (+) in trade receivables and other receivables	(10.7)	(6.9)	11.1
Changes in government grants	0.2	1.0	(0.5)
Increase (+)/decrease (-) in trade payables	5.1	3.2	(4.9)
Increase (+)/decrease (-) in other payables and provisions	1.6	1.4	0.0
Cash flow from operating activities	**11.8**	**0.5**	**3.3**
Interest paid	(2.0)	(1.4)	(0.6)
Income tax received/paid	0.5	(0.5)	(1.6)
Net cash flow from operating activities	**10.3**	**(1.5)**	**1.1**
Investing activities			
Purchase of property, plant and equipment	(1.1)	(2.7)	(0.8)
Purchase of intangible assets	(8.1)	(7.1)	(8.5)
Proceeds from sale of property, plant and equipment	0.0	0.2	0.0
Proceeds from sale of intangible assets	0.6	0.8	1.4
Purchase of non-current financial assets	–	(0.0)	(0.0)
Acquisition of subsidiaries, net of cash acquired	–	–	–
Net cash flows from/used in investing activities	**(8.5)**	**(8.8)**	**(7.9)**
Financing activities			
Repayment of interest-bearing loans and borrowings	(2.8)	(2.8)	(20.2)
Proceeds from interest-bearing loans and borrowings	4.2	8.1	44.2
Repayment of other financial liabilities	(4.8)	(4.5)	(4.8)
Proceeds from other financial liabilities	3.0	–	–
Dividends paid to non-controlling interests	(0.1)	(0.1)	(0.2)
Net cash flow from/used in financing activities	**(0.4)**	**0.7**	**19.0**
Net increase/decrease in cash and cash equivalents	**1.3**	**(9.6)**	**12.1**
Cash/cash equivalents as of 1 January	**5.7**	**15.3**	**3.2**
Cash/cash equivalents as of 31 December	**7.1**	**5.7**	**15.3**

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE CROMA GROUP

The following discussion and analysis should be read in conjunction with the rest of this Circular, including, in particular, the information set out in "7. Business Combination", "9. Croma's Business" and "15. Financial Information of Croma-Pharma GmbH".

The financial information of the Croma Group contained in the following discussion and analysis is taken or derived from Croma's audited consolidated financial statements as of and for the financial years ended December 31, 2022, December 31, 2021 and December 31, 2020 or Croma's accounting records or internal reporting system. The financial information with respect to the financial year ended December 31, 2021 is taken from the comparative consolidated financial information as of and for the financial year ended December 31, 2021 included in the audited consolidated financial statements of Croma as of and for the financial year ended December 31, 2022. The audited consolidated financial statements of Croma as of and for the financial years ended December 31, 2022, December 31, 2021 and December 31, 2020 have been prepared in accordance with IFRS and the additional requirements under Section 245a Austrian Commercial Code (Unternehmensgesetzbuch, UGB).

Ernst & Young has audited the consolidated financial statements of Croma as of and for the financial years ended December 31, 2022, December 31, 2021 and December 31, 2020 in accordance with Austrian standards on auditing, which require to comply with International Standards on Auditing (ISA), and has issued unqualified auditor's reports with respect to the German-language consolidated financial statements of Croma as of and for the financial years ended December 31, 2022 and December 31, 2021. With respect to the German-language consolidated financial statements of Croma as of and for the financial year ended December 31, 2020, Ernst & Young issued a German-language qualified auditor's report. With respect to the emphasis of matter paragraph contained in the unqualified auditor's report on the consolidated financial statements of Croma as of and for the financial year ended December 31, 2021 and the qualification and emphasis of matter paragraphs as well as other matter paragraph contained in the qualified auditor's report on the consolidated financial statements of Croma as of and for the financial year ended December 31, 2020, see "5.8 Additional Information on Financial Information of Croma". English translations of the aforementioned consolidated financial statements of Croma and the respective auditor's reports thereon are included in this Circular.

Where financial information in the following tables is labeled "audited", this means that it has been taken from the audited consolidated financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited consolidated financial statements mentioned above, but has been taken either from Croma's accounting records or internal reporting system, or has been calculated based on figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables included in this Circular is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables below may not add up to the aggregate amounts in such tables (sum totals or sub totals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Circular.

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

*References to "**we**", "**us**" or "**our**", "**Croma**" and "**Croma Group**" refer to Croma-Pharma GmbH and its subsidiaries, prior to and/or after Consummation, unless the context requires otherwise.*

12.1 Overview of Croma's Business

We believe we are a specialty pharma player in the field of minimally invasive aesthetics and a leading manufacturer of premium quality HA Fillers, as well as a supplier of hyaluronic acid based products for medical applications in the field of orthopaedics and ophthalmology. Our mission is to offer a comprehensive and innovative product portfolio for minimally invasive treatments and to develop products with the consumers' well-being in mind. We aim to become the go-to partner for healthcare professionals in minimally invasive

aesthetics, offering a comprehensive portfolio of aesthetics injectables, such as, HA Fillers, Non-HA Products, botulinum toxin, PDO threads and complementary products on a global scale.

The global minimally invasive aesthetics market, which covers the market value of all minimally invasive aesthetic treatments and procedures (including injectables), is estimated to amount to between €15 to €16 billion (*source: DRG*). Additionally, the global aesthetics injectables market, which includes HA Fillers, Non-HA products and aesthetic neuromodulators is estimated to amount to approximately €8 billion, with the filler segment being slightly bigger than neuromodulators (*source: DRG*). Going forward, the global aesthetic injectables market is furthermore expected to continue its pre-pandemic high growth at a CAGR of 8-10% from 2022 to 2027 (*source: DRG*). This growth is expected to be driven primarily by the overall increase in volume, while the current recessionary impact is expected to soften volume growth over the next two years, with less new patients and less frequent treatments for existing patients, especially impacting the low-cost providers. To a lesser extent, this growth is expected to be driven by pricing, which mainly is expected to increase over the next two years given the current inflationary environment and the expected impact of increased regulatory requirements of the MDR on European prices from 2025 onwards.

Founded in Vienna in 1976 by pharmacist family Prinz, we are headquartered in Leobendorf, near Vienna, Austria. After selling our legacy Ortho & Ophtha business to Valeant Pharmaceuticals in 2014, we have been focusing on minimally aesthetic medicine. Our current product portfolio comprises our proprietary HA Fillers, Non-HA Products such as our biostimulators and PDO threads, and a botulinum toxin product (*i.e.*, Letybo), and is further complemented by our skincare products and a local anaesthetic topical. Besides our proprietary HA Fillers and our skincare products, all of our current products are in-licensed from experienced collaboration partners on a global scale but sold under the overall Croma brand. With some of our collaboration partners we also entered into joint ventures.

A milestone in our history was partnering with Hugel, Inc. with respect to the commercialization of their botulinum toxin product (*i.e.*, Letybo) in certain jurisdictions. The addition of Letybo to our portfolio allows us, subject to a successful roll-out, to offer a comprehensive portfolio to healthcare professionals in Europe and select international markets, and to further facilitate our growth through cross-selling and other sales strategies. We may, in particular, engage in further geographic expansion with longer-term views towards the opening of an affiliate in the United States, where we are currently present through our joint venture with Hugel, Inc (*i.e.*, Hugel America, Inc.). In addition, by leveraging our expertise gained through our Ortho & Ophtha legacy business as well as our expertise with manufacturing hyaluronic acid-based products, we act as a contract manufacturer for parties in the Ortho & Ophtha and the minimally invasive aesthetics industry. To the minimally invasive aesthetics industry we mainly manufacture and distribute our proprietary HA Fillers as a white label product and with respect to Ortho & Ophtha we produce certain hyaluronic-acid based products for third parties based on long-standing customer relationships.

We believe that our commitment to commercial excellence as well as our international and domestic regulatory experience, our early advocacy and readiness for the implementation of the MDR with a precise focus on aesthetic performance and safety and our successful global clinical development program is a key differentiator in our industry.

12.2 Key Financial and Operating Data

We use Gross Margin, EBITDA margin and Capital Expenditure as key performance indicators in order to assess the success of our business. We believe that these indicators, together with other relevant financial and operating data, will be helpful for investors when assessing our performance. However, such key performance indicators are not prepared in accordance with IFRS and should therefore not be considered as alternatives or substitutes for profit or loss for the period or other data from financial information prepared in accordance with IFRS, or as measures of profitability or liquidity. In addition, such information does not necessarily indicate whether cash flows will be sufficient to fulfil cash requirements and may not be indicative of our future results (see "*5.7 Alternative Performance Measures*").

The following table provides an overview of certain key financial data relating to our performance for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(audited, unless otherwise indicated)		
	(in € million, unless otherwise indicated)		
Revenues (in € million)	121.2	95.8	81.1
Gross Margin (in %)[(1)(2)]	76.8	77.6	79.5
EBITDA (in € million)[(1)(3)]	18.4	7.8	0.9
EBITDA margin (in %)[(1)(4)]	*15.2*	*8.1*	*1.1*
Capital Expenditure (in € million)[(1)(5)]	9.1	9.8	9.3

(1) Unaudited.
(2) Defined as the ratio of (i) revenues *less* cost of materials, *less* cost of services, *less* changes in inventories, divided by (ii) revenues.
(3) Defined as profit/loss before tax, finance income, finance costs, depreciation and impairment losses.
(4) Defined as EBITDA divided by revenues.
(5) Defined as purchase of property, plant and equipment and purchase of intangible assets, as shown in the consolidated statement of cash flows. For a calculation and discussion of Capital Expenditure, see "*12.6.2 Capital Expenditure*".

12.2.1 Gross Margin

We define "**Gross Margin**" as the ratio of (i) revenues less cost of materials, less cost of services, less changes in inventories, divided by (ii) our revenues. This Gross Margin is influenced by the fact that our consolidated statement of profit or loss is prepared by using the total cost method (nature of expense) (*Gesamtkostenverfahren*), which groups costs according to their nature (*i.e.*, the Gross Margin does not reflect any personnel, marketing or other expenses required for the generation of revenues).

The following table provides a calculation of our Gross Margin for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(audited, unless otherwise indicated)		
	(in € million, unless otherwise indicated)		
Revenues	121.2	95.8	81.1
Cost of materials	(28.5)	(18.8)	(20.8)
Cost of services	(0.4)	(0.1)	(0.2)
Changes in inventories	0.8	(2.5)	4.4
Difference amount[(1)(2)]	**93.1**	**74.3**	**64.4**
Revenues	121.2	95.8	81.1
Gross Margin (in %)[(1)]	***76.8***	***77.6***	***79.5***

(1) Unaudited.
(2) Defined as revenues less cost of materials, cost of services and changes in inventories.

12.2.2 EBITDA Margin

We define "**EBITDA**" as profit/loss before tax, finance income, finance costs, depreciation and impairment losses. "**EBITDA margin**" is defined as EBITDA divided by revenues. We believe that EBITDA and EBITDA margin are meaningful financial measures to evaluate our operating earnings and profitability (performance). We understand that these financial measures are also broadly used by analysts, rating agencies and investors in assessing other companies' operating performance.

The following table provides a calculation of our EBITDA and EBITDA margin for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
	(audited, unless otherwise indicated)		
	(in € million, unless otherwise indicated)		
Profit/(loss) before tax	5.3	7.3	8.5
Finance income	0.0	0.0	0.1
Finance costs	2.0	1.5	1.3

	For the year ended December 31,		
	2022	2021	2020
	(audited, unless otherwise indicated)		
	(in € million, unless otherwise indicated)		
Depreciation	10.0	8.1	8.2
Impairment losses[1]	1.1	5.5	–
EBITDA[2]	**18.4**	**7.8**	**0.9**
Revenues (in € million)	121.2	95.8	81.1
EBITDA margin (in %)[2]	***15.2***	***8.1***	***1.1***

(1) For the financial year 2020 included in depreciation.
(2) Unaudited.

12.3 Key Factors Affecting Our Results of Operations, Financial Conditions and Cash Flows

The key factors discussed below have significantly affected our results of operations, financial condition and cash flows during the periods for which financial information is included in this Circular, and we believe that these factors will continue to affect us going forward:

12.3.1 Investments in Portfolio and Successful Commercialization of our Products

We are a specialty pharma company offering a comprehensive product portfolio in the field of minimally invasive aesthetics to healthcare professionals, as our customers, through certain sales channels (*i.e.*, direct or through affiliates, independent distributors and (license) partners). In addition, based on our expertise with manufacturing hyaluronic acid-based products, in particular, our proprietary HA Fillers, we are active as contract manufacturer for the minimally invasive aesthetics industry and, as part of our legacy business, also for the orthopaedics and ophthalmology industry.

With respect to our dermatology business, we focus on offering a comprehensive product portfolio to healthcare professionals in select key markets on an international scale. Our portfolio consists of HA Fillers, Non-HA Products, botulinum toxins and certain complementary skincare and medicinal products or devices. Illustrative for our commitment to continuously evolve and enhance our product offering we are currently in the process to develop our Thioderm devices, which are a new generation of HA Fillers based on a BDDE-free crosslinking technology. In the medium term, we plan to bring four different types of Thioderm devices to market, known under our project and concept names "Strong", "Elate", "Eye" and "Body". In connection with the development processes of these devices, we will incur significant costs in the next years and for some of these we have yet to allocate funds. In addition, we are in the process of bringing our Saypha HA Fillers "Filler Lidocaine" and "Volume Lidocaine" to market in the United States and, therefore, seek to gather the data necessary for the FDA's approval decision conducting extensive clinical studies. The launch of these two HA Fillers is intended for 2024 and 2025, respectively. We are also in the process of extending our Saypha product line in the European Union with two Saypha HA Fillers that specifically target lip and eye treatments. To this end, we have conducted clinical studies to prove MDR compliance in the last three years and intend to launch our Saypha extension for lip treatments in 2025 and for eye treatments not earlier than in 2026, in each case subject to regulatory approval. As it is typical, we have incurred and we will continue to incur significant costs with respect to the clinical studies necessary for the launch of the Saypha extensions in the European Union and the release of the two Saypha HA Fillers in the United States. In the periods under review, the total costs for these amounted to approximately €10.1 million, of which approximately €8 million are to be attributed to the Saypha HA Fillers intended for the United States.

The licensing of the rights for the botulinum toxin of Hugel for 40 European countries, which we currently sell under the name "Letybo", was a significant milestone for the comprehensiveness of our portfolio (see *"9.11.1 Partnering with Hugel"*). After conducting pivotal studies in the European Union and in the United States in 2021 and 202.120 with total costs of €6.3 million as well as conducting a head to head supporting study, also in 2021 and 2020, with total costs of €3.5 million, we received the market authorization in select European countries and launched Letybo recently in, among others, Austria, Germany, Italy, France, United Kingdom, Ireland, Spain, Poland, Romania, the Netherlands and Portugal. Subject to the necessary regulatory approvals, we further plan to launch Letybo in at least 19 further European countries. The costs associated with this are mainly registration costs and other normal costs such as marketing costs as well as costs for the training and education of healthcare professionals. In the United States, we conducted several studies for Hugel America, our joint venture with Hugel. We were reimbursed by Hugel America for the total costs for these studies, which amounted to an aggregate of €9.7 million for 2021 and 2020. While we had to increase the

headcount of our sales department for the Letybo launch in the European countries, the launch of Letybo in the United States (subject to regulatory approval) as well as Canada, New Zealand and Australia is performed solely by Hugel America.

Our contract manufacturing business consists mainly manufacturing and distributing our proprietary HA Fillers as white label product to third parties in the minimally invasive aesthetics industry and of producing certain hyaluronic-acid based products for third-parties in the Ortho & Ophtha industry based on long-standing customer relationships, such as with BVI (see "*9.11.12 Agreements with Beaver-Visitec International*"). While we do not expect our contract manufacturing business with respect to Ortho & Ophtha to grow significantly, we believe to achieve significance sales growth with respect to the white labelling of our HA Fillers. With respect to contract manufacturing our sales efforts are directed solely at distributing our white label HA Fillers.

12.3.2 Successful Implementation of Geographic Expansion

As an international driven player, we currently maintain direct presences in 13 key markets in Europe and South America, including in Brazil, Poland, Germany, United Kingdom and in our home market Austria. In addition, we utilize a global network of distributors spanning across over 70 markets, located, in among others, Europe, South America, Asia and Africa.

To further drive sales and to get better exposure to healthcare professionals, we are in the process of opening a direct presence in Mexico to address the Latin America region and also intend to open further presences in Europe. For example, we plan to establish a sales force in Belgium and Luxembourg in 2023 and, in the future, to address the Scandinavian market with presences or sales forces in Sweden, Denmark, Norway and Finland. In order to better serve the Middle East and North Africa regions and to establish efficient order channels, we also plan to establish a regional office in Dubai, United Arabian Emirates, to serve as a hub for deliveries in the Middle East and North Africa region. In each of these regions, we seek to offer our comprehensive portfolio, except for Arthrex ACP and with our botulinum toxins only being offered in Europe as we do not own the distribution rights for our botulinum toxins in the Middle East and North Africa regions to date. However, we have secured the distribution rights for another botulinum toxin for certain territories in South America and Latin America, with the botulinum toxin not yet having received the relevant market authorizations. Opening our new presences will increase costs in the short-term as we have to establish local commercialization structures, consisting of, among others, office space, employees and marketing activities. Nevertheless, we are convinced of the advantages to have direct presences as our profit margins are higher (*i.e.*, no margin for distributors) and, in addition, we are in control of how our products are distributed.

With respect to our distribution network, we seek to further deepen existing business relationships, in particular with our current distributors in the Middle East, North Africa and LATAM regions. Utilizing distributors is based on our asset-light approach and gives us flexibility. However, as our distributors are third parties we do not control if they prioritize our products and to what extent they market our comprehensive portfolio. Therefore, we monitor our distributors intensively and audit their performance, also in order to decide if we should extend our distribution agreements with them that are usually concluded for a period of three to five years. In markets that appear attractive to us, based on our monitoring, we may open new presences following the termination of any distribution partnerships.

12.3.3 COVID-19 Pandemic

In 2021 and 2020, the COVID-19 pandemic resulted in an industry-wide negative impact on revenue as healthcare professionals (*i.e.*, our customers) were not permitted or able to treat patients and social life (*e.g.*, concerts, theaters, parties) was basically put on hold due to extensive government regulations. Consequently, as patients did not see the need for minimally invasive aesthetics treatments due to lower exposure to social life, or such treatments were not possible because of closed offices of our customers, the demand of our products decreased. The decrease in demand was further driven by some important export markets, such as China, our most important export market, being in full lockdown during parts of the pandemic and, in the case of China even until the end of 2022 (*i.e.*, the end of so-called "Zero-COVID" policy).

Our exposure to the COVID-19 pandemic can particularly be seen in the increase of revenues by 18.1% from €81.1 million in 2020 to €95.8 million in 2021 as this increase is mainly due to a rebound-effect after the COVID-19 pandemic and related lockdown measures in the European Union subsided. Therefore, any resurgence of the COVID-19 pandemic or lockdowns in the countries in which we operate are among the main threats to our business as well as our revenues and sales growth.

To some extent, we were able to offset our decrease in revenues by lower travelling and marketing expenses. In addition, we received government support in Austria in the form of subsidies and, to a lesser extent, subsidized loans and contributions. It is noteworthy that we did not introduce short-term work or temporary leave at our headquarters and kept our production level stable throughout the COVID-19 pandemic.

12.3.4 Collaboration and Partnering Agreements

Our comprehensive portfolio primarily consists of proprietary products, such as our HA Fillers, and, in addition, of in-licensed products, such as all of our Non-HA Products (*i.e.*, PhilArt fillers, Princess threads, Arthrex ACP) and our botulinum toxin (*i.e.*, Letybo). To obtain the rights to these products, we have entered into license and commercialization agreements with multiple experienced collaboration partners on a global scale with some of which we entered into joint ventures (*i.e.*, Hugel America, International Aesthetic, Novaestiq). Of particular importance for our success and growth in the future is the access to botulinum toxins as well as PDO threads (*i.e.*, Princess threads). Without access to these medicinal products and devices, we are unable to offer a comprehensive portfolio compared to our tier 1 competitors and, in addition, us offering PDO threads is what differentiates us to the tier 1 competitors as none of them offer PDO threads. Therefore, we expect significant growth and cross-selling opportunities from offering these products alongside our proprietary HA Fillers.

To date, we hold the exclusive distribution rights to Letybo, our botulinum toxin, in select European countries and have already obtained the marketing authorization in certain of these countries in 2022. For the United States, Hugel America, our joint venture, holds the exclusive distribution rights for the U.S. market. While the marketing authorization for Letybo in the United States has been initially declined by the FDA by means of a complete response letter, Hugel America intends to file its response to the complete response letter in the third quarter of 2023 (see "*9.5.3 Letybo Roll-out*"). With respect to PDO threads, we are currently in negotiations with another partner to acquire the rights to their PDO threads in order for us to lower our buy-in costs. If successful, we expect the new PDO threads to launch in 2024. This is representative for our approach to portfolio management which consists of a commitment to continuously evolve and enhance but also to lower our expenses and to improve our Gross Margin, if possible and in accordance with our value to offer quality products. The new in-licensing agreement of PDO threads would also grant us access to further markets as the licensing agreement with our current partner is limited in scope.

The geographic expansion of our product portfolio is another core pillar of our portfolio strategy and, overall, of our strategy as a company. We are continuously looking into markets outside of Europe, in particular, in Asia and MENA for compatible partners for the development and commercialization of our product portfolio and consider entering into additional collaboration agreements for certain markets where we do not intend to set up our own commercial infrastructure or where such commercialization strategy appears to be more attractive than sales through our own commercialization channels.

As part of our business model, we out-license our proprietary HA Fillers and, to the extent permitted under our agreements, some of our in-licensed products (such as the Princess threads) to certain of our partners. For example, in the United States and Canada, we licensed the exclusive commercialization rights for our HA Fillers to Hugel America and for our PDO threads and Thioderm products (subject to regulatory approval) to Novaestiq. Through Hugel America, we also address the Australian and New Zealand markets in respect of our HA Fillers. In Asia, we partnered with Sinopharm through our International Aesthetic joint venture, which holds the exclusive commercialization rights for our HA Fillers in China and Hong Kong. In addition, we granted Profex exclusive commercialization rights for Thioderm devices (subject to regulatory approval) in China, Hong Kong and Macau. We seek to leverage the out-licensing potential of select products with a view to establishing a lean distribution network of our products on an international scale. While we have some focus markets in Europe and South America in which we distribute our products through affiliates, we seek to collaborate with partners, in particular, in difficult-to-access or highly competitive markets.

Under the license and distribution agreements under which we license parts of our portfolio to our partners, we regularly remain the exclusive manufacturer of such products. Such agreements often contain minimum purchase commitments of our collaboration partners at pre-determined prices plus margin, as the case may be. In case of Profex, our license and distribution agreement also provides for milestone payments depending on the achievement of regulatory and commercial milestones. As a result of our out-licensing approach, our revenue streams and operational profitability depends to a certain extent on the conclusion of additional licensing agreements with new collaboration partners and, particularly with respect to milestones and minimum purchase commitments, our development and the commercialization successes of our collaboration partners. Furthermore, our joint ventures enable us to participate in the commercial success of our collaboration partners through

dividend payments or a value increase of our stake, which is not reflected in our business plan and, if it were to occur, would have a positive impact on our business, in particular with respect to our growth targets.

Furthermore, we concluded license and commercialization agreements with respect to our contract manufacturing business for the Ortho & Ophtha industry and also contract manufacture our HA Fillers as white label products. Our revenue streams and operational profitability therefore also depend on the commercial success of these customers and the conclusion of additional license and commercialization agreements, in particular with respect to white labelling our HA Fillers.

12.3.5 Expansion of Manufacturing Capacities and Supply Chain Risk Assessment

Due to the opening of our new manufacturing facility at our headquarters in 2020, we transferred the manufacturing technology of our products to such new facility in the period from 2020 to 2022. The technology transfer also encompassed scale-ups and process optimizations to improve yields and throughput. As part of the transfer, we further implemented a second, fully automated packaging line, dedicated to the packaging of our HA Fillers in 2020. In 2023, we intend to complete the implementation of another capital investment project that is designed to increase our manufacturing capacity by 30% (*i.e.*, an additional bulk preparation station and tanks) in order to satisfy expected growing demands. We consider this capital investment project as enabler for further capacity-building initiatives, as more batches can be produced in parallel. Unrelated thereto but still an integral part of our overall capacity-building initiative, we plan to implement a third packaging line in 2024, which is designed to be used flexibly for all product types.

Driven by the COVID-19 pandemic, we carried out a portfolio risk analysis under which we analyzed all key suppliers and their associated sales to us. The risk analysis was meant to give us information if we need to implement a second source strategy in case our main supplier is unresponsive and in order for us to ensure a resilient supply chain from a long-term perspective. The qualification of secondary suppliers is, however, intense in terms of both costs as well as internal resources. We have therefore decided to postpone the implementation of any such second source strategy for the time being.

12.4 Results of Operations

The following tables show selected financial information taken from our consolidated statement of profit or loss and consolidated statement of comprehensive income for the periods presented:

	For the year ended December 31,		
	2022	2021	2020
		(audited)	
		(in € million)	
Revenue from contracts with customers	120.7	94.1	79.8
Other income	0.5	1.7	1.3
Revenues	**121.2**	**95.8**	**81.1**
Other operating income	2.8	1.0	1.4
Income from internally generated intangible assets	6.7	6.4	5.0
Cost of materials	(28.5)	(18.8)	(20.8)
Cost of services	(0.4)	(0.1)	(0.2)
Changes in inventories	0.8	(2.5)	4.4
Employee benefits expenses	(44.3)	(37.2)	(31.1)
Depreciation[(1)]	(10.0)	(8.1)	(8.2)
Impairment losses[(2)]	(1.1)	(5.5)	–
Other operating expenses[(1)]	(39.8)	(36.8)	(38.7)
Finance costs	(2.0)	(1.5)	(1.3)
Finance income	0.0	0.0	0.1
Profit/(loss) before tax	**5.3**	**(7.3)**	**(8.5)**
Income tax expense/income	(1.0)	1.7	0.1
Profit/(loss) for the period	**4.2**	**(5.6)**	**(8.4)**
Other comprehensive income/(loss) for the year, net of tax	**2.0**	**0.3**	**(1.0)**
Total comprehensive income for the year, net of tax	**6.2**	**(5.2)**	**(9.4)**

(1) Adjusted for the financial year 2021 as the additional line item impairment losses has been introduced in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022, resulting in €2.6 million, which were previously reported as depreciation, and €2.9 million, which were previously reported as other

operating expenses in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2021, being reclassified to impairment losses for 2021 in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022. No adjustments have been made to the consolidated financial information for 2020.

(2) Additionally introduced in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022. In the consolidated financial statements of Croma as of and for the financial years ended December 31, 2021 and December 31, 2020, impairment losses have been reported within other operating expenses and depreciation.

12.4.1 Revenues

Revenues consists of (i) revenue from contracts with customers and (ii) other income.

The following table shows a breakdown of our revenues for the periods presented:

	For the year ended December 31,		
	2022	2021	2020
		(audited)	
		(in € million)	
Revenue from contracts with customers	120.7	94.1	79.8
Other income	0.5	1.7	1.3
Total revenues	**121.2**	**95.8**	**81.1**

Revenue from contracts with customers for the periods presented is comprised as follows:

	For the year ended December 31,		
	2022	2021	2020
		(audited)	
		(in € million)	
Dermatology[(1)]	60.5	50.1[(5)]	49.1[(6)]
Contract manufacturing[(2)]	49.0	34.3[(5)]	11.3[(6)]
Cash discount expenses	–	–	(0)
Licences[(3)]	5.0	–	3.5
Other[(4)]	6.2	9.8	15.9
Revenue from contracts with customers	**120.7**	**94.1**	**79.8**

(1) Dermatology includes revenues from the marketing and distribution of our comprehensive portfolio to healthcare professionals.

(2) Includes our contract manufacturing activities for third-parties in the Ortho & Ophtha industry as well as the white label business of our HA Fillers ("**OEM**").

(3) Licences mainly includes income from sale of distribution rights for certain products in certain geographical areas.

(4) Other revenue from contracts with customers includes revenue from a regulatory service agreement for product authorizations in the USA. The related services are mainly provided by subcontractors, which are subsequently charged to the customer by Croma. It also includes the revenues of a product development agreement, which provides for a period-based revenue recognition in accordance with IFRS 15.

(5) For 2021, we reclassified certain revenues between dermatology and contract manufacturing in the amount of €13.0 million as previously the contract manufacturing business for Ortho & Ophtha had not been recognized within contract manufacturing, but within dermatology.

(6) In 2020, the contract manufacturing areas Ortho & Ophtha were reported as dermatology (see previous footnote). Would have they been reported as contract manufacturing, as in 2022 and 2021, the revenue for dermatology would have been €32.2 million and €28.2 million for contract manufacturing.

The following table provides a regional breakdown of our revenue from contracts with customers for the periods presented:

	For the year ended December 31,		
	2022	2021	2020
	(audited, unless otherwise indicated)		
		(in € million)	
Europe	74.6	59.1	42.4[(1)]
thereof Austria	*2.6*	*2.1*	*2.0*
thereof Germany	*13.6*	*9.9*	*5.7*[(1)]
North America	7.8	8.9	14.2

	For the year ended December 31,		
	2022	2021	2020
	(audited, unless otherwise indicated) (in € million)		
South America	20.0	13.7	13.1
thereof Brazil	*17.8*	*12.4*	*12.5*[(1)]
Asia	16.7	11.8	8.9
Other	1.6	0.6	1.1
Total	**120.7**	**94.1**	**79.8**

(1) Unaudited.

Other income for the periods presented is comprised as follows:

	For the year ended December 31,		
	2022	2021	2020
		(audited) (in € million)	
Other revenue[(1)]	0.5	1.7	0.9
Income from previous periods	0.0	0.0	0.4
Income from services	–	0.0	–
Other income from rental and leasing income	0.0	0.0	0.0
Total other income	**0.5**	**1.7**	**1.3**

(1) Includes mainly bonuses and refunds received from suppliers, revenue relating to certain research and development services provided in connection with product approval process and services and seminars performed by our clinical, medical and regulatory department and in 2020 revenue generated from the activation (*i.e.*, transfers) of the new headquarters.

12.4.1.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Revenues increased by 26.5% from €95.8 million in 2021 to €121.2 million in 2022 with revenue from contracts with customers increasing by 28.3% from €94.1 million in 2021 to €120.7 million in 2022, primarily due to growth in contract manufacturing and dermatology by 42.9% and 20.8%, respectively. Our increase in contract manufacturing was mainly attributable to an increase of the sales of our HA Fillers as white label products, which increased by 54% compared to 2021. In addition, we had revenue of €5.0 million from licenses in 2022 compared to nil in 2021 that were recognized for granting exclusive distribution rights to a Chinese distribution partner. The increase in revenues from 2022 to 2021, however, was partially offset by a decrease in other revenue included in contracts with customers, mainly due to lower sales under a regulatory service agreement under which we, as a subcontractor, render services for product approvals in the United States.

Broken down by region, Europe (without Austria) primarily contributed to our increase in revenues as revenues increased by 26.3% from €57 million in 2021 to €72 million in 2022. This increase was driven by our entire product portfolio, in particular by the product Letybo, for which we received the market authorization in certain European markets in 2022. The revenue increase of 46.0% in South America is mainly attributable to better sales of our Saypha HA Fillers, which besides face masks to a minor extent is the only product we are distributing in South America. In Asia, revenue increased by 41.5%, primarily due to the roll-out of our Princess threads. In the North American market, our revenues are, in general, contingent on the commercial success of Hugel America, which besides marketing Letybo (subject to an outstanding regulatory approval in the U.S.) has the exclusive distribution rights for selling our Saypha HA Fillers in the U.S. (once regulatory approved by the FDA for marketing) and Canada. The current revenues of the North American market mainly consist of recharges for development work for Hugel America (*i.e.*, payments from Hugel America for third-party costs incurred by us) and, to a lesser extent, the sales of our Saypha HA Fillers in Canada.

12.4.1.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Revenues increased by 18.1% from €81.1 million in 2020 to €95.8 million in 2021. Revenues in 2021 primarily consisted of revenue from contracts with customers, which increased by 17.9% from €79.8 million in 2020 to 94.1 million in 2021, primarily due to a significant increase in dermatology sales and a further increase in contract manufacturing sales. The increase in both categories is primarily attributable to a rebound-effect from the COVID-19 pandemic, which, in 2020, caused a significant decrease in revenue as healthcare

professionals were not able to treat patients and demand decreased due to the limitations on social life. The increase in revenues from 2020 to 2021, however, was partially offset by a decrease in other revenue included in contracts with customers, mainly due to (i) lower sales under a regulatory service agreement under which we, as a subcontractor, render services for product approvals in the United States, and (ii) reduced income from licenses. In 2020, license revenue in the amount of €3.5 million was recognized for the granting of exclusive distribution rights to a Chinese distribution partner.

Broken down by region, the increase in revenue by 18.1% was mainly driven by Europe (without Austria), in which revenue increase by 41% from €40.4 million in 2020 to €57.0 million in 2021. Besides a general rebound effect from the COVID-19 pandemic as healthcare professionals were permitted to treat patients again and social life restarted, our sales also increased due to our commitment to excellence and us as a team executing better. Revenues in South America and Austria remained relatively stable in 2021 compared to 2020, with revenue increasing by 4.6% and 5.0%, respectively. In Asia, we were able to increase our revenue by 32.6% from €8.9 million to €11.8 million, which was mainly driven by rebound effects from the COVID-19 pandemic and the roll-out of our PDO threads. Revenues in North America decreased significantly by 37.3% from €14.2 million in 2020 to €8.9 million in 2021, as we conducted less research and development activities for Hugel America with respect to Letybo's approval process.

12.4.2 Other Operating Income

12.4.2.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Other operating income increased by 180.0% from €1.0 million in 2021 to €2.8 million in 2022, primarily due to higher grants from the Austrian government for research activities and our employees (*i.e.*, for the employment of early retirement individuals).

12.4.2.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Other operating income decreased by 28.6% from €1.4 million in 2020 to €1.0 million in 2021, mainly due to lower grants from the Austrian government for research activities and our employees (*i.e.*, for the employment of early retirement individuals).

12.4.3 Income from Internally Generated Intangible Assets

12.4.3.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Income from internally generated intangible assets, which includes capitalized costs relating to product developments, patents and product registration (which include costs related to clinical trials), increased by 4.7% from €6.4 million in 2021 to €6.7 million in 2022. Capitalized costs for product developments, product registrations and patents amounted to €2.9 million and €3.6 million and €0.2 million in 2022, respectively. The development increased by €0.1 million, product registrations increased by €0.2 million and patents remained unchanged in 2022 compared to 2021. In both years, our capitalized costs for product developments mainly relate to the Thiomer technology and the development of our Thioderm devices as well as the MDR-readiness of our Saypha HA Fillers. In each of the years 2022 and 2021, the development of the Thioderm technology contributed income by means of capitalized costs in the amount of €1.8 million. The remaining portion is attributable to various projects with respect to the MDR readiness of our products, such as our Saypha HA Fillers. Capitalized costs for product registrations relate exclusively to the registration of our products for market approval in different countries.

12.4.3.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Income from internally generated intangible assets, which includes capitalized costs relating to product developments, patents and product registration (which include costs related to clinical trials), increased by 28.0% from €5.0 million in 2020 to €6.4 million in 2021. In 2021, capitalized costs amounted to €2.8 million for product developments, €0.2 million for patents and €3.4 million for product registrations. Capitalized costs in 2020 amounted to €1.8 million for product developments, €0.2 million for patents and €3.0 million for product registrations. The increase in capitalized costs in 2021 was primarily due to higher product development activities mainly relating to MDR studies for our Saypha HA Fillers with an aggregate amount of €0.8 million. In addition, capitalized cost for the development of our Thioderm devices increased in 2021 by €0.2 million from €1.6 million in 2020 to €1.8 million in 2021.

12.4.4 Cost of Materials

12.4.4.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Cost of materials increased by 51.6% from €18.8 million in 2021 to €28.5 million in 2022, primarily due to higher sales in both our dermatology and contract manufacturing business as well as inflationary pressures.

12.4.4.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Cost of materials decreased by 9.6% from €20.8 million in 2020 to €18.8 million in 2021, primarily due to a reversal of an inventory valuation allowance relating to in-house produced goods (see "*12.4.5 Changes in Inventories*"). Taking into account the valuation allowance to our inventory stock, cost of materials 2021 over 2020 would have increased by €4.9 million, or 23.6%.

12.4.5 Changes in Inventories

12.4.5.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Changes in inventories increased by 132.0% from negative €2.5 million in 2021 to €0.8 million in 2022. This increase is not representative due to an inventory stock revaluation that occurred in 2021 (as described below). Without the inventory stock revaluation, changes in inventories in 2021 would have amounted to €0.8 million and, thus, would have remained stable in 2022 compared to 2021.

12.4.5.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Changes in inventories decreased significantly by 156.8% from €4.4 million in 2020 to a loss of €2.5 million in 2021, as we re-valued our inventory stock in 2021 due to an incorrect stock valuation of in-house produced goods that occurred in 2020. Without the inventory stock revaluation, changes in inventories in 2021 would have amounted to €0.8 million, resulting in a decrease of 81.8% compared to 2020.

12.4.6 Employee Benefits Expenses

The following table provides our employee benefits expenses for the periods presented:

	For the year ended December 31,		
	2022	2021	2020
		(audited) (in € million)	
Wages	(2.7)	(2.8)	(2.8)
Salaries	(32.8)	(26.8)	(22.0)
Expenses for severance payments	(0.5)	(0.7)	(0.4)
Expenses for pensions	(0.1)	(0.0)	(0.0)
Expenses for mandatory social security and other payroll expenses	(7.7)	(6.5)	(5.5)
Other benefits	(0.5)	(0.4)	(0.3)
Total employee benefits expenses	**(44.3)**	**(37.2)**	**(31.1)**

12.4.6.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Employee benefits expenses increased by 19.1% from €37.2 million in 2021 to €44.3 million in 2022, primarily due to an increase in salaries by 22.4% from €26.8 million in 2021 to €32.8 million in 2022. The increase in salaries was mainly driven by the 7% increase in our headcount, in particular relating to the launch of Letybo in select markets and the hiring of highly-skilled employees with regulatory expertise to achieve MDR- and FDA-readiness of our products. In addition, a tightening of the Austrian labor market and rising inflation led to higher salaries for newly hired employees. Furthermore, we simplified our collective bargaining agreement structure by introducing one collective bargaining agreement (*i.e.*, for the chemical business) for all employees, which further contributed to the increase in salaries.

12.4.6.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Employee benefits expenses increased by 19.6% from €31.1 million in 2020 to €37.2 million in 2021, primarily driven by the increase of salaries by 21.8% compared to 2020. The increase in salaries was mainly

driven by a 12% increase in our headcount and the hiring of highly-skilled employees required for our portfolio's expansion and further growth, such as the Letybo launch, and the hiring of highly-skilled employees with regulatory expertise to achieve MDR- and FDA-readiness of our products. The tightening of the Austrian labor market contributed further to the increase in salaries as we had to pay higher salaries to new hires.

12.4.7 Depreciation

12.4.7.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Depreciation increased by 23.5% from €8.1 million in 2021 to €10.0 million in 2022, mainly due to the start of the amortization of Letybo (Botulinum Toxin) in the amount of approximately €1.6 million for 2022.

12.4.7.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Depreciation in 2021 remained relatively stable compared to 2020 and only slightly decreased from €8.2 million in 2020 to €8.1 million in 2021.

12.4.8 Impairment Losses

12.4.8.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Impairment losses decreased by 80.0% from €5.5 million in 2021 to €1.1 million in 2022. In 2022, impairment losses mainly related to licenses for a certain skincare product range, which was discontinued in 2022. The significantly higher impairment losses in 2021 mainly related to the write-off of a development project and an impairment issue concerning an ophthalmologic product (see "*12.4.8.2 Comparison of the Years ended December 31, 2021 and December 31, 2020*").

12.4.8.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Impairment losses amounted to €5.5 million in 2021 mainly relating to our eye drops product "Lacrimera" being subject to a reassessment for impairment and, consequently, written down in the amount of €2.7 million. In addition, we had to write down a capitalized development project relating to its discontinuance due to quality issues with a new partner that should have acted as our contract manufacturer for a new PDO thread portfolio in the future. In 2020, impairment losses were not a separate line item but included in the depreciation.

12.4.9 Other Operating Expenses

The following table provides our other operating expenses for the periods presented:

	For the year ended December 31,		
	2022	2021	2020
		(audited) (in € million)	
Research, studies[(1)]	(8.0)	(8.8)	(15.6)
Legal and consulting fees	(6.1)	(6.7)	(6.3)
Marketing expenses	(9.4)	(6.1)	(3.3)
Maintenance	(2.9)	(3.3)	(2.4)
IT expenses	(1.8)	(1.8)	(1.5)
Other employee benefits expenses	(0.7)	(1.3)	(1.2)
Losses from the disposal of fixed assets	–	–	(0.8)
Transport expenses	(2.0)	(1.8)	(0.9)
Royalties	(0.8)	(0.1)	(0.9)
Expenses for monetary transactions	(0.3)	(0.4)	(0.8)
Electricity/gas/water charges	(0.7)	(0.7)	(0.6)
Vehicle expenses	(1.0)	(0.7)	(0.7)
Fees, charges, membership dues	(0.6)	(0.5)	(0.6)
Travelling expenses	(2.1)	(1.0)	(0.5)
Remuneration of the Supervisory Board	(0.0)	(0.0)	–
Promotion[(2)]	(0.7)	(0.7)	–
Work wear[(2)]	(0.4)	(0.3)	–
Commissions to third parties[(2)]	(0.4)	(0.2)	–

	For the year ended December 31,		
	2022	2021	2020
		(audited) (in € million)	
Rent and lease expenses[2]	(0.4)	(0.5)	–
Insurance[2]	(0.3)	(0.3)	–
Expenses concerning receivables[2][3]	(0.5)	–	–
Other[4]	(0.9)	(1.3)[2]	(2.5)[2]
Total other operating expenses	**(39.8)**	**(36.8)[5]**	**(38.7)**

(1) Research, studies mainly includes expenses for projects in the stage before the design control process as well as for internal projects as the development of methods or process optimizations.
(2) In 2021, we introduced the additional line items promotion, work wear, commissions to third parties, rent and leasing expenses, insurance and expenses concerning receivables, which resulted into a shift from "other" to these categories, compared to 2020.
(3) Includes customer write-offs and value adjustments for outstanding customer receivables.
(4) Includes postage and telecommunications costs, training and education costs, office supplies and other taxes.
(5) Adjusted by €2.9 million as in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022 due to the introduction of the new line item impairment losses (see "*12.4 Results of Operations*"), which resulted in a decrease of the total other operating expenses from €39.6 million (as shown in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2021) to €36.8 million.

12.4.9.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Other operating expenses increased by 8.2% from €36.8 million in 2021 to €39.8 million in 2022, primarily due to higher marketing and travel expenses, which were significantly lower in 2021 due to the ongoing COVID-19 restrictions, and the start of the Letybo roll-out in 2022. These were partly offset by lower legal and consulting fees as well as other employee benefits expenses.

12.4.9.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Other operating expenses decreased by 4.9% from €38.7 million in 2020 to 36.8 million in 2021 mainly attributable to a decline in expenses for research, studies that we conducted for third-parties by 43.6% compared to 2020, however, partially offset by an increase of marketing expenses of 84.8%. The significant increase of our marketing activities included participating in more events, which were basically put on hold in 2020 due to the COVID-19 pandemic, and the preparation of the Letybo launch in the fourth quarter of 2021.

12.4.10 Finance Costs

12.4.10.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Finance costs increased by 33.3% from €1.5 million in 2021 to €2.0 million in 2022, primarily due to increased interest rates, as most of our debt is based on floating rates with the EURIBOR as underlying.

12.4.10.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Finance costs increased by 15.4% from €1.3 million in 2020 to €1.5 million in 2021 mainly because the share of interest-bearing liabilities increased.

12.4.11 Finance Income

12.4.11.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Finance income decreased by 22.2% from €45 thousand in 2021 to €35 thousand in 2022, primarily due to a reduction of interest from cash deposits.

12.4.11.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Finance income decreased by 43.8% from €80 thousand in 2020 to €45 thousand in 2021, primarily due to reduced interests charged for loans granted to third parties.

12.4.12 Profit/(loss) Before Tax

12.4.12.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Profit/(loss) before tax increased by 172.6% from a loss of €7.3 million in 2021 to a profit of €5.3 million in 2022, due to the foregoing reasons, in particular due to the increase of revenues by 26.5 % from €95.8 million in 2021 to €121.2 million in 2022.

12.4.12.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Profit/(loss) before tax decreased by 14.1% from a loss of €8.5 million in 2020 to a loss of €7.3 million in 2021, due to the foregoing reasons, in particular, the increase of revenues by 18.1% from €81 million in 2020 to €95.8 million in 2021.

12.4.13 Income Tax Expense/Income

12.4.13.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Income tax expense/income changed from an income of €1.7 million in 2021 to an expense of €1.0 million in 2022, mainly due to achieving a profit of €5.3 million in 2022, compared to a loss of €7.3 million in 2021, but also due to changes in deferred tax items as well as the decrease of the Austrian corporate income tax rate from 25% (in 2022) to 23% (in 2024), which already impacted the calculation of deferred tax items for 2022.

12.4.13.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Income tax expense/income increased significantly from an income of €0.1 million in 2020 to an income of €1.7 million in 2021, as deferred tax income increased from €0.9 million in 2020 to €3.8 million in 2021 and, therefore, more than offset the increase in current tax expenses from €0.6 million in 2020 to €2.1 million in 2021.

12.5 Assets, Equity and Liabilities

12.5.1 Assets

The following table provides a breakdown of our assets as of the dates indicated:

	As of December 31,		
	2022	2021	2020
		(audited) (in € million)	
Property, plant and equipment	6.3	7.0	5.3
Right-of-use assets	34.7	39.9	44.4
Intangible assets and goodwill	57.0	53.2	53.8
Non-current financial assets	41.4	39.7	36.7
Other non-current receivables	11.5	11.1	11.7
Non-current contract assets	0.6	0.4	–
Deferred tax assets	0.9	1.3	0.7
Non-current assets	**152.4**	**152.6**	**152.5**
Inventories	26.0	22.7	20.3
Trade receivables[(1)]	33.6	22.5	17.6
Prepayments	1.8	2.6	0.8
Other current receivables	1.4	3.0	3.0
Current contract assets	–	0.5	–
Government grants	3.4	2.7	3.7
Cash and short-term deposits[(2)]	7.1	5.7	15.3
Current assets	**73.2**	**59.8**	**60.6**
Total assets	**225.6**	**212.4**	**213.2**

(1) Trade receivables do not bear interest and are generally due within 10 to 120 days.
(2) Short-term deposits are held for varying periods of time, ranging from one day to three months, depending on the cash requirements of Croma.

12.5.1.1 December 31, 2022 compared to December 31, 2021

Total assets increased by 6.2% from €212.4 million as of December 31, 2021 to €225.6 million as of December 31, 2022, mainly driven by an increase in current assets by 22.4%.

Non-current assets slightly decreased from €152.6 million as of December 31, 2021 to €152.4 million as of December 31, 2022, driven by our right-of use-assets, which decreased by 13% from €39.9 million as of December 31, 2021 to €34.7 million as of December 31, 2022. This decrease was partially offset by the increase of the intangible assets by 7.1% from €53.2 million as of December 31, 2021 to 57.0 million as of December 31, 2022, mainly driven by the higher investments in intangible assets compared to their amortization.

Current assets increased by 22.4% from €59.8 million as of December 31, 2021 to €73.2 million as of December 31, 2022, attributable to an increase of trade receivables of 49.3% due to increased business activities in 2022 and an increase of 14.5% in inventories which relate to a build of Letybo stock in order to prepare for its roll-out.

12.5.1.2 December 31, 2021 compared to December 31, 2020

Total assets decreased by 0.4% from €213.2 million as of December 31, 2020 to €212.4 million as of December 31, 2021. Similarly, the non-current assets as well as the current assets remain mostly unchanged in 2021 compared to 2020.

Non-current assets remained relatively stable and only slightly increased by 0.1% from €152.5 million as of December 31, 2020 to €152.6 million as of December 31, 2021, mainly driven by the increase in non-current financial assets and property, plant and equipment. The increase of non-current financial assets was primarily due to the acquisition of a 14.56% shareholding in Novaestiq Corp. Property, plant and equipment mainly increased due to investments in the modification of equipment for the development and production of new products, as well as investments in IT and research and development. These increases were partially offset by the decrease in right-of-use assets, which decreased by 10.1% from €44.4 million as of December 31, 2020 to €39.9 million as of December 31, 2021, due to the depreciation of our headquarters (which are our most significant right-of-use asset).

Current assets slightly decreased by 1.3% from €60.6 million as of December 31, 2020 to €59.8 million as of December 31, 2021, mainly driven by the reduction of short-term deposits to nil as of December 31, 2021 compared to €3.5 million as of December 31, 2020 and the decrease in cash from €15.3 million as of December 31, 2020 compared to €5.7 million as of December 31, 2020 due to changes in working capital and investment activities. This decrease was partially offset by the increase in inventories and trade receivables, which increased by 11.8% and 27.8%, respectively, compared to December 31, 2020. The reason for the increase in trade receivables is mainly due to increased business activities in 2021. At the same time, inventories increased because we kept our production levels steady throughout the COVID-19 pandemic during which we experienced lower demand for our products.

12.5.2 Equity

The following table provides a breakdown of our equity as of the dates indicated:

	As of December 31,		
	2022	**2021**	**2020**
		(audited) (in € million)	
Issued capital	0.0	0.0	0.0
Retained earnings	89.5	85.4[(1)]	90.8
Other components of equity	1.1	(0.8)[(1)]	(0.9)
Equity attributable to the equity holders of the parent	**90.7**	**84.5**	**89.9**
Non-controlling interests	0.7	0.7	0.6
Total equity	**91.3**	**85.2**	**90.5**

(1) Actuarial gains and losses and the valuation of the equity instruments in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2021 were presented in the retained earnings due to immateriality. In the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022, these two items were reclassified to the other components of equity and the amounts for 2021 were adjusted accordingly.

12.5.2.1 December 31, 2022 compared to December 31, 2021

Total equity increased by 7.2% from €85.2 million as of December 31, 2021 to €91.3 million as of December 31, 2022, due the increase in retained earnings as well as a change in conversion rates for foreign currency subsidiaries and the fair valuation of an equity investment resulting in an increase of the other components of equity.

12.5.2.2 December 31, 2021 compared to December 31, 2020

Total equity decreased by 5.9% from €90.5 million as of December 31, 2020 to €85.2 million as of December 31, 2021, primarily driven by the decrease in retained earnings.

12.5.3 Liabilities

The following table provides a breakdown of our liabilities as of the dates indicated:

	As of December 31,		
	2022	**2021**	**2020**
		(audited) (in € million)	
Interest-bearing loans and borrowings	36.3	50.0	45.4
Other non-current financial liabilities	34.4	35.2	1.3
Other non-current payables	1.7	–	1.2
Provisions	1.1	1.1	0.9
Government grants	3.1	2.2	3.7
Deferred tax liabilities	3.2	2.2	5.3
Non-current liabilities	**79.9**	**90.7**	**54.2**
Trade and other payables	19.2	11.6	10.4
Contract liabilities	2.0	4.6	2.5
Interest-bearing loans and borrowings	25.8	10.7	10.0
Other current financial liabilities	4.5	5.4	43.5
Income tax payable	0.1	2.1	–[(1)]
Provisions	2.7	2.1	2.0[(1)]
Current liabilities	**54.4**	**36.5**	**68.4**
Total liabilities	**134.3**	**127.2**	**122.6**

(1) In the consolidated financial statements of Croma as of and for the financial year ended December 31, 2020, income tax liabilities were included in the provisions.

12.5.3.1 December 31, 2022 compared to December 31, 2021

Total liabilities increased by 5.6% from €127.2 million as of December 31, 2021 to €134.3 million as of December 31, 2022.

Non-current liabilities decreased by 11.9% from €90.7 million as of December 31, 2021 to €79.9 million as of December 31, 2022, driven by the reclassification of the current portion of bank liabilities from non-current to current liabilities.

Current liabilities increased by 49.0% from €36.5 million as of December 31, 2021 to €54.4 million as of December 31, 2022, driven by an increase of current interest-bearing loans and borrowings (due to the reclassification from non-current to current liabilities), but also due to an increase in trade liabilities, caused by increased turnover and business activities, in particular, with respect to us preparing the roll-out of Letybo in Europe.

12.5.3.2 December 31, 2021 compared to December 31, 2020

Total liabilities increased by 3.8% from €122.6 million as of December 31, 2020 to €127.2 million as of December 31, 2021.

Non-current liabilities increased by 67.3% from €54.2 million as of December 31, 2020 to €90.7 million as of December 31, 2021, primarily due to the significant increase of other non-current financial liabilities, which

comprise lease liabilities, from €1.3 million as of December 31, 2020 to €35.2 million as of December 31, 2021 mainly due to the reclassification from current to non-current liabilities, since covenant breaches were remediated.

Current liabilities decreased by 46.6% from €68.4 million as of December 31, 2020 to €36.5 million as of December 31, 2021, driven by the decrease of other current financial liabilities, which comprise lease liabilities, from €43.5 million as of December 31, 2020 to €5.4 million as of December 31, 2021. While the decrease of the other current financial liabilities is mainly attributable to the reclassification from current to non-current liabilities, the increase in contract liabilities and higher provisions was due to payments from us to third parties relating our development services for Hugel America and the reclassification of deferred tax liabilities to tax provisions in the amount of €1.7 million.

12.6 Liquidity and Capital Resources

We have historically financed our operating activities mainly through a combination of cash flows from operating activities and financing from banks, such as credit facilities and bank loans, including promissory notes, and leases, such as equipment leases or financings.

In February 2020, we issued promissory notes (*Schuldscheindarlehen*) in the aggregate amount of €40 million to various German and Austrian banks, with Erste Bank acting as arranger. The promissory notes are divided into three tranches with maturities from 2023 through 2027 with fixed and floating interest rates. The fixed interest rates range from 1.0% to 1.5% and the floating interest rates are based on the EURIBOR plus margin of 1.0% to 1.5%. Both fixed and floating interest rates are subject to a step-up of 0.5% if the consolidated equity capital ratio is less than 45%.

Furthermore, we entered into loan arrangements with certain Austrian banks of which as of December 31, 2022 a total amount of €22.2 million was outstanding. Some of these loan agreements may be guaranteed by OeKB, a semi-governmental Austrian bank to promote Austrian interests. For more information on the promissory notes and the loan agreements, see "*9.11.15.1 Promissory Notes*" and "*9.11.15.2 Other Financing Arrangements*". On February 8, 2023, OLIN granted us a bridge loan in the amount of €8.0 million, which, pursuant to the OLIN Subordination, is subject to qualified subordination. The loan, which has a fixed term until October 16, 2024, was utilized by Croma for the repayment of promissory notes in the total amount of €9.0 million in February 2023, resulting in €31.0 million of promissory notes being outstanding as of the end of February 2023.

For a summary of our non-derivative financial liabilities as of the dates indicated by their remaining contractual maturity based on contractually fixed undiscounted cash flows, see "*12.6.3 Financial Liabilities*".

12.6.1 Consolidated Statement of Cash Flows

The following table shows selected information taken from the consolidated cash flow statement for the periods indicated:

	For the year ended December 31,		
	2022	2021	2020
		(audited) (in € million)	
Net cash flow from operating activities	10.3	(1.5)[1]	1.1
Net cash flows from/used in investing activities	(8.5)	(8.8)	(7.9)
Net cash flow from/used in financing activities	(0.4)	0.7[1]	19.0
Net increase/decrease in cash and cash equivalents	1.3	(9.6)	12.1
Cash/cash equivalents as of 1 January	5.7	15.3	3.2
Cash/cash equivalents as of 31 December	7.1	5.7	15.3

(1) Leasing interest payments in the amount of € 0.7 million have been presented in the consolidated financial statements of Croma as of and for the financial year ended December 31, 2021 in net cash flow from/used in financing activities. In the consolidated financial statements of Croma as of and for the financial year ended December 31, 2022, leasing interest payments in the amount of €0.8 million were presented as part of net cash flow from operating activities and the figures for 2021 (in the amount of €0.7 million) were reclassified accordingly.

12.6.1.1 Net Cash Flow from Operating Activities

12.6.1.1.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Net cash flow from operating activities increased from a cash outflow of €1.5 million in 2021 to a cash inflow of €10.3 million in 2022, mainly driven by the positive development of the profit before tax in 2022 which increased from a loss of €7.3 million in 2021 to a profit of €5.3 million in 2022, in particular, due to an increase of revenues by 26.5% from €95.8 million in 2021 to €121.2 million in 2022, only partially off-set by increases in cost of materials and employee benefits expenses.

12.6.1.1.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Net cash flow from operating activities decreased from a cash inflow of €1.1 million in 2020 to a cash outflow of €1.5 million in 2021, primarily driven by lower cash inflows from changes in working capital. The increase in trade payables generated a cash inflow of €3.2 million in 2021 compared to the cash outflow of €4.9 million in 2020. This development was only partly offset by the increase in trade receivables and other receivables that resulted in a cash outflow of €6.9 million in 2021, compared to a cash inflow of €11.1 million in 2020. These changes in trade payables and trade receivables were predominantly caused by increased business activities in 2021, which increased the balance of trade receivables and payables as of December 31, 2021. In addition, the trade payables increased as of December 31, 2021 due to the increase of a prepayment from a business partner related to specific development projects. The reduction of trade receivables and payables as of the end of December 31, 2020 was due to the reduced business activities during the year, which was related to the restrictions implemented due to the COVID-19 pandemic.

12.6.1.2 Net Cash Flows from/used in Investing Activities

12.6.1.2.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Net cash flows from/used in investing activities mostly remained stable with a cash outflow of €8.5 million in 2022 compared to a cash outflow of €8.8 million in 2021, mainly attributable to investments in property, plant and equipment decreasing by €1.6 million from €2.7 million in 2021 to €1.1 million in 2022, partially offset by a €1.0 million increase in investments in intangible assets from €7.1 million in 2021 to €8.1 million in 2022.

12.6.1.2.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Net cash flows from/used in investing activities changed from a cash outflow of €7.9 million in 2020 to a cash outflow of €8.8 million in 2021. The cash outflow in 2021 mainly comprised payments in connection with investments in development and registration of new products (*e.g.*, Thioderm, Letybo) and other tangible and intangible assets related to investments in modification of equipment for the development and production of new products as well as investments in IT software and equipment.

12.6.1.3 Net Cash Flow from/used in Financing Activities

12.6.1.3.1 Comparison of the Years Ended December 31, 2022 and December 31, 2021

Net cash flow from/used in financing activities decreased from a cash inflow of €0.7 million in 2021 to a cash outflow of €0.4 million in 2022. This decrease was primarily driven by lower proceeds from interest bearing borrowings in 2022 compared to 2021.

12.6.1.3.2 Comparison of the Years Ended December 31, 2021 and December 31, 2020

Net cash flow from/used in financing activities changed from a cash inflow of €19.0 million in 2020 to a cash inflow of €0.7 million in 2021, primarily due to the conclusion of a promissory note loan in amount of €40 million in 2020 which we, in the same year, partly utilized to repay liabilities from overdraft loans in amount of €15.5 million.

12.6.2 Capital Expenditure

We define Capital Expenditure as purchase of property, plant and equipment and purchase of intangible assets, as shown in the consolidated statement of cash flows.

The following table provides a calculation of our Capital Expenditure for the periods indicated:

	As of December 31,		
	2022	2021	2020
	(audited, unless otherwise indicated) (in € million)		
Purchase of property, plant and equipment	(1.1)	(2.7)	(0.8)
Purchase of intangible assets[(1)]	(8.1)	(7.1)	(8.5)
Capital Expenditure[(2)]	**(9.2)**	**(9.8)**	**(9.3)**

(1) Purchase of intangible assets includes purchase from third parties or internally generated intangible assets.
(2) Unaudited.

Capital expenditure are not recognized as a defined measure under IFRS and should not be considered as a substitute for an analysis of our consolidated financial statements prepared in accordance with IFRS. In addition, our definition of Capital Expenditure may not be comparable to similarly titled information published by other companies.

12.6.2.1 Future and Planned Capital Expenditure

Our officially approved budget for 2023 contains €18.3 million Capital Expenditure, mainly relating to product development (€8.6 million), product registrations (€4.3 million), other intangible assets (€1.0 million) and tangible assets (€4.4 million).

12.6.2.2 Ongoing Capital Expenditure

Between December 31, 2022 and the date of this Circular, our Capital Expenditure amounted to €1.3 million.

12.6.2.3 Capital Expenditure in the Years ended December 31, 2022, 2021 and 2020

Capital Expenditure in 2022 amounted to €9.2 and comprised the following investments: product development in the amount of €2.90 million; investments in product registrations amounting €4.2 million; and other investments in intangible assets and property plant and equipment in the amount of €2.0 million.

Capital Expenditure in 2021 amounted to €9.8 million, with the majority relating to investments in product development in the amount of €2.8 million; product registrations in the amount of €3.4 million; investments in property plant and equipment in the amount of €3.6 million.

Capital Expenditure in 2020 amounted to €9.3 million and comprised the following investments: product development in amount of €2.0 million; investments in product registrations amounting €3,2 million; and other investments in intangible assets and property plant and equipment in the amount of €4.1 million.

All Capital Expenditure were financed from available cash and cash equivalents.

12.6.3 Financial Liabilities

The table below summarizes the maturity profile of our financial liabilities based on contractual undiscounted payments as of December 31, 2022:

	As of December 31, 2022		
	Less than 1 year	1 to 5 years	More than 5 years
		(audited) (in € million)	
Interest-bearing loans and borrowings	25.8	35.9	0.5
Other financial liabilities	5.1	19.9	18.6
Trade payables	19.2	–	–
Other non-current liabilities	–	1.7	–

The table below summarizes the maturity profile of our financial liabilities based on contractual undiscounted payments as of December 31, 2021:

	As of December 31, 2021		
	Less than 1 year	1 to 5 years	More than 5 years
		(audited) (in € million)	
Interest-bearing loans and borrowings	10.7	34.1	15.9
Other financial liabilities	5.4	22.0	17.8
Trade payables	11.6	–	–
Other non-current liabilities	–	–(1)	–

(1) In 2022, certain other non-current liabilities were reclassified as other financial liabilities resulting for 2021 in other non-current liabilities in the amount of €2.2 million.

The table below summarizes the maturity profile of our financial liabilities based on contractual undiscounted payments as of December 31, 2020:

	As of December 31, 2020		
	Less than 1 year	1 to 5 years	More than 5 years
		(audited) (in € million)	
Interest-bearing loans and borrowings	10.0	31.0	14.5
Other financial liabilities	43.5	1.1	0.2
Trade payables	10.4	–	–
Other non-current liabilities	0.0	0.0	1.2

12.7 Financial Risk Management

We are exposed to certain financial risks in the course of its business operations. The financial risk management lies in the responsibility of Croma's managing directors which are supported by internal specialist departments and coordinate the risk strategy for Croma and its subsidiaries. For more information on our financial risk management, please see note 13.4 to the audited consolidated financial statements of Croma as of and for the financial year ended December 31, 2022.

12.8 Significant Accounting Judgments, Estimates and Assumptions

The preparation of our consolidated financial statements requires the use of accounting judgments, estimates and assumptions that may impact the carrying amounts of assets, liabilities, income and expenses recognized. Amounts actually realized may differ from estimated amounts. For more information on our accounting judgments, estimates and assumptions that are material to our consolidated financial statements, please see note 4 to the audited consolidated financial statements of Croma as of and for the financial year ended December 31, 2022.

12.9 Changes in Accounting Policies and Disclosures

Certain new or amended accounting standards and interpretations have been published that have become mandatory for the first time for the audited consolidated financial statements as of December 31, 2022. The first-time application of these new or amended standards has no material impact on our audited consolidated financial statements. Furthermore, certain new accounting standards and interpretations have been published that are not mandatory for the audited consolidated financial statements as of December 31, 2022 and have not been early-adopted by us. The impact on our audited financial statements in the current or future reporting periods is still being evaluated.

For a summary of the new and amended standards and interpretations or amendments to standards, see note 3.3 to the audited consolidated financial statements of Croma as of and for the financial year ended December 31, 2022.

13. MANAGEMENT DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATION OF EHC

The financial information contained in the following tables is taken or derived from EHC's audited financial statements as of and for the year ended December 31, 2022 and for the period from July 9, 2021 to December 31, 2021. The audited financial statements of EHC as of and for the period ended December 31, 2022 and for the period from July 9, 2021 to December 31, 2021 have been prepared in accordance with IFRS.

Deloitte Accountants B.V. has audited the financial statements of EHC as of and for the year ended December 31, 2022 and for the period from July 9, 2021 to December 31, 2021 and has issued independent auditor's reports with respect to the financial statements as of and for the year ended December 31, 2022 and for the period from July 9, 2021 to December 31, 2021. The independent auditor's reports with respect to these audited financial statements contain an emphasis of matter on material uncertainty related to going concern and an emphasis of matter on uncertainty of valuation of warrants. Where financial information in the following tables is labeled "audited", this means that it has been taken from EHC's audited financial statements mentioned above.

The financial information presented in the text and tables below is shown in thousands of Euro (in € thousands). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables below may not add up to the aggregate amounts in such tables (sum totals or sub totals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Circular. Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

13.1 Overview

EHC is a public company with limited liability, incorporated on July 9, 2021 under the laws of the Netherlands in the legal form of a *besloten vennootschap met beperkte aansprakelijkheid* (B.V.). EHC was established as special purpose acquisition company to engage in a merger or acquisition with an unidentified company or business with principal business operations in Europe in Specific Healthcare Sectors. The Business Combination is effected by 59,017,856 Treasury Shares of EHC being transferred to the Croma Shareholders as consideration for the Croma Shareholders to transfer all of their Croma Shares to EHC, resulting in Croma becoming a wholly owned subsidiary of EHC and the Croma Shareholders to become shareholders of EHC.

Until EHC consummates the Business Combination substantially all of its assets consisted of cash received from the gross proceeds of its Private Placement, proceeds from the sale of Sponsor Warrants and Sponsor Shares (the Sponsor Capital At-Risk and Additional Sponsor Subscription) and the deferred listing commissions (as described in the EHC Prospectus). All of the proceeds from the Private Placement were deposited to the Escrow Account. The additional purchase price for the Sponsor Shares in the amount of €1.4 million was used, among others, to cover remuneration costs of EHC during the first twelve months since November 22, 2021. The Sponsor Capital At-Risk in the amount of €7.69 million is used to finance the EHC's working capital requirements and other running costs, except for deferred listing commissions (as described in the EHC Prospectus), that will, if and when due and payable, be paid from the Escrow Account. The proceeds of the Additional Sponsor Subscription were and will be used to cover any negative interest on the proceeds held in the Escrow Account, or in case of redemptions of Public Shares in connection with the Business Combination.

13.2 Results of Operations

Prior to the Business Combination, EHC has not engaged in any operations other than organizational activities, including the identification of potential target companies for the Business Combination and the preparation for the Private Placement (including the corresponding listing on Euronext Amsterdam). Following such Private Placement, EHC did neither generate any operating revenues nor non-operating income in the form of interest income for the proceeds from the Private Placement deposited to the Escrow Account. Instead, EHC had interest expenses including negative interest for the balances in the Escrow Account in the amount of €809 thousand in 2022 and €141 thousand for the period from July 9, 2021 to December 31, 2021. These expenses were covered by the proceeds from the Additional Sponsor Subscription.

The other operating expenses amounted to €2.9 million in 2022 compared to €1 million in the period from July 9, 2021 to December 31, 2021 and mainly relate to legal fees as well as fees for tax, accounting, auditor's and consulting services, in particular, as a result of being a public company as well as for the due diligence and other services in connection with the Business Combination. EHC further incurred personnel expenses in the amount of €1.2 million mainly related to the salaries of its executive directors and an expense amounting to €6 million as the deferred listing compensation to be paid through the Escrow Account has been recorded as expense in 2022.

13.3 Selected Data from the Consolidated Statement of Comprehensive Income

The following table provides financial information from EHC's consolidated the statement of profit or loss and comprehensive income for the periods presented:

	For the year ended December 31, 2022	For the period from July 9, to December 31, 2021
	(audited)	
	(in € thousand)	
Personnel expenses	(1,244)	0
Deferred underwriting fee	(6,000)	0
Other operating expenses	(2,931)	(1,013)
Operating loss	**(10,175)**	**(1,013)**
Fair value adjustments of warrants	(13,692)	(669)
Effective interest on ordinary shares subject to redemption	(6,068)	(703)
Interest income	649	0
Interest expenses	(809)	(141)
Finance costs, net	**(19,920)**	**(1,513)**
Loss for the period	**(30,095)**	**(2,526)**
Other comprehensive income	**0**	**0**
Total comprehensive loss for the period, net of tax	**(30,095)**	**(2,526)**

13.4 Selected Data from the Consolidated Statement of Financial Position

The following table provides a breakdown of EHC's statement of financial position as of the dates indicated:

	As of December 31, 2022	As of December 31, 2021
	(audited)	
	(in € thousand)	
Assets		
Other receivables	290	0
Deferred cost	249	510
Cash and cash equivalents	204,316	207,892
Current assets	**204,855**	**208,402**
Total assets	**204,855**	**208,402**
Equity and liabilities		
Issued capital	67	67
Share premium	7,971	6,767
Accumulated deficit[(1)]	(32,621)	(2,526)
Total equity	**(24,583)**	**4,308**
Non-current liabilities		
Redeemable ordinary shares	0	188,435
Market warrants	0	8,500
Founder warrants	0	4,907
Total non-current liabilities	**0**	**201,842**
Current liabilities		

	As of December 31, 2022	As of December 31, 2021
	(audited)	
	(in € thousand)	
Redeemable ordinary shares	194,503	0
Market warrants[2]	14,227	0
Founder warrants[3]	12,872	0
Trade and other payables	1,836	2,121
Deferred underwriting fee	6,000	0
Interest payable	0	131
Current liabilities	**229,438**	**2,252**
Total liabilities	**229,438**	**204,094**
Total equity and liabilities	**204,855**	**208,402**

(1) In the financial statements for the period from July 9, 2021 to December 31, 2021, shown as "Retained earnings".
(2) Another term for the 6,666,666 Public Warrants.
(3) Another term for the 6,768,000 Sponsor Warrants.

13.5 Liquidity and Capital Resources

The following table sets forth EHC's cash flow data for the periods presented:

	For the year ended December 31, 2022	For the period from July 9, to December 31, 2021
	(audited)	
	(in € thousand)	
Operating activities		
Loss for the period	(30,095)	(2,526)
Adjustments to reconcile net loss to cash flows:		
Fair value adjustments of warrants	13,692	669
Effective interest on ordinary shares subject to redemption	6,068	703
Interest paid, net[1]	160	131
Working capital adjustments:		
Decrease (+) / increase (-) in deferred costs	261	(510)
Increase in deferred underwriting fee	6,000	0
Decrease (+) / increase (-) in other working capital[2]	725	2,121
Net cash flows from operating activities	**(3,189)**	**588**
Financing activities		
Proceeds from issued units	0	200,000
Transaction costs related to issuance of ordinary shares	(1,430)	(4,268)
Transaction costs related to issuance of founder shares	(2)	(47)
Proceeds from issued found shares and founder warrants	0	11,619
Proceeds from payments of additional share premium	1,205	0
Interest paid, net	(160)	0
Net cash flows from financing activities	**(387)**	**207,304**
Net increase in cash and cash equivalents	(3,576)	207,892
Cash and cash equivalents at the beginning of period	207,892	0
Cash and cash equivalents at December at end of period	**204,316**	**207,892**

(1) In the financial statements for the period from July 9, 2021 to December 31, 2021, shown as "Interest expense."
(2) In the financial statements for the period from July 9, 2021 to December 31, 2021, shown as "Increase in trade and other payables".

14. DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of the key defined terms used in this Circular.

ABN AMRO	ABN AMRO Bank N.V.
AFM	The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*).
AGM	Annual general meeting of the Shareholders of EHC, which will be held on June 27, 2023 in Amsterdam at 10:00 CEST.
Articles of Association	The articles of association (*statuten*) of the Company as they shall read following the execution of the Deed of Conversion and Amendment of the Articles.
Audit Committee	The audit committee of the Company.
Business Combination	The transfer of 100% of the issued and outstanding share capital of Croma-Pharma GmbH to the Company in exchange for the transfer of the Consideration Shares to the Croma Shareholders.
Business Combination Agreement	The agreement between the Company, the Croma Shareholders and Croma in connection with the Business Combination dated December 22, 2023.
Business Combination Deadline	The date 24 months from November 18, 2021.
Business Day	A day (other than a Saturday or Sunday) on which banks in the Netherlands and Euronext Amsterdam are generally open for normal business.
Capital Expenditure	Purchase of property, plant and equipment and purchase of intangible assets, as shown in Croma Group's consolidated statements of cash flows.
CEO	Chief executive officer of Croma.
CEST	Central European Summer Time.
CFO	Chief financial officer of Croma.
Chairperson	The chairperson of the Supervisory Board.
Class A Ordinary Shares	The class A ordinary shares in the capital of the Company with a nominal value of €0.01 each.
Class B Ordinary Shares	The class B ordinary shares in the capital of the Company with a nominal value of €0.01 each.
Combined Group or Group	The Company and its subsidiaries (dochtermaatschappijen) as defined in article 2:24a of the DCC upon completion of the Business Combination.
Company	European Healthcare Acquisition & Growth Company B.V., which will be renamed Croma N.V. after completion of the Business Combination, and, where appropriate, its Subsidiaries.
Consummation	Consummation of the Business Combination.
Convocation	The convening of the AGM set out in section 3 (*Convocation and Agenda for the Annual General Meeting*) of this Circular, including the agenda for the AGM.
Croma Shareholders	OLIN, PMJ and PH.
Croma Shares	The issued and outstanding shares in the capital of Croma.
DCC	The Dutch Civil Code.
DCCP	Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

Deed of Conversion and Amendment of the Articles	The deed of conversion and amendment of the articles of association of the Company intended to be executed on July 6, 2023.
Deed of Further Amendment of the Articles	The deed of partial amendment of the articles of association of the Company intended to be executed on July 6, 2023, in which, *inter alia*, certain revisions are made to the conversion of Class B Ordinary Shares into Class A Ordinary Shares.
Dutch FSA	Dutch Financial Supervision Act (*Wet op het financieel toezicht*).
EBITDA	Profit/loss before tax, finance income, finance costs, depreciation and impairment losses.
EHC	European Healthcare Acquisition & Growth Company B.V., which will be renamed to Croma N.V. after completion of the Business Combination and, where appropriate, its Subsidiaries.
EHC Board	The current one tier board (*bestuur*) of EHC.
EHC Prospectus	The prospectus that was published in connection with the Private Placement dated November 16, 2021.
EHC Shares	The Public Shares, Treasury Shares and Sponsor Shares together.
Escrow Account	An escrow account which is held by the Company at Deutsche Bank Aktiengesellschaft as escrow bank, with Deutsche Bank AG, London Branch acting as the escrow agent.
ESG	Environmental, Social and Governance.
EU	The European Union.
EURIBOR	Euro Interbank Offered Rate.
Euro or €	The single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Community, as amended from time to time.
Euronext Amsterdam	The regulated market operated by Euronext Amsterdam N.V.
Forfeited Sponsor Shares	The 1,333,332 Sponsor Shares subject to the Sponsor Share and Sponsor Warrant Agreement concluded between the Sponsors, EHC and the Croma Shareholders.
FTEs	Full time employee equivalents.
General Meeting	The general meeting (*algemene vergadering*) of the Company, being the corporate body, or where the context so requires, the physical meeting of Shareholders.
IFRS	International Financial Reporting Standards as adopted by the EU.
Independent Supervisory Director	Any Supervisory Director that qualifies as independent within the meaning of 2.1.8. of the Dutch Corporate Governance Code.
Liquidation	Company adopting a resolution to (i) dissolve and liquidate the Company and (ii) to delist the Ordinary Shares and Warrants.
Management Board	The management board (*raad van bestuur*) of the Company following the execution of the Deed of Conversion and Amendment of the Articles.
Management Board Rules	The rules adopted by the Management Board governing the Management Board's principles and best practices.
Managing Directors	The members of the Management Board of the Company.

Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, which entered into force on 3 July 2016.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments.
OLIN	OLIN Holding GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria and registered in the business register (*Firmenbuch*) of the commercial court (*Handelsgericht*) of Vienna under FN 431203 y with registered office at Franz-Josefs-Kai 53/10, 1010 Vienna, Austria.
Ordinary Shares	The Class A Ordinary Shares and Class B Ordinary Shares.
PH	Prinz Holding GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria and registered in the business register (*Firmenbuch*) of the regional court (*Landesgericht*) of Korneuburg under FN 422705 a with registered office at Industriezeile 6, 2100 Leobendorf, Austria.
PMJ	PMJ GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Austria and registered in the business register (*Firmenbuch*) of the commercial court (*Handelsgericht*) of Vienna under FN 431204 z with registered office at Franz-Josefs-Kai 53/10, 1010 Vienna, Austria.
Private Placement	The private placement of EHC on November 18, 2021.
Public Shareholders	The holders of the 20,000,000 Class A Ordinary Shares outstanding at the time of publication of this Circular, that are admitted to listing and trading on Euronext Amsterdam under ISIN NL0015000K28.
Public Shares	The 20,000,000 Class A Ordinary Shares outstanding at the time of publication of this Circular and all Class A Ordinary Shares that are currently held by the Company and transferred to the PIPE Investors as part of the PIPE Financing (if any) or that come into existence after the publication of this Circular, either by issuance, conversion or otherwise, provided that in any event they are admitted to listing and trading on Euronext Amsterdam under ISIN NL0015000K10.
Public Warrants	The 6,666,666 redeemable class A warrants to subscribe for one Public Share, admitted to listing and trading on Euronext Amsterdam under ISIN NL0015000K28.
Record Date	May 30, 2023 at 17:30 CEST.
Redeeming Shareholders	Shareholders that wish to have their Ordinary Shares repurchased by the Company.
Relationship Agreement	The relationship agreement entered into by the Croma Shareholders and the Company dated December 22, 2022 and amended and restated by the parties thereto on May 15, 2023.
Remuneration Committee	The remuneration committee of the Company.
Shareholder	Any holder of Shares at any time.
Shares	Class A Ordinary Shares and Class B Ordinary Shares other than such Class A Ordinary Shares held as Treasury Shares by EHC
Sponsor Share and Sponsor Warrant Agreement	The agreement concluded between the Sponsors, EHC and the Croma Shareholders on May 15, 2023.
Sponsor Shares	The convertible Class B Ordinary Shares held by any of the

	Sponsors.
Sponsor Warrants.....	The 6,768,000 class B warrants purchased by the Sponsors in a separate private placement that occurred simultaneously with the completion of the Private Placement.
Sponsors.....	BAUR I&C GmbH, RNRI GmbH, CCC Investment GmbH, SO I GmbH, PS Capital Management GmbH, and Winners & Co. GmbH.
Subsidiary.....	Means, for any given person or entity, any other person or entity directly or indirectly controlled by such person or entity.
Supervisory Board.....	The supervisory board (*raad van commissarissen*) of the Company following the execution of the Deed of Conversion and Amendment of the Articles.
Supervisory Board Rules	The rules adopted by the Supervisory Board governing the Supervisory Board's principles and best practices.
Supervisory Directors.....	The members of the Supervisory Board of the Company.
Trading Day	Being a day on which Euronext Amsterdam is open for trading.
Treasury Shares.....	The Class A Ordinary Shares held in treasury by EHC.
U.S. Securities Act	US Securities Act of 1933, as amended.
United States or US.....	The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
USD, U.S. dollars or $.....	US dollars, the lawful currency of the United States.
Warrant Holder	A holder of one or more Warrant(s).
Warrant T&C	The terms and conditions of class A warrants and of class B warrants as published on EHC's website.
Warrants	The warrants (other than Sponsor Warrants) in respect of Ordinary Shares.

15. INDEX TO FINANCIAL STATEMENTS OF CROMA-PHARMA GMBH

The following English-language consolidated financial statements of Croma-Pharma GmbH are translations of the respective German-language consolidated financial statements.

Croma-Pharma GmbH, Leobendorf

Consolidated Financial statements
in accordance with International
Financial Reporting Standards (IFRS)
as of December 31, 2022 (Translation)

Croma-Pharma GmbH

Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

for the period from 1 January to 31 December 2022

	Note	2022 kEUR	2021 kEUR
Revenue from contracts with customers	6	120 712	94 100
Other income	6	489	1 685
Revenues		**121 201**	**95 786**
Other operating income	7.1	2 760	1 019
Income from internally generated intangible assets		6 677	6 432
Cost of materials		-28 467	-18 832
Cost of services		-417	-69
Changes in inventories		797	-2 543
Employee benefits expenses	7.2	-44 348	-37 249
Depreciation	9, 10, 11	-10 040	-8 110
Impairment losses	11	-1 050	-5 467
Other operating expenses	7.3	-39 846	-36 818
Finance costs	7.4	-2 049	-1 485
Finance income	7.5	35	45
Profit/(Loss) before tax		**5 253**	**-7 291**
Income tax expense/income	8	-1 037	1 705
Profit/(Loss) for the period		**4 216**	**-5 586**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		300	-56
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain/(loss) on defined benefit plans		7	-141
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		1 681	539
Other comprehensive income/(loss) for the year, net of tax		**1 988**	**342**
Total comprehensive income for the year, net of tax		**6 204**	**-5 244**
Profit/(loss) for the period, attributable to:			
Equity holders of the parent		4 149	-5 714
Non-controlling interests		67	129
		4 216	**-5 586**
Total comprehensive result for the year, attributable to:			
Equity holders of the parent		6 136	-5 373
Non-controlling interests		67	129
		6 204	**-5 244**

Croma-Pharma GmbH

Consolidated statement of financial position

as of 31 December 2022

	Note	2022 kEUR	2021 kEUR
Assets			
Non-current assets			
Property, plant and equipment	9	6 329	6 952
Right-of-use assets	10	34 704	39 907
Intangible assets and goodwill	11, 12	57 019	53 225
Non-current financial assets	13.1	41 442	39 748
Other non-current receivables	13.1, 15	11 475	11 060
Non-current contract assets	6.2, 13.1	566	391
Deferred tax assets	8	851	1 319
		152 385	**152 601**
Current assets			
Inventories	14	25 959	22 720
Trade receivables	13.1, 15	33 565	22 536
Prepayments	15	1 814	2 600
Other current receivables	13.1, 15	1 417	3 040
Current contract assets	6.2	0	497
Government grants	16	3 391	2 667
Cash and short-term deposits	17	7 092	5 744
		73 237	**59 805**
Total assets		**225 622**	**212 407**
Equity and liabilities			
Equity			
Issued capital	18	36	36
Retained earnings	18	89 503	85 355
Other components of equity	18	1 143	-845
Equity attributable to the equity holders of the parent		**90 683**	**84 546**
Non-controlling interests	18	658	668
Total equity		**91 340**	**85 214**
Non-current liabilities			
Interest-bearing loans and borrowings	13.2	36 318	49 976
Other non-current financial liabilities	13.2, 22	34 433	35 244
Other non-current payables	13.2	1 748	0
Provisions	20	1 082	1 141
Government grants	16	3 099	2 198
Deferred tax liabilities	8	3 203	2 159
		79 883	**90 719**
Current liabilities			
Trade and other payables	13.2	19 247	11 591
Contract liabilities	6.2	2 000	4 565
Interest-bearing loans and borrowings	13.2	25 788	10 710
Other current financial liabilities	13.2, 22	4 494	5 394
Income tax payable	8	148	2 088
Provisions	20	2 723	2 127
		54 400	**36 474**
Total liabilities		**134 282**	**127 193**
Total equity and liabilities		**225 622**	**212 407**

Croma-Pharma GmbH

Consolidated Statement of Changes in Equity

for the period from 1 January to 31 December 2022

Equity attributable to the equity holders of the parent

	Issued capital	Other components of equity [1)]	Retained earnings	Total	Non-controlling interests	Total equity
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
As of 1 January 2022	36	-845	85 355	84 546	668	85 214
Profit/(loss) for the period			4 149	4 149	67	4 216
Other comprehensive income		1 988		1 988		1 988
Total comprehensive income	0	1 988	4 149	6 136	67	6 204
Dividends at subsidiaries				0	-78	-78
Other effects				0		0
As of 31 December 2022	36	1 143	89 503	90 683	658	91 340

for the period from 1 January to 31 December 2021

Equity attributable to the equity holders of the parent

	Issued capital	Other components of equity [1)]	Retained earnings	Total	Non-controlling interests	Total equity
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
As of 1 January 2021	36	-1 187	91 069	89 919	607	90 525
Profit/(loss) for the period			-5 714	-5 714	129	-5 585
Other comprehensive income		342		342		342
Total comprehensive income	0	342	-5 714	-5 373	129	-5 243
Dividends				0	-68	-68
Other effects				0		0
As of 31 December 2021	36	-845	85 355	84 546	668	85 214

1) for disclosures refer to Note 18

Croma-Pharma GmbH

Consolidated statement of cash flows

for the period from 1 January to 31 December 2022

	Note	2022 kEUR	2021 kEUR
Profit/(loss) before tax		**5 253**	**-7 291**
Depreciation and impairment losses		11 090	13 577
Finance costs		2 049	1 485
Finance income		-35	-45
Other non-cash items		2 643	-5 929
Increase (+)/decrease (-) in non-current provisions		-52	60
		20 948	**1 858**
Working capital changes:			
Increase (-)/decrease (+) in inventories		-5 339	-168
Increase (-)/decrease (+) in trade receivables and other receivables		-10 652	-6 902
Changes in government grants		177	986
Increase (+)/decrease (-) in trade payables		5 092	3 247
Increase (+)/decrease (-) in other payables and provisions		1 560	1 444
Cash flow from operating activities		**11 786**	**465**
Interest paid		-2 014	-1 440
Income tax received/paid		494	-539
Net cash flow from operating activities		**10 266**	**-1 514**
Investing activities			
Purchase of property, plant and equipment	9	-1 065	-2 710
Purchase of intangible assets	11	-8 058	-7 114
Proceeds from sale of property, plant and equipment		29	238
Proceeds from sale of intangible assets		602	835
Purchase of non-current financial assets		0	-20
Acquisition of subsidiaries, net of cash acquired		0	0
Net cash flows from/used in investing activities		**-8 491**	**-8 771**
Financing activities			
Repayment of interest-bearing loans and borrowings	13.5	-2 766	-2 797
Proceeds from interest-bearing loans and borrowings	13.5	4 186	8 075
Repayment of other financial liabilities	13.5	-4 769	-4 523
Proceeds from other financial liabilities	13.5	3 000	
Dividends paid to non-controlling interests		-78	-68
Net cash flow from/used in financing activities		**-427**	**687**
Net increase/decrease in cash and cash equivalents	17	**1 349**	**-9 598**
Cash/cash equivalents as of 1 January		**5 744**	**15 342**
Cash/cash equivalents as of 31 December		**7 092**	**5 744**

Croma-Pharma GmbH GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2022

Index

1. Corporate Information

The consolidated financial statements of Croma-Pharma GmbH and its subsidiaries (hereinafter collectively referred to as: the "Group") for the fiscal year as of 31 December 2022 were issued on 4 May 2023 by resolution of the Management Board.

Croma-Pharma GmbH (hereinafter referred to as: the "Company" or the "Parent") is a limited liability company incorporated and domiciled in Austria. The registered headquarters of the Company are at Industriezeile 6 in (2100) Leobendorf.

The Group is mainly specialised in minimally invasive aesthetic medicine and in the area of hyaluronic acid products for other applications (ophthalmology, orthopaedics). Thereby it develops own products, licences distribution rights, in as well as out, and acts as contract manufacturer. Information about the structure of the Group is provided in Note 2.2, and information about related parties of the Group is provided in Note 25.

On 22 December 2022 Croma-Pharma GmbH signed a business combination agreement. Therewith, the company plans to complete the business combination with a company, which is already listed at the Euronext in Amsterdam, within a so-called De-SPAC transaction in the second quarter of 2023. The execution of the transaction is subject to the consent of the company of the legal acquirer. Accordingly, the preparations therefore are in progress.

2. Consolidation methods

2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of Croma-Pharma GmbH and its subsidiaries as of 31 December 2022. In the context of the determination of the scope of consolidation, Croma-Pharma GmbH analyses whether it directly or indirectly controls the potential subsidiary. The Group controls a subsidiary if

- Croma-Pharma GmbH has power over the investee,
- Croma-Pharma GmbH is exposed to variable returns or has rights to these variable returns due to its relationship with the investee, and
- Croma-Pharma GmbH has the possibility to use its power over the investee to influence its variable returns.

The Management of Croma-Pharma GmbH reviews at each balance sheet date whether or not the requirements for a consolidation are still valid.

The operations of a subsidiary are recognised in the consolidated statement of profit or loss from the date of acquisition until the date when the Company loses control of the subsidiary.

Where necessary, the financial statements of the subsidiaries are adjusted to align the accounting and measurement methods with the methods used by the Group.

All intra-group assets and liabilities, equity, income, expenses, interim profits and cash flows relating to transactions between Group companies are eliminated on consolidation.

2.2 Group information

Subsidiaries

The following subsidiaries are included in the consolidated financial statements:

		Equity interest (in %)	
Name	Headquarters	2022	2021
Bey Pharma GmbH (AT20)	Austria	100.0%	100.0%
Croma Austria Holding GmbH (AT40)	Austria	100.0%	100.0%
Croma GmbH (AT50)	Austria	100.0%	100.0%
Croma International Holding GmbH (AT60)	Austria	100.0%	100.0%
Croma Pharma Produtos Medicos Ltda (BR10)	Brazil	74.9%	74.9%
Croma Schweiz GmbH (CH30)	Switzerland	100.0%	100.0%
Croma Deutschland GmbH (DE50)	Germany	100.0%	100.0%
Laboratories Croma Estetica, SL (ES30)	Spain	100.0%	100.0%
CROMA PHARMA LATAM S.L. (ES40)	Spain	75.1%	75.1%
Croma Pharma Italia Srl. (IT30) (previously: Orlicom Srl.)	Italy	70.0%	70.0%
Croma France SASU (FR30)	France	100.0%	100.0%
Croma Nederland B.V. (NL30)	Netherlands	100.0%	100.0%
Croma-Pharma Sp. z o.o. (PL30)	Poland	100.0%	100.0%
Croma Portugal - Comercio de Produtos Farmaceuticos (PT30)	Portugal	100.0%	100.0%
Croma Pharma Romania SRL (RO30)	Romania	100.0%	100.0%
CROMA-PHARMA LIMITED (UK30)	United Kingdom	100.0%	100.0%
Croma USA Inc. (US20)	USA	100.0%	100.0%

In the year 2021, the subsidiary Orlicom Srl. headquartered in Italy was renamed to Croma Pharma Italia Srl.

In the fiscal year as of 31 December 2021, the subsidiary CROMA PHARMA LATAM S.L. was founded in Spain, with a share of 75.1%. The remaining shares (24.9%) are owned by the company Fossalto Ventures NV. The purpose of the company is the planned foundation of the subsidiary in Mexico.

Owners of Croma-Pharma GmbH:

The immediate and ultimate holding companies are:
- Olin Holding GmbH (49.1%)
- PMJ GmbH (49.1%)
- Prinz Holding GmbH (1.8%)

The owners do not exercise joint control and there is no owner, which exercises control by a majority.

In the years 2022 and 2021 no business combinations took place.

2.3 Partly-owned subsidiaries

The table below shows summarised financial information before intercompany eliminations for each subsidiary with significant non-controlling interests:

Name	Headquarters	2022	2021
Croma Pharma Produtos Medicos Ltda (BR10)	Brazil	25.1%	25.1%
CROMA PHARMA LATAM S.L. (ES40)	Spain	24.9%	24.9%
Croma Pharma Italia Srl. (IT30) (previously: Orlicom Srl.)	Italy	30.0%	30.0%

Croma Pharma Produtos Medicos Ltda (BR10):

Summarised statement of financial position:	2022	2021
	KEUR	KEUR
Inventories and other assets (current)	2 288	1 743
Cash and bank deposits (current)	272	311
Property, plant and equipment and other assets (non-current)	368	251
Trade and other payables (current)	973	691
Interest-bearing loans and deferred tax liabilities (non-current)	168	14
Total equity	1 788	1 600

	2022	2021
	KEUR	KEUR
Revenues	5 163	4 336
Proportionate profit of non-controlling interests	72	121
Dividends paid to non-controlling interests	-78	68
Carrying amount of the non-controlling interests	586	592

Croma Pharma Italia Srl (IT30): (former: Orlicom Srl.)

Summarised statement of financial position:	2022	2021
	KEUR	KEUR
Inventories and other assets (current)	934	448
Cash and bank deposits (current)	183	214
Property, plant and equipment and other assets (non-current)	45	27
Trade and other payables (current)	735	237
Interest-bearing loans and borrowings and deferred tax liabilities (non-current)	157	171
Total equity	269	281

	2022	2021
	KEUR	KEUR
Revenues	2 287	1 431
Proportionate profit of non-controlling interests	-3	18
Dividends paid to non-controlling interests	0	0
Carrying amount of the non-controlling interests	81	84

3. Significant accounting policies

3.1 Basis of preparation

The consolidated financial statements of Croma-Pharma GmbH were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the additional corporate law regulations to be observed in accordance with Section 245a paragraph 1 of the Austrian Company Code (UGB).

The consolidated financial statements are prepared in euros. Unless indicated otherwise, all values are commercially rounded to the nearest thousand euros (KEUR). Hence, rounding differences to the mathematically exact values may occur in tables and in references.

The Management Board has a reasonable expectation that at the time of the adoption of the consolidated financial statements the Group has sufficient resources to continue as a going concern for the foreseeable future. Therefore, the consolidated financial statements are prepared on the basis that the Group will continue to operate as a going concern.

3.2 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition, and the amount of any non-controlling interests in the acquiree.

The goodwill is initially measured at cost, which is the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed of the Group.

After initial recognition, the goodwill is tested annually for impairment or if there is a prior indication that requires an impairment test.

b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is classified as current if it is expected to be realised within twelve months after the reporting date or if it represents cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current if it is expected to be settled within twelve months after the reporting date or if the company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. All other payables are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

c) Fair value measurement

The fair value is a market-based measurement. For some assets and liabilities identifiable market transactions or market information are available, while for other assets and liabilities, identifiable market transactions or market information may not be available. If a price for an identical asset or liability is not identifiable then a different measurement method is used. To increase the consistency and comparability in the fair value measurement, there are three levels of fair value hierarchy.

- Level 1: quoted market prices in active markets for identical assets or liabilities
- Level 2: the input factors used for the measurement are directly or indirectly observable in the market
- Level 3: the input factors are unobservable in the market

For the values estimated within this hierarchy level, appropriate assumptions were made by the management and corresponding alternative measurement methods were used.

For assets and liabilities that are recognised at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In order to comply with the fair value disclosure requirements, the Group has identified classes of assets and liabilities based on their nature, characteristics and risks as well as based on the levels of the measurement hierarchy explained above.

d) Revenue from contracts with customers

REVENUE RECOGNITION

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In the event that a contract with a customer contains more than one performance obligation, the transaction price is allocated to the performance obligation based on relative stand-alone selling price. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

REVENUE FROM COOPERATION AND LICENSE AGREEMENTS

The Group generates revenue from cooperation and license agreements, whereby the Group grants licences to use, research, develop, manufacture and market prospective products and products. If the grant of a licence is combined with the provision of services in an agreement then it is assessed whether this agreement includes more than one performance obligation. A performance obligation is only handled as the grant of a licence if the grant of a licence is the sole or predominant commitment of the performance obligation. For each commitment to grant a licence, which is a separate performance obligation, it is assessed whether control is transferred to a customer at a specific point in time or over a specific period of time.

PROVISION OF SERVICES

The Group provides development and manufacturing services to its customers and recognises this revenue on a time-apportioned basis, as the customer uses the services provided whilst the services are being provided. The amount of this revenue is determined using an output-based method to measure progress towards full compliance with the performance obligation. When the Group has a right to receive a consideration from a customer in an amount that directly represents the value of the service provided to the customer up to that date, the Group recognises revenue for the amount that it is entitled to invoice.

SALE OF PRODUCTS

Revenue from the sale of products is recognised when the Group transfers the control over the product. The control over the product is usually transferred when the customer acquires physical possession and the Group no longer has any material ownership risks or future obligations in relation to the delivered product. A receivable is recognised when there is an unconditional right to the consideration and the due date of payment only depends on the passage of time. The transaction price results from the price lists valid at the time of the order by or the delivery to the customer and from individual agreements. Payments from customers are usually due between 10 days and 120 days after issue of the invoice, depending on the country.

TRADE RECEIVABLES

A receivable is recognised if an amount of consideration that is unconditional is due from the customer of the Group (i.e., only the passage of time is required before payment of the consideration is due).

CONTRACT LIABILITIES

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from the customer before the Group transfers the related goods or services to the customer. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control over the related goods or services to the customer).

e) Government grants

Investment subsidies in the Croma Group are specifically related to the research premium for capitalised assets and for expense-related subsidies. They are recognised as soon as there is reasonable assurance that all support conditions are met and the subsidy is awarded in full. The grants are subsequently recognised within other non-current liabilities and are released to profit or loss over the useful life of the relevant intangible assets or in accordance with the terms of the subsidies. Investment subsidies received are recognised as cash flow from investing activities.

f) Taxes

CURRENT INCOME TAX

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The amount is calculated on the basis of the tax rates and tax laws that are enacted or substantively enacted on the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in the equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Moreover, assumptions concerning the probability are taken into consideration.

DEFERRED TAX

Deferred tax is recognised for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax bases for the calculation of the taxable income at the reporting date. Deferred tax liabilities are in general recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting result nor the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit is or will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, with the exception of:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future or sufficient taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit shall be available against which the losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

RECOGNITION OF TAX

Current income taxes and deferred taxes are recognised either in the statement of profit or loss, in other comprehensive income or directly in equity, depending on the underlying business transaction.

The Group offsets current tax assets and current tax liabilities if and only if there is a legally enforceable right to set off the recognised amounts and it is intended either to settle current tax liabilities and assets on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset if and only if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to current tax liabilities and assets on a net basis settle or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be recovered or settled,.

VALUE ADDED TAX

Expenses and assets are recognised net of the amount of value added tax, except when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority.

The amount of sales tax recoverable from or payable to the taxation authorities is included in the statement of financial position as part of other assets or other liabilities.

g) Currency translation

The consolidated financial statements are prepared in euros, the functional currency of the parent. Each subsidiary determines its functional currency, which is the currency of the primary commercial environment. The financial statements of the foreign subsidiaries are subsequently translated according to the functional currency concept using the modified closing rate method in accordance with IAS 21.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency at their respective spot rates applicable at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in a foreign currency are translated at the functional currency spot rates of exchange at each reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rates at the dates of the initial transactions.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

EXCHANGE DIFFERENCES

The assets and liabilities of the foreign business operations are translated into euros in the course of consolidation at the exchange rate prevailing at the reporting date. The translation of income and expenses is carried out using the average exchange rate, which is determined based on historical exchange rates of the corresponding fiscal year. The translation of the equity of the subsidiaries is carried out using historical exchange rates, whereby changes in exchange rates are offset against the equity without affecting the result and are shown separately in the consolidated statement of changes in equity.

The exchange rates of the most important currencies for the Group changed as follows as compared to the previous year:

Currency 1 EURO =	2022 Average exchange rate	2022 Closing exchange rate	2021 Average exchange rate	2021 Closing exchange rate
BRL	5.40514	5.6386	6.37858	6.3101
CHF	1.00170	0.9847	1.07988	1.0331
GBP	0.85482	0.8869	0.85840	0.8403
PLN	4.68680	4.6808	4.57202	4.5969
RON	4.93403	4.9495	4.92511	4.9490
USD	1.04998	1.0666	1.18156	1.1326

The translation differences resulting from consolidation are recognised in other comprehensive income. The amount recognised in other comprehensive income for foreign operations is reclassified to the statement of profit or loss in case of sale of that foreign operation and forms part of the de-consolidation result.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

h) Cash dividends

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. According to Austrian corporate laws, a distribution is authorised if it is approved by the shareholders.

i) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such costs include the costs of replacing part of the plant and equipment, if the recognition criteria are met. All other maintenance and repair costs are recognised in profit or loss as incurred. Significant additions, improvements, modifications and replacements are capitalised.

With the exception of land, property, plant and equipment is depreciated on a straight-line basis over the estimated useful life. The depreciation is carried out on a monthly basis by asset class, starting at the first month of the ready for use asset. The estimated useful life of the relevant asset classes is as follows:

- Buildings: 30-40 years
- Vehicles: 3-5 years
- Machinery and equipment: 2-20 years
- Office equipment: 3-5 years
- Furniture and fixtures: 2-33 years
- Various equipment: 3-10 years

In the case of asset disposals, the difference between the carrying amount and the net disposal proceeds is recognised in the statement of profit or loss under other operating income (disposal proceeds higher than carrying amount) or under other operating expenses (disposal proceeds lower than carrying amount).

The residual values, useful lives, and depreciation methods of property, plant and equipment are reviewed at the end of each fiscal year and adjusted prospectively, if appropriate.

j) Leases

At contract inception, the Group assesses whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control an identified asset, the Group applies the definition of a lease in accordance with IFRS 16.
Upon the inception or reassessment of a contract that includes a lease component, the Group allocates the consideration included in the contract to each lease component based on its relevant individual prices. For leases or long-term rentals of land and buildings where the Group is the lessee or tenant, the Group has elected not to separate non-lease and lease components and instead to recognise each lease component and any related non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability on the commencement date of the lease. The right-of-use asset is initially measured at cost. The cost includes the initial amount of the lease liability and any lease payments made at or before the commencement date of the lease, any initial direct costs incurred less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is regularly reduced by any impairments and adjusted accordingly when the lease liability is remeasured.

On the commencement date, the lease liability is measured at the present value of the lease payments to be made over the reasonably certain lease term.

The lease payments to be taken into account in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or (interest) rate and their initial measurement is made using the index or (interest) rate in effect on the commencement date;
- Amounts that the lessee expects to pay in the future under residual value guarantees;
- The exercise price of a purchase option reasonably certain to be exercised by the Group, lease payments of an optional extension period if the Group is reasonably certain to exercise the extension option, and penalties for terminating the lease unless if it is reasonably certain that the Group will not use the option to terminate.

The payment series is discounted at the interest rate implicit in the lease or, if this rate is not readily determinable, at the adequate incremental borrowing rate of the lease. All other variable payments are recognised as expense. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is remeasured if there is a change in the future lease payments resulting from a change in an index or rate, or if there is a change in the assessment by the Group of the amount expected to be paid under a residual value guarantee, or if the Group changes its assessment of an option to purchase, extend or terminate. If a remeasurement of the lease liability is carried out, the carrying amount of the value in use is accordingly adjusted or is recognised in the statement of profit or loss, if the carrying amount of the right-of-use asset was reduced to zero.

The Group reports right-of-use assets together with property, plant and equipment and lease liabilities as other financial liabilities in the consolidated statement of financial position.

The Group applies the recognition exemption to its right-of-use assets and lease liabilities for short-term leases of technical equipment and machinery with a lease term of twelve months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases on a straight-line basis over the lease term as expense under the item 'Other operating expenses' in the statement of profit or loss.

The term of the lease relationship is the reasonably certain period of time during which an asset is leased. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. This assessment is reviewed when either events beyond the control of the lessee or significant changes in circumstances occur that require a change in the lease term. The term of the lease is adjusted if a extension option is exercised or a termination option is not exercised and these were not included in the original assessment. The adjustment of the lease term in changed future payments and thus to a remeasurement of the lease liability using the current interest rate. The resulting difference is recognised directly in the right-of-use asset, not affecting results. Derecognition amounts exceeding the carrying amount of the right-of-use asset are recognised as an expense in the statement of profit or loss.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) Intangible assets

Intangible assets that are not acquired in a business combination are initially recognised at cost. This includes computer software and licences for the use of patents. Following initial recognition, intangible assets are carried at costs less any accumulated amortisation and any accumulated impairment losses.

A distinction is made between intangible assets with finite useful lives and with indefinite useful lives. Intangible assets with finite useful lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Amortisation of intangible assets with a finite useful life is recognised in the statement of profit or loss under the item “depreciation”.

Intangible assets with indefinite useful lives are tested for impairment at least annually or when there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level. These intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. As of 31 December 2022 the Group did not recognise any intangible assets with indefinite useful live.

The Group has classified advance payments on intangible assets as intangible assets not yet in use. Advance payments made on intangible assets are reviewed annually concerning impairment.

An intangible asset is derecognised either upon disposal (i.e. at the date the recipient obtains control) or when no further economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the statement of profit or loss in the period in which the asset is derecognised.

RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as an expense in the period in which they are incurred. Development costs of an individual project are only capitalised as an intangible asset if the Group can demonstrate that the following six criteria are met:

- The technical feasibility of completing the intangible asset so that the asset will be available for internal use or sale
- Its intention to complete the intangible asset
- Its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

The research activities of Croma focus on the physicochemical modification of hyaluronic acid (HA) for the development of new product features. The application field of viscoelastic injectable gel implants shall be extended from solely space-filling hydro gels to products, which bio-stimulate, rejuvenate and build up tissue. Especially Croma works on the chemical modification of hyaluronic acid concerning an accelerated wound healing and a stimulation and rejuvenation of tissue. In addition to the chemical modification Croma researches the possibility to achieve bio-stimulation and rejuvenation of tissue by a changed gel-structure (surface and porosity). Therefore, new chemical and process engineering steps are being tested. In addition, technical feasibility studies for the combination of hyaluronic acid with other polymers are carried out in a project in the research department, in order to generate new product features.

Product developments, product approvals and patents are capitalised at cost. Note 4 b) describes when such expenses are capitalised as intangible assets in the Group. First, all material costs and employee benefits expenses associated with projects that can be capitalised are recognised as expenses on corresponding internal orders in SAP. The project allocation is reviewed within monthly project reports and project controlling meetings to ensure correct allocation to the projects. During the monthly closing process, the internal orders are evaluated per project. The costs determined in connection therewith are capitalised on the corresponding intangible assets and recognised in revenues under the item income from internally generated intangible assets. The expenses eligible for capitalisation are recognised as assets under construction until the intangible asset is completed, subsequently, they are reclassified to intangible assets with a finite useful life. During the period of development, the asset is tested for impairment annually.

With the exception of goodwill, amortisation is recognised on a straight-line basis over the estimated useful life of intangible assets from the date they become available for use. The estimated useful life of the relevant asset classes is as follows:

- Software: 3-5 years
- Scales: 15 years
- Other intangible assets: 3-30 years
- Licences for the use of patents: 1-20 years
- Product developments: 10-25 years depending on the estimated product life cycle
- Product authorisations: 3-25 years; if the extension of product authorisations are assessed as highly probable, the useful lives correspond to the product life cycle, otherwise the useful life corresponds to the validity of the authorisation certificate
- Patents: 10-20 years according to validity or term, respectively

m) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or financial liabilities are generally recognised separately.

FINANCIAL ASSETS

At the initial recognition, financial assets are measured at fair value. In the subsequent measurement, the financial assets are allocated to one of the measurement categories listed in IFRS 9:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (OCI) (with recycling)
- financial assets at fair value through profit or loss

In the case of financial assets classified as equity instruments, there is an option to measure them at fair value (without recycling) through issued capital.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing them.

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

Financial assets at amortised cost are non-derivative financial assets with contractual payments that consist solely of interest and principal payments on the outstanding nominal amount and are held for the purpose of collecting the contractual cash flows, e.g. trade receivables or cash and cash equivalents (business model "hold").

After initial recognition, these financial assets are measured at amortised cost using the effective interest rate method less impairment for expected losses. Profits and losses are recognised in the profit/loss for the year of the Group, when the asset is derecognised, modified or impaired. The interest effects from the application of the effective interest rate method as well as effects from currency translation are also recognised in through profit or loss.

FINANCIAL ASSETS (DEBT INSTRUMENTS) AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (WITH RECYCLING)

Financial assets at fair value through OCI are non-derivative financial assets with contractual payments consisting exclusively of interest and principal payments on the outstanding nominal amount and are held with the aim of both collecting contractually agreed cash flows as well as selling them (“hold and sell” business model). For financial instruments at fair value through OCI (with recycling), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and calculated in the same way as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

FINANCIAL ASSETS (EQUITY INSTRUMENTS) DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (WITHOUT RECYCLING)

Upon initial recognition, the Group may irrevocably elect to classify its equity instruments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 (Financial Instruments: Presentation) and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Profits and losses from these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss as other income when the right of payment has been established, except when except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify its equity instruments under this category.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The group of financial assets at fair value through profit and loss includes financial assets that are recognised initially at fair value through profit and loss or financial assets that are mandatorily recognised at fair value. Financial assets are classified as held for trading if they were acquired for the purpose of sale or repurchase in the near future.

Financial assets at fair value through profit or loss are recognised in the statement of financial position at fair value, with net changes in fair value recognised in the statement of profit or loss.

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contract rights to receive cash flows from the financial asset have expired or have been transferred to a third party in such a way that the derecognition criteria are met.

IMPAIRMENT OF FINANCIAL ASSETS

An allowance for expected credit losses (ECLs) must be recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that form an integral part of the contractual terms.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

All financial liabilities are initially measured at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The financial liabilities of the Group specifically include trade and other payables as well as loans and borrowings.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

After initial recognition, the Group measures loans and borrowings, trade payables and other financial liabilities at amortised cost using the effective interest rate method.

The Group has no financial liabilities that are measured at fair value through profit or loss.

Amortised cost is calculated by taking into account any premium or discount on acquisition and any fees or costs that are an integral part of the effective interest rate. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

DERECOGNITION

A financial liability is derecognised when the underlying obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

n) Inventories

The parent holds the majority of the inventory of the Group.

The quantity-based inventory is reviewed on an ongoing basis during the fiscal year as part of permanent inventory procedures. Any inventory differences are recognised in cost of materials.

- The inventories are recognised at the lower of cost or net realisable value: Raw materials, consumables and supplies: based on the moving average price method;
- Finished goods or services and work in progress: Production costs, which include directly attributable material and labour costs as well as a proportion of production overheads based on the normal operating capacity, but excluding borrowing costs.

As of the balance sheet date, inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The measurement of inventories is carried out annually as of the balance sheet date. In this respect, an impairment requirement for expected future disposals (e.g. based on expiry of the best-before date or other product changes such as packaging changes) is determined, in addition to checking whether the net realisable prices are higher than the inventory value. For this purpose, the sum of the disposals over the last three years is put into a ratio with the total stock in order to determine the disposal rate over the last three years. The disposal rate is allocated to the inventory level of the current fiscal year and the inventory value adjustment for the current fiscal year is calculated accordingly.

o) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for each relevant cash generating unit, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recent market transactions are taken into account to determine the fair value less costs of disposal. If no such

transactions can be identified, an appropriate valuation model is used. This assessment is corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators or, if applicable, a discounted cash flow model. The Group bases its impairment assessment on detailed budget and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. After the fifth year, a long-term growth rate is calculated and applied to project future cash flows.

Impairment losses are recognised within “impairment losses” in the consolidated statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal of an impairment loss is recognised through profit or loss.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, and short-term deposits with a maturity of less than three months that are subject to an insignificant risk of changes in value.

q) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is recognised in the statement of profit or loss net of any reimbursement.

r) Employee benefits

Employees of the parent who commenced their employment before 31 December 2002 are entitled to severance payments when they reach the pensionable age or when they are dismissed. The entitlement depends on the number of years of service and the amount of the lastly earned salary. For employees who commenced their employment after 31 December 2002, severance entitlements are provided for in defined contribution plans. Obligations similar to the severance payments in Austria also exist in other countries where the Group employs staff. In Austria and Germany, employees receive long-service benefits after a certain length of service. These plan do not require employee contributions or securities coverage. Provisions for severance payments and long-service benefits are calculated using the projected unit credit method. The expected pension benefits are distributed over the entire period of service. Future salary increases are taken into account. Actuarial gains and losses for obligations from severance payments are recognised in full in other comprehensive income, as incurred. These actuarial gains and losses are recognised in other comprehensive income (OCI) without subsequent reclassification to the statement of profit or loss ("recycling"). Actuarial gains and losses from obligations for long-service benefits are recognised directly in the statement of profit or loss. The net interest expense is determined on the basis of the net obligation due to defined benefit plans and recognised in the financial result. The difference between the return on plan assets and the interest income on the plan assets included in net interest expense is recognised in other comprehensive income.

3.3 New and amended standards and interpretations

The following new or amended standards and interpretations became mandatory for the first time in the fiscal year 2022:

NEW AND AMENDED STANDARDS AND INTERPRETATIONS - MANDATORY FOR THE FISCAL YEAR 2022		Temporal scope
IFRS 3	Reference to the Conceptual Framework	01/01/2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	01/01/2022
IAS 37	Onerous Contracts - Costs of Fulfilling a Contract	01/01/2022
IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	01/01/2022

The first-time application of these new or amended standards has no material impact on the consolidated financial statements of Croma-Pharma GmbH. The accounting policy for onerous contracts of Croma corresponded already to the future valid regulations.

The following standards and interpretations or amendments to standards have been adopted by the IASB, but their application is not yet mandatory for the fiscal year 2022. An early application of these standards is currently not envisaged. The impact on the consolidated financial statements is still being evaluated.

STANDARDS ADOPTED BY THE IASB - NOT YET MANDATORY FOR THE FISCAL YEAR 2022		Mandatory application according to the IASB for fiscal years from	Adoption by the EU as from 31 December 2022
IAS 1	Amended by classification of Liabilities as Current or Non-current	01/01/2024	yes
IAS 1	Classification of Non-current Liabilities with Covenants	01/01/2024	no
IAS 1 and IFRS Practice Statement 2	Disclosures of Accounting Policies	01/01/2024	no
IAS 8	Definition of Accounting Estimates	01/01/2023	yes
IAS 12	Deferred Tax related to Assets and Liabilities from a Single Transaction	01/01/2023	yes
IFRS 16	Sale and Leaseback transactions	01/01/2024	no
IFRS 17	Insurance Contracts	01/01/2023	yes

Due to the amendment of IAS 1 "Classification of Liabilities with Covenants" several questions in relation with the classification of such liabilities are solved. At the same time this amendment changes and complements the former change of IAS 1 "Classification of Liabilities as Current or Non-current". The IASB especially clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. Expected non-compliance within twelve months after the reporting period will not be anticipated as of the closing date. However, the company is obliged to disclose the existence of covenants, the related carrying amount of the corresponding liabilities and possible difficulties concerning the compliance within twelve months. A possible intention to prematurely repay within twelve months does not affect the classification as of the closing date. Both amendments of IAS 1 have to be applied prospectively at the same time.

Due to the amendment of IAS 1 and Practice Statement 2 "Disclosures of accounting policies" the IASB changed the guidance within IAS 1 insofar, as - in the future - entities will only be required to disclose their 'material' accounting policies. This replaces the heretofore regulation concerning 'significant' accounting policies, which resulted in comprehensive disclosures also of non-material methods. The Group will review its disclosures to accounting policies in the light of these amendments and will change them, if applicable.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management: Note 5
- Financial instruments risk management objectives and policies Note 13.4
- Sensitivity disclosures: Note 13.4

a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements:

INVESTMENTS
The Group holds a 30% investment in Hugel America Inc. According to IAS 28.5, there is a refutable presumption of significant influence from a share of 20% of the voting rights, which means that the investment would need to be recognised in the consolidated financial statements as an associated enterprise using the equity method.

Since 2021 Croma no longer has a representative on the board of Hugel America Inc. There is no significant influence as Croma does not have the ability to participate in the financial and operating policy decisions of the company. Due to the statutory provisions applicable to the company as well as due to the arrangements stipulated in the joint venture agreement, Croma is essentially limited to mere minority protection rights. Furthermore, all material business decisions are made without the involvement of Croma, so that there is no opportunity to exert significant influence. In addition, there are no material transactions between Croma and the company and Croma does neither contribute any significant technical know-how.

Consequently, the investment in Hugel America Inc. is recognised in the consolidated financial statements of Croma as a financial asset in accordance with IFRS 9.

The investment is measured at fair value, which is derived by an equity transaction which was carried out in the fiscal year 2023, through other comprehensive income. The carrying amount of the investment as of 31 December 2022 amounts to KEUR 36,291 (previous year: KEUR 34,176). Concerning the calculation of the fair value please refer to Note 13.3.

b) Material estimates and assumptions

The Management must take certain assumptions and estimates in the consolidated financial statements that may have a significant influence on the presentation of the assets, financial position and the financial performance of the Group. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are described below.
Estimates are based on experience and other assumptions that are believed to be reasonable under the circumstances. They are reviewed on an ongoing basis, but may deviate from the actual values.

RISK DISCOUNTS FOR THE REALISATION OF INCOME
Other operating income includes income from grants. Essentially, these include the research premium according to the Income Tax Act. Grants were calculated by the Group in compliance with the statutory provisions. Furthermore, risk discounts based on historical experience values were taken into account for significant individual items. Calculations of grant assessment bases may be reviewed by the relevant competent authorities or companies. Thus, in future fiscal years, this may result in value adjustments of the recognised assets or in subsequent adjustments of income, respectively.

INTANGIBLE ASSETS
Croma capitalises product developments, product authorisations, and patents as intangible assets in accordance with the specified accounting policy. Initial capitalisation of development costs is based on the assessment by the Management that technical and commercial feasibility has been demonstrated. This is regularly assumed when the design of a product has been defined and a corresponding design implementation project has been launched. In the past, it has been shown that from this stage in development projects, it can be assumed that it is highly probable that development projects will result in authorised and marketable products.

In addition, the Group acquires licences from third parties for the authorisation and marketing of products in certain markets. The Group capitalises any direct costs. Moreover, authorisation costs incurred thereby are capitalised, if a product has already been authorised in one or more other similar markets and if it is highly probable that authorisations shall be granted in the relevant markets – for example due to a harmonising legislation as in the EU or in USA/Canada.

The useful lives of product developments and product authorisations are determined on the basis of expected product life cycles. Anticipated product life cycles are determined by marketing or product management and are subject to an annual review during financial closing. In the financial year 2022 this refers mainly to the authorisation of Letybo in European markets. The Group assumes a useful life of 20 years.

The assumptions taken regarding the selected start date of the capitalisation represent a material assumption that has a significant impact on the financial position of the Group. Market changes, tightening of regulatory requirements or changes in macroeconomic conditions may result in intangible assets being discontinued by the Group and the carrying amount of any intangible assets concerned being derecognised as an expense. In addition, due to changes in estimates, carrying amounts of intangible assets could be depreciated over a shorter remaining term.

Details about the intangible assets can be found in Note 11.

LEASE ACCOUNTING

IFRS 16 requires estimates that affect the valuation of lease liabilities and right-of-use assets. These include, among others, the regulations of agreements that fall within IFRS 16, the terms of the agreements, and the incremental borrowing rate used to discount the future payment obligations. The incremental borrowing rate is derived from the risk-free interest rate of the underlying maturity, adjusted by the country, currency and company risk.

For details to right-of-use assets and lease liabilities please refer to Note 10 and 22, respectively.

ALLOWANCE FOR EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS

The Management establishes allowances for bad debts to account for expected losses resulting from a possible customers' insolvency. In this respect, the Group distinguishes between two groups of customers: Direct sales and export customers, which are explained in more detail below.

For the direct sales customer group, the Group uses a provision matrix to calculate expected credit losses on trade receivables and contract assets. The value adjustment ratios are recognised on the basis of the days overdue for the direct sales customer group of the Group. The provision table is based on the historical observed default rates of the Group, subsequently the Group calibrates the matrix to match the historical credit loss experience with forward-looking expectations. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The value adjustment amount is currently calculated as follows:

- 0% of outstanding receivables, not overdue
- 20% of outstanding receivables, overdue for more than 60 days
- 40% of outstanding receivables, overdue for more than 120 days
- 60% of outstanding receivables, overdue for more than 180 days
- 80% of outstanding receivables, overdue for more than 240 days
- 100% of outstanding receivables, overdue for more than 300 days

If it has become known that insolvency proceedings were opened for a particular customer then 50% of the outstanding debt is assumed as bad debts.

The receivables of the customer group export are not adjusted by means of a value adjustment matrix, but on an individual valuation basis. The smaller number of export customers compared to direct sales customers makes it possible to evaluate receivables from these customers individually. As of the balance sheet date, all customers with overdue receivables are therefore analysed. The following criteria are assessed in order to decide whether overdue receivables from export customers will be adjusted:

- Overdue invoices were paid after the balance sheet date but before the financial statements were approved.
- Duration of the customer relationship: The longer the customer relationship successfully exists, the lower the risk of default.
- Historical payment history: There are export customers who usually pay within one of the first two dunning cycles. The default risk is very low with this kind of customers.
- A payment schedule for overdue receivables was agreed upon and the customer complied with it until the balance sheet date or until the approval of the financial statements.
- Financial situation: Credit reports and financial statements are obtained and the assets, financial position and financial performance are assessed with regard to the ability to repay.

The overdue receivables of an export customer are not impaired, if one of the five criteria mentioned above is assessed positively. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses depends on changes in circumstances and of forecast economic conditions. The historical observed credit losses of the Group and the forecast of the economic conditions may not be representative of the actual defaults of customers in the future. Information about the expected credit losses on trade receivables and contract assets of the Group is included in Note 15.

TAXES

Deferred tax assets are recognised for unused tax loss carry-forwards to the extent that it is probable that taxable profit will be available against which the loss carry-forwards can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. If an existing loss carry-forward is not expected to be used within a reasonable period of time based on these future projections then this loss carry-forward is not capitalised. In the Group, loss carry-forwards of the parent for an amount of KEUR 36,279 (31/12/2021: KEUR 37,013) were capitalised and offset against deferred tax liabilities as of 31 December 2022. These loss carry-forwards do not expire and can be offset against taxable income in the future.

The foreign Group companies show deferred taxes of KEUR 851 (31/12/2021: KEUR 1,259) as of 31 December 2022, which are predominantly attributable to tax losses from previous periods. It is expected that these tax losses can be offset against tax profit in the countries.

For further details on income taxes, see Note 8.

RUSSIA-UKRAINE WAR

Due to the relatively small extent of business relations in Russia and in the Ukraine and as the Croma Group does not maintain any business premises in these countries, the Russia-Ukraine war does not have any impacts on the recognition of relevant assumptions. As to the revenues alone from customer contracts with Russian and Ukrainian customers, the war and the related restrictions in the areas monetary transactions, logistics and import processes had significant effects. The local partner in Russia continued to buy our products, however, the planned budget could not be achieved. Revenues in Russia (KEUR 2,427 in 2022 as compared to KEUR 3,852 in 2021) dropped severely. One Russian customer received an instalment contract for its outstanding liabilities towards the Croma Group. Moreover, the terms of payment were shortened for Russian and Ukrainian customers. The local partner in the Ukraine could maintain its revenues moderately below the previous year despite the crisis, after having more than doubled its business volume with the Croma Group in the year 2021. The outstanding receivables of the Croma Group amounted to KEUR 1,061 towards Russian customers as of 31 December 2022 (31/12/2021: KEUR 1,131) and to KEUR 400 towards Ukrainian customers (31/12/2021: KEUR 370), respectively.

MACROECONOMIC ENVIRONMENT

a) Raw material prices

The Group concludes supplier contracts, which determine fixed prices or indexed price adjustments, mostly over 3, 5 or 10 years, in order to secure the long-term supply with raw materials. The supplier contracts are renegotiated and continued before the termination date. In the year 2022 the order value of the raw materials amounted to about MEUR 20.5. The main products in the manufacturing are syringes with hyaluronic acid in different variations. In 2022 orders in the amount of MEUR 16.3 were realised for the syringe-component including packaging. This value refers to the raw materials as glass, hyaluronic acid, plastics, metal as well as paper and cardboard. The purchasing department regularly carries out simulations concerning the possible development of the purchasing prices. Due to the low share of raw materials within the total cost structure and due to the ability of the company to pass on increases of raw material prices to the customers, the risk can be classified as low.

In the year 2022 the Croma Group was not affected by the increases of energy costs due to existing contracts with corresponding low prices. Despite rising energy costs, the risk shall be classified as low also in future, as the energy costs amount to less than 1.5% in relation to revenues.

b) Development of interest

In 2022 there was a further strong increase of the interest rates, affecting the calculation of the fair value and the determination of weighted capital costs. As a result discount rates increased. The changed interest rates, which are applicable for an impairment test according to IAS 36, did not result in any impairment (especially refer to Note 11.2 and 12). Further disclosures to the interest risk can be found in Note 13.2.

CLIMATE-RELATED ISSUES

The business area of the Group is not exposed to any significant effects due to climate change. At present, no assumptions have to be changed, which are particularly used in planning calculations for the purpose of impairment tests, the determination of useful lives and the remaining value within fixed assets or the ECL-assessment of financial assets.

COVID-19
The impacts of the pandemic in the fiscal year 2022 have widely subsided in large parts of the world, only our Chinese distribution partner had to deal with the strict restrictions in form of prolonged and strict shut downs in China. Although revenues in China increased to KEUR 10.635 in the past fiscal year (2021: KEUR 5,875), they failed to come up to expectations.

5. Capital management

The primary objective of capital management is to finance the growth strategy of the Group.

The management and adjustment of the capital structure of the Group is carried out in accordance with changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the shareholders may resolve to adjust the dividend payments to equity holders or to repay capital to equity holders, to issue new shares or shareholder's contributions. The Group monitors its capital primarily using the indices free liquidity and equity ratio. According to the internal guidelines of the Group, the following minimum requirements exist for the two ratios:

- Free liquidity > KEUR 5,000
- Equity ratio > 35%

The free liquidity is calculated as the sum of the available or not yet utilised credit lines plus cash and short-term deposits.

The equity ratio is determined on the basis of equity in relation to the balance sheet total.

As of the reporting date 31 December 2022, the free liquidity amounted to KEUR 11,592 (2021: KEUR 10,744), the equity ratio amounted to 40,48% (2021: 40.12%).

5.1 Group-wide liquidity management

The preservation of liquidity and the securing of a healthy financial basis are the main focus of the corporate strategy of the Group. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of credit facilities, bank loans and lease contracts. The management of the liquidity is carried out, among others, through ongoing liquidity planning by the Management and the corresponding quarterly monitoring of the free liquidity. The liquidity risk is minimised by the ongoing security of liquidity reserves.

The capital management across the Group strongly correlates with the liquidity planning. Accordingly, a weekly reporting about the group-wide liquidity takes place, the basis for deriving the freely available liquidity. This report is transferred to the Management Board. The weekly report is the basis of further future-oriented forecasts. The liquidity forecasts are prepared regularly and include a time frame of 3 months.

The Group initiates measures, e.g. cost savings programmes, if there are deviations from the minimum requirements between the actual and the scheduled key figures and an improvement of the key figures is not expected in the short or medium term. One of the further operative measures, in addition to cost saving and cost shifting programs, is intercompany financing within the Group. However, if this is not possible, the Group refers to financing by third parties. In this case the capital/liquidity requirement is covered by interest-bearing loans.

Accordingly, CROMA-Pharma GmbH could cover the group-wide financing requirements by the emission of a promissory note loan agreement in the amount of KEUR 40,000 in the year 2020. This transaction consisted of three tranches with maturity periods of 3, 5 and 7 years. The first of these three tranches was repaid at the beginning of 2023. Moreover, CROMA-Pharma GmbH concluded loans, which are partly secured by the Austrian Control Bank (OeKB). In addition, the Management Board also relies on the conclusion of lease contracts with selected banks. Moreover, loans are also granted by related companies and persons.

As part of the overall objectives of capital management mentioned above, the Group ensures, among others, that the requirements of the interest-bearing loans and borrowings and of lease liabilities, which relate to the capital structure, are complied with. The financial covenants agreed for the individual financings are explained in more detail below in Note 0.

No changes were made to the capital management objectives, policies, and procedures as of 31 December 2022 and 2021, respectively.

As of 31 December 2022 and 31 December 2021, the financial liabilities of the Group have the following maturities. The figures are based on the contractual, undiscounted payments.

31/12/2022:

	≤ 1 year	1-5 years	> 5 years
Interest-bearing loans and borrowings	25 788	35 853	465
Other financial liabilities	5 119	19 884	18 585
Trade payables	19 247	0	0
Other non-current liabilities	0	1 748	0

31/12/2021:

	≤ 1 year	1-5 years	> 5 years
Interest-bearing loans and borrowings	10 713	34 087	15 896
Other financial liabilities	5 374	21 999	17 757
Trade payables	11 591	0	0
Other non-current liabilities	0	0	0

Concerning lease liabilities please refer to Note 22.

5.2 Financial Covenants

The contractually agreed financing transactions, either loan or lease agreement, contain contractually defined financial indices (financial covenants), which have to complied with by the lessee during the term of the contract. These indices, among others, refer to the compliance with a contract-specific equity ratio (based on IFRS with adjustments as for instance capitalised development costs) or a defined net debt ratio (or leverage, respectively). The covenants are internally calculated monthly and monitored, in order to implement counter measures in case of infringement. In the fourth quarter of each year a projection of the expected indices as of the year-end is made. As stipulated in the contracts, CROMA-Pharma GmbH has to report the financial indices as of the year-end to the creditors. The non-compliance with these financial indices entitle the creditors to terminate the corresponding financings and to demand repayment. In addition, in individual cases, there may be a change of the stipulated terms (e.g. an increase of the interest rate or a change of the critical thresholds).
As of the balance-sheet date 31 December 2022 CROMA-Pharma GmbH had to comply with the following financial covenants:

Bank	Type of contract	Financial covenant
Promissory note loan	Loan	Cons. equity ratio no less than 35%
Oberbank	Leasing Headquarter (IBA)	Free liquidity > MEUR 5 Debt servicing 14 years maximum adjusted equity ratio no less than 27,5%
Bank Austria	Loan Universkin	Adjusted equity ratio no less than 15%
Bank Austria	Loan Crotox I	Adjusted equity ratio no less than 17,50%
Bank Austria	Loan Crotox II	Adjusted equity ratio no less than 17,50%
Bank Austria	Loan Thiomer/HQ-Transfer I	Leverage maximum of 4
Erste Bank	Credit line	Adjusted equity ratio no less than 15% Net debt ratio <6
Erste Bank	KRR-loan	Adjusted equity ratio no less than 15% Net debt ratio <6
RLB OÖ	Loan Thiomer/HQ-Transfer II	Equity ratio no less than 30% Debt servicing 12 years maximum[1]
Erste Bank	Lease-purchases	Equity ratio no less than 15%

[1] In the first quarter 2023 there was a contract adjustment by RLB OÖ (Upper Austria) for the thresholds as of 31 December 2022. The new thresholds, which have to be applied retrospectively for the balance sheet date as of 31 December 2022, amount to 23% for the adjusted equity ratio and to 14 years for debt servicing, respectively.

In the fiscal year 2022 Croma-Pharma GmbH could not comply with some of the indices agreed in the financing contracts. Therefore, waivers concerning financial covenants were concluded with the relevant financing partners for individual financial covenants, resulting in the fact that no breach of covenants was recognized. Especially the company could not comply with the financial covenant "net debt ratio", which was agreed in the loan agreements with Erste Bank for the credit line of more than KEUR 16,400 with 6 and with UniCredit/Bank Austria for the loan in the amount of KEUR 5,000 with 4. As of 31 December 2022 CROMA-Pharma GmbH accounts for a net debt ratio of 8, thus, a value above the contractually agreed values. Moreover, CROMA-Pharma GmbH infringed a further covenant in the fiscal year 2022, the adjusted equity ratio. In the loan contract with RLB Upper Austria in the amount of KEUR 4,000 a value of 23% is defined, CROMA-Pharma GmbH shows a marginal excess of this financial covenant with a value of 23,18%.

The contractual non-compliance with the financial covenants was anticipated at an early date by CROMA-Pharma GmbH, so that contractually agreed applications for waivers were sent to the business partners, especially Erste Bank, Unicredit Bank Austria and Raiffeisenbank Upper Austria.
All applications for waivers were approved by the bodies of the partner banks, so that there was no preliminary contract termination. There were no extensions of payments and debt reliefs. An extension of the existing comfort letter was carried out as measure for the grant of the waiver. Due to the non-compliance with agreed financial covenants as of the balance sheet date 31 December 2022 concerning the loan with RLB Upper Austria, an amount of KEUR 1.920 had to be reclassified from non-current to current interest-bearing loans and borrowings.

6. Revenue from contracts with customers and other income

6.1 Disaggregated revenue information

The breakdown of revenues is as follows:

	2022	2021
	KEUR	KEUR
Dermatology	60 521	50 107*)
Contract manufacturing	49 024	34 250*)
Licences	5 000	0
Other	6 167	9 743
Revenue from contracts with customers	120 712	94 100

*) Concerning the revenues for 2021 there was a reclassification between dermatology and contract manufacturing in the amount of KEUR 12,983, as originally the contract manufacturing areas orthopaedics and ophthalmology 2021 had not been recognised within contract manufacturing, but within dermatology.

In 2022 revenues increased again (increase of revenue by KEUR 26,611 or 28.3%, respectively, whereby KEUR 21,968 or 82.6%, respectively, are allocated to aesthetic medicine and Skincare).

This increase is mainly due to the export business in the segment dermatology. The segment dermatology comprises all self-manufactured intradermal fillers under the names Saypha or Princess as well as the new botulinum toxin Letybo, the skincare-series, threads lifting and personalized cell therapy. All products of this segment are sold and marketed directly by the Croma-Pharma Group or by selected distribution partners.

In the segment contract manufacturing especially revenues in the area private label grew very strongly with a growth rate of 54%. Private labels are one of two columns in the area of contract manufacturing, including the intradermal fillers, which are distributed under external brands. The other part of the contract manufacturing refers to orthopaedic and ophthalmologic products. Croma-Pharma GmbH does have neither marketing nor special distribution expenses for these products, as the corresponding activities are carried out by our partners based on long-term contracts.

The revenue from licences in an amount of KEUR 5,000 in the fiscal year 2022 origin from the granting of exclusive distribution and exploitation rights to a new Chinese distribution partner.

Other revenue from contracts with customers totalling KEUR 6,167 includes revenue from a regulatory service agreement for product authorisations in the USA. The related services are mainly provided by subcontractors, which are subsequently charged to the customer by the Group.

Other revenue from contracts with customers also include the revenues of a product development agreement, which provides for a period-based revenue recognition in accordance with IFRS 15. The product development agreement was divided into individual performance obligations ("mini-milestones") that are expected to be fulfilled completely in the year 2025. The expenses incurred are allocated to the corresponding mini-milestone and the revenue recognition is only made after the actual completion of the mini-milestone, as only these results may be also further used by the contractee. Despite the selection of an output-oriented method, the estimate of the total project costs is reviewed and updated each year. In the fiscal year 2022 a change of contract was made, so that milestone-payments were newly agreed or increased, respectively. In the year 2022 no revenue recognition had to be made concerning the contract, as no performance obligation was met.

Revenues by region:

	2022	2021
	KEUR	KEUR
Europe	74 609	59 093
thereof Austria	*2 560*	*2 063*
thereof Germany	*13 561*	*9 940*
North America	7 751	8 943
South America	20 010	13 675
thereof Brazil	*17 805*	*12 421*
Asia	16 696	11 812
Other	1 646	577
Total	120 712	94 100

Broken down as to regions Europe primarily contributed to our revenues' increase, as the revenues increased by 26.2% from KEUR 59,093 in the year 2021 to KEUR 74,609 in the year 2022. This increase is due to our total product portfolio, among others also to the new product Letybo, for which we received the market authorisation in specific European markets in the year 2022. The increase of revenues by 46.3% in South America is mainly due to the better sale of our Saypha HA fillers, the only product, which we distribute in South America at present. Revenues in Asia increased by 41.3%, mainly due to the introduction of our princess threads. On the North American market our revenues are mainly due to the commercial success of Hugel America, which in addition to the marketing of Letybo – subject to the still outstanding official authorisation in the USA – also has the exclusive distribution rights for the sale of our Saypha HA fillers in the USA, as soon as the FDA will have authorised the marketing.

The following table shows the components of other revenues:

Other revenue	480	1 670
Income from previous periods	1	6
Income from services	0	1
Other income from rental income and leases	8	8
Other income	489	1 685

6.2 Contract balances

	2022	2021
	KEUR	KEUR
Trade receivables	33 565	22 536
Non-current contract assets	566	391
Current contract assets	0	497
Contract liabilities	2 000	4 565

Trade receivables do not earn interest and are usually settled within 10 to 120 days. Due to the increase in revenue, trade receivables also increased again in 2022.

The contract liabilities consist of the advance payments of one large customer. The performance obligation, which is recognised within contract assets, shall be fulfilled by the Group in the fiscal years 2024 and 2025 and shall result in revenue from contracts with customers in these fiscal years. Contrary to the original assumption that there would be already revenues in the year 2022, an adjustment from current to non-current had now to be made.

7. Other income/expenses

7.1 Other operating income

	2022	2021
	KEUR	KEUR
Income from grants	2 238	642
Other	522	378
Total other operating income	2 760	1 019

The income from grants consists of performance-related grants in the amount of KEUR 221 (2021: KEUR 291) as well as of subsidies for assets in the amount of KEUR 2,017 (2021: KEUR 351). The performance-related grants mainly include grants for employees, while the subsidies for assets mainly comprise research premiums.

Expense-related subsidies were only realised to the extent that corresponding expenses were incurred. Please refer to Note 16 for more detailed information about the deferred income items that were created as a result.

7.2 Employee benefits expenses

	1 2022	2021
	KEUR	KEUR
Wages	-2 746	-2 821
Salaries	-32 770	-26 771
Expenses for severance payments	-544	-669
Expenses for pensions	-47	-35
Expenses for mandatory social security and other payroll expenses	-7 706	-6 538
Other benefits	-535	-415
Total employee benefits expenses	-44 348	-37 249

The variable remuneration of the managing directors of Croma-Pharma GmbH is based on cooperation agreements concluded. The ratio of fixed to variable components of the total remuneration of the Management Board is approximately 97% to 3% (2021: approximately 97% to 3%). The low part of variable components is based on corresponding contractual agreements. The total remuneration of the Management Board amounted to KEUR 2,218 (2021: KEUR 2,051) in the fiscal year. The increase is due to the change within the Management Board (refer to Note 26).

Employees

Number of employees (persons):

	2022	2021
Average	568	522
As of 31/12	580	542

Average number of employees in Austria:

	2022	2021
Blue-collar employees	80	83
White-collar employees	338	315
Apprentices	4	3
Total	422	401

7.3 Other operating expenses

	2022	2021
	KEUR	KEUR
Research, studies	-7 960	-8 806
Legal and consulting fees	-6 079	-6 730
Marketing expenses	-9 372	-6 094
Maintenance	-2 884	-3 328
IT expenses	-1 826	-1 836
Other employee benefits expenses	-740	-1 343
Transport expenses	-2 024	-1 830
Royalties	-766	-149
Expenses for monetary transactions	-271	-372
Electricity/gas/water charges	-685	-734
Vehicle expenses	-958	-693
Fees, charges, membership dues	-625	-527
Travelling expenses	-2 065	-1 003
Remuneration of the Supervisory Board	-18	-24
Promotion	-723	-674
Work wear	-372	-344
Commissions to third parties	-353	-191
Rent and lease expenses	-399	-521
Insurance	-296	-284
Expenses concerning receivables	-500	0
Other	-930	-1 336
Total other operating expenses	-39 846	-36 818

The item research, studies mainly includes expenses for projects in the stage before the design control process as well as for internal projects as the development of methods or process optimisations, whereby the requirements for a capitalisation are not met. The expenses in this area were lower by KEUR 846 as compared to the previous year, which is due to the realised project plans. Especially due to the product launch the marketing expenses increased by KEUR 3,278. Other expenses mainly include postage and telecommunication expenses, training and development expenses, office supply and other taxes.

7.4 Finance costs

	2022	2021
	KEUR	KEUR
Interest expenses loans	-1 212	-766
Cash discount loss (net method)	-56	-25
Other interest and finance costs	-781	-694
Total finance costs	-2 049	-1 485

In 2022 the group set up a separate account for financial liabilities and the thereof resulting interests and now presents those as other interest and finance cost instead of within interest expenses banks. In 2021 these expenses (KEUR -694) were recognised within the item interest expenses loans.

7.5 Finance income

	2022	2021
	KEUR	KEUR
Income from investments	6	11
Income from securities	24	18
Other interest and similar income	5	15
Total finance income	35	45

7.6 Research and development costs

In the area of research and development, the Group primarily works on future technologies in the field of minimally invasive aesthetic medicine. The costs incurred are capitalised as an intangible asset on that date, when the requirements of IAS 38.57 are met for a specific development project. In the past fiscal year development costs in the amount of KEUR 7.154 were capitalised (2021: KEUR 6.165). Further information on the capitalisation of development costs can be found in Note 3.2 l). All research and development costs that are not eligible for capitalisation are expensed in the period incurred (2022: KEUR 3,931; 2021: KEUR 4,302). These costs are included within other operating expenses.

8. Income tax

The major components of the tax expense (2021: tax income) are:

	2022	2021
	KEUR	KEUR
Current income tax charge	-275	-2 123
Tax income from previous periods	745	0
Deferred tax expense/income	-1 507	3 828
Income tax	-1 037	1 705

Reconciliation between tax expense (2021: tax income) and the product of profit/loss for the period and the tax rate applicable by the Group in Austria:

	2022	2021
	KEUR	KEUR
Profit/(loss) before tax	5 253	-7 291
Income tax rate of 25%	-1 313	1 823
Adjustments of previously unrecognised tax losses	-1 080	1 547
Tax expense/income from previous periods	745	0
Deviating foreign tax rates	-126	61
Effect of changes in tax rates	416	2
Effects of foreign members of the Group	0	-1 706
Effect of different local assessment bases	322	-101
Use of tax losses	0	79
Effective income tax	-1 037	1 705

Effective income tax rate in %	-19.73%	-23.38%

For the determination of the effective income tax rate, the income tax is compared to the profit/loss before tax. The resulting tax rate is compared with the Austrian standard tax rate of 25% and the main differences are analysed.

The nominal income tax rates applicable to the foreign Group companies in the fiscal year range from 10.18% to 34.0% (previous year: between 10.18% and 34.0%)

The parent is the group leader of a group of companies within the meaning of Section 9 of the Austrian Corporation Tax Act and concluded a group and tax compensation agreement with its group members (see list below). As from 22 December 2009, the group members have to pay a straight-line tax rate of 25% to the group parent for profits transferred by them to the group parent, irrespective of the tax actually paid by the group parent. Group members who pass on a tax loss to the group parent do not receive any compensation, but can carry this tax loss forward as an intra-group loss reserve and offset it in full against future intra-group tax profits. Thus, there is no allocation obligation for the amount of the intra-group loss reserve. An intra-group loss reserve not charged at the time of the departure of the group member shall be agreed upon in the course of the termination of the agreement to the extent required under company law.

- Croma-Pharma GmbH (Austria)
- Bey Pharma GmbH (Austria)
- Croma GmbH (Austria)
- Croma Austria Holding GmbH (Austria)
- Croma International Holding GmbH (Austria)
- Laboratorios Croma Estetica, SL (Spain)
- Croma France SASU (France)
- Croma Nederland B.V. (Netherlands)
- Croma Pharma Romania SRL (Romania)
- Croma Portugal-Comercio de Produtos Farmaceuticos (Portugal)
- Croma USA Inc. (USA)
- Croma Deutschland GmbH (Germany)

The deferred tax assets and liabilities recognised on temporary differences between the tax bases and the carrying amounts are attributable to the following items:

Consolidated statement of financial position	2022	2021
	KEUR	KEUR
Deferred tax liabilities		
Intangible assets	-12 291	-12 242
Right-of-use assets	-6 870	-8 744
	-19 161	-20 986
Deferred tax assets		
Disposal of investments	318	443
Employee provisions	96	120
Lease liabilities	7 026	8 737
Tax losses carried forward	669	1 204
Tax losses carried forward (group taxation)	8 342	9 253
Other temporary differences	357	390
	16 808	20 147
Deferred tax liabilities, net	-2 352	-840

Deferred taxes mainly result from different valuation rules, depreciation and tax losses. All deferred tax assets were recognised.
Deferred tax assets on tax losses carried forward were capitalised, if it may be assumed on the basis of a 3-year plan that future taxable profits will be available against which unused tax losses can be used. There are stable income inflows and – especially due to the Letybo-authorisation in January 2022 – significant increases of revenues and income.

The following tax losses carried forward exist as of the balance sheet date:

31/12/2022 (in KEUR)	Austria	Switzerland	Germany	France	United Kingdom	Portugal
Loss carried forward	36 279	1 055	1 009	6 031	3 405	194
Total	36 279	1 055	1 009	6 031	3 405	194

31/12/2022 (in KEUR)	Poland	USA	The Netherlands	Spain	Italy	Total
Loss carried forward	894	207	43	35	12	49 164
Total	894	207	43	35	12	49 164

31.12.2021 (in KEUR)	Austria	Switzerland	Germany	France	Portugal	United Kingdom	Total
Loss carried forward	37 013	1 020	963	5 644	179	939	45 758
Total	37 013	1 020	963	5 644	179	939	45 758

The tax losses in the tax group amount to KEUR 36,279 in 2022 (KEUR 37,013 in 2021).

9. Property, plant and equipment

	Land and buildings	Technical equipment and machinery	Other property, plant and equipment	Assets under construction	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Costs					
01/01/2021	4 693	6 676	2 840	98	14 307
Additions	386	469	1 199	656	2 710
Disposals	0	-19	-217	-2	-238
Transfers	4	275	-275	-18	-14
Exchange differences	0	0	-1	0	-1
As of 31 December 2021	5 083	7 401	3 547	734	16 765
Additions	55	0	963	46	1 063
Disposals	0	-4	-419	0	-423
Transfers	0	0	0	-498	-498
Exchange differences	0	0	2	0	2
As of 31 December 2022	5 137	7 397	4 092	282	16 909

	Land and buildings	Technical equipment and machinery	Other property, plant and equipment	Assets under construction	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Depreciation and impairment 01/01/2021	2 394	4 834	1 735	0	8 963
Depreciation for the year	169	315	596	0	1 081
Depreciation on disposals	0	-19	-212	0	-230
Adjustment of depreciation	0	139	-139	0	0
Exchange differences	0	0	-1	0	-1
As of 31 December 2021	2 563	5 269	1 981	0	9 813
Depreciation for the year	170	354	636	0	1 160
Depreciation on disposals	0	-4	-390	0	-394
Adjustment of depreciation	0	0	0	0	0
Exchange differences	0	0	2	0	1
As of 31 December 2022	2 733	5 619	2 228	0	10 580

Net carrying amount					
As of 31 December 2022	2 404	1 779	1 864	282	6 329
As of 31 December 2021	2 520	2 132	1 566	734	6 952

The additions to other property, plant and equipment are primarily due to acquisitions in the IT area and for the research laboratory.

10. Right-of-use assets

	Right-of-use assets land and buildings	Right-of-use assets vehicles	Right-of-use assets machinery	Total
	KEUR	KEUR	KEUR	KEUR
Costs				
01/01/2021	29 833	1 519	23 569	54 921
Additions	71	1 076	0	1 147
Disposals	-128	-201	-121	-450
Exchange differences	-5	0	0	-4
As of 31 December 2021	29 771	2 394	23 448	55 614
Additions	134	844	206	1 184
Disposals	-1 213	-51	-287	-1 552
Exchange differences	12	13	0	25
As of 31 December 2022	28 705	3 200	23 367	55 272

	Right-of-use assets land and buildings	Right-of-use assets vehicles	Right-of-use assets machinery	Total
	KEUR	KEUR	KEUR	KEUR
Depreciation and impairment				
01/01/2021	3 275	710	6 534	10 554
Depreciation for the year	2 262	476	2 686	5 424
Depreciation on disposals	-81	-189	0	-269
Exchange differences	-1	-1	0	-2
As of 31 December 2021	5 455	997	9 220	15 707
Depreciation for the year	1 771	628	2 643	5 042
Depreciation on disposals	-26	-35	-106	-166
Exchange differences	7	13	0	-14
As of 31 December 2022	7 208	1 604	11 756	20 568
Net carrying amount				
As of 31 December 2022	21 497	1 596	11 611	34 704
As of 31 December 2021	24 316	1 397	14 229	39 907

For further disclosures concerning right-of-use assets please refer to Note 22.

11. Intangible assets

11.1 Intangible assets ready-for-use

	Product develop-ments	Product authori-sations	Patents	Data process-sing prog-rams	Other intangible assets	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Costs						
01/01/2021	8 856	6 415	297	2 978	5 292	23 838
Additions	4	2 925	109	398	0	3 437
Disposals	0	-3 311	-1	0	0	-3 312
Transfers	0	1	55	0	61	117
Exchange rate changes	0	1	0	0	5	6
As of 31 December 2021	8 859	6 028	459	3 377	5 368	24 091
Additions	0	3 326	41	141	679	4 187
Disposals	0	-816	0	-683	-1 297	-2 796
Transfers	0	31 573	56	498	0	32 126
Exchange rate changes	0	27	0	-4	-70	-46
As of 31 December 2022	8 859	40 137	556	3 329	4 680	57 561

	Product develop-ments	Product authori-sations	Patents	Data process-sing programs	Other intangible assets	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Depreciation and impairment						
01/01/2021	2 170	1 013	27	2 018	1 868	7 096
Depreciation for the year	574	493	42	344	680	2 133
Impairment	2 702	0	0	0	0	2 702
Depreciation on disposals	0	-545	0	0	0	-545
Exchange rate differences	0	0	0	0	-3	-3
As of 31 December 2021	5 446	960	70	2 364	2 545	11 385
Depreciation of the year	225	2 121	50	495	752	3 685
Impairment	399	0	0	0	794	399
Depreciation on disposals	0	-164	0	-680	-1 207	-2 052
Exchange rate differences	0	8	0	-4	-71	-67
As of 31 December 2022	6 069	2 926	120	2 176	2 060	13 349

Net carrying amount as of 31 December 2022	2 790	37 211	436	1 154	2 621	44 212
as of 31 December 2021	3 414	5 068	389	1 012	2 823	12 706

The additions in the fiscal year 2022 in the amount of KEUR 4,187 are predominantly related to new product authorisations, more than KEUR 3,326 among others for Letybo (MEUR 1.1) and Pliaglis (MEUR 0.6) as well as expenses for further products, which are immaterial, if regarded individually.

The transfers of the past fiscal year in the amount of KEUR 32,126 mainly result from the authorisation of Letybo in several countries. The useful life amounts to 20 years. As of 31 December 2022 the net carrying amount amounts to KEUR 30,988 with a remaining useful life of 19 years.

The impairments of the past fiscal year in the amount of KEUR 1,050 (2021: KEUR 5,467) mainly refer to licences, which do no longer result in benefits for the Group. Subsequently, the termination of the contract with the manufacturer was resolved and the licences were completely written off. The impairment losses in the year 2021 mainly referred to capitalised development projects, which were not continued or which had to be depreciated to a lower fair value, respectively. The corresponding impairment losses are recognised in a separate item within the consolidated statement of profit or loss.

11.2 Intangible assets not ready-for-use

	Product-develop-ments	Product-authori-sations	Trade-marks	Pa-tents	Good-will	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Costs						
01/01/2021	5 340	31 254	0	207	207	37 009
Additions	2 736	500	250	192	0	3 679
Disposals	0	0	0	-64	0	-64
Transfers	-9	-40	0	-55	0	103
As of 31 December 2021	8 068	31 715	250	280	207	40 520
Additions	2 886	942	0	89	0	3 917
Disposals	0	0	0	-1	0	-1
Transfers	0	-31 573	0	-56	0	-31 628
As of 31 December 2022	10 955	1 084	250	312	207	12 808

Net carrying amount						
As of 31 December 2022	10 955	1 084	250	312	207	12 808
As of 31 December 2021	8 068	31 715	250	280	207	40 520

The transfers of the past fiscal year in the amount of KEUR 31,628 mainly result from the authorisation of Letybo in several European countries.

The net carrying amounts stated in the amount of KEUR 12,808 (2021: KEUR 40,520) mainly consist of the project Thioderm (2021: Thioderm and Letybo).

In the fiscal year as in the previous year no impairments and no allocations for development projects not ready-for-use had to be recognised.

In the following, Thioderm, the essential development project of the fiscal year 2022, is described:

a) Project description:
The Thioderm portfolio comprises the development of at present two and subsequently a minimum of five further products (hyaluronic acid fillers) for the aesthetic application in the intradermal area, which are based on the Thiomer technology. The technology is based on the modification of native hyaluronic acid to thiomer, which is used as raw material for the manufacturing of dermal fillers. The current development projects for two different products with different indications are carried out under the development names Thioderm Strong and Thioderm Elate.

Croma disposes of all rights in order to use or to sell the Thioderm-technology. The technology is protected by patents. Until now two cooperation agreements were concluded – in the year 2021 with Novaestiq Corp as well as in the year 2022 with Profex (Hong Kong) Limited.

b) Characteristics of the contract with Novaestiq Corp
In the licence agreement concluded in the year 2021 the exclusive exploitation rights for Thioderm-products are granted by Croma to Novaestiq with the right for sub-licencing without charging licence fees for the contract territory USA and Canada. Novaestiq commits itself to complete the development of the Thioderm-products and to have them authorised. Croma commits itself to carry out the phase II B studies for the two products Thioderm Strong and Thioderm Elate.

c) Characteristics of the contract with Profex (Hongkong) Limited
The licence agreement between Croma Pharma GmbH and Profex was concluded for an indefinite time. Within this licence agreement Croma grants an exclusive and transferable licence for the development and commercialization of the products under the label of Profex in a specified area (China, Hong Kong and Macau). The development designates all activities to achieve and maintain the official authorisations for licenced products in the licenced market area, including all pre-clinical studies of licenced products. Within the first tranche of the non-recoverable licence fee Croma received KEUR 5,000 in the year 2022.

d) Planning assumptions
Croma expects the market authorisation and the first sale in the year 2026. At first, the main focus will be the US market, where higher prices as compared to other markets may be achieved. Nevertheless the launch in Europe is also scheduled for 2026. The business plan for the USA was prepared by Novaestiq, which disposes of a comprehensive local industry experience, and assumed by Croma. By rapid growth in the first years the desired market share in the USA shall be achieved within 8 years after the launch. More than 50% of the planned quantities shall be sold there. In parallel the product shall also be launched in other markets, by own distribution subsidiaries of Croma in Europe and in cooperation with Profex in China.

d) Useful life 25 years

Since more than 15 years nothing changed concerning the basic technology of intradermal filler products. The Thiomer-technology with its renunciation of chemical cross-linkers is revolutionary. In addition to a better bio-compatibility by the new type of cross-linking it is assumed that less substance will be necessary in order to achieve the same effect as with conventional intradermal fillers. Due to the completely organic composition and the better tolerability of the product, higher dosing amounts and more frequent use may be applied, in turn opening a significantly higher spectrum for future indications and promoting growth. There is no comparable product on the market, thus, it is assumed that the product lifecycle of 25 years and more is realistic in this innovative pharma/aesthetics-area, which is shown by other examples of the past. At present, the development and marketing of a Thioderm product portfolio is a strategical focus of Croma.

f) Impairment test

The recoverable amount in the fiscal year 2022 of the project Thioderm is determined based on the fair value less selling costs. The following individual assumptions of the most recently prepared impairment test were used for the yearly test:

Assumptions for the impairment test for the project Thioderm

	2022	2021
Project Thioderm		
Average EBIT-margin in the planning period p.a.	47.29%	22.74%
Discount rate (WACC) after taxes	11.45%	10.04%

The planning period for the project amounts to twenty-five years. The following table shows a sensitivity analysis of hypothetical scenarios of key assumptions and the possible change in value at the balance sheet date that would result in the recoverable amount being equal to the carrying amount of the project:

Project Thioderm	Value of the key assumptions 2022	Change in value of the key assumptions resulting in the recoverable amount being lower than the carrying amount 2022	Value of the key assumptions 2021	Change in value of the key assumptions from which onwards the recoverable amount would be lower than the carrying amount 2021
EBIT-margin	47.29%	minus 29.57 percentage points	22.74%	minus 6.07 percentage points
Discount rate (WACC) after taxes	11.45%	plus 16.55 percentage points	10.04%	plus 16.96 percentage points

The increase of the planned EBIT-margin to 47.29% in the year 2022 (2021: 22.74%) is mainly based on the updated assumptions for market prices and cost structure.
In the following, Letybo, the essential development project of the fiscal year 2021, is described:

a) Characteristics of the contract

On 27 March 2014 Croma concluded a distribution contract with Hugel. In this contract it is provided that Croma receives the rights in the product Botulinum Toxin for various European markets. In contrary, Croma committed itself to authorise the product in the contract territory and to carry out all necessary clinical studies. Botulinum Toxin is injected mainly in the forehead area in order to – to put it simply – paralyze the muscles and to make the folds disappear. This product and the intradermal fillers manufactured by Croma are the most important products in the product portfolio of the Croma Group.

b) Planning assumptions / Growth rates

Market studies assume that the global market will grow by about 10%. Croma expects a significantly faster percentage growth as compared to its competitors – mainly due to its offer of a complete product portfolio.

c) Useful life

The useful life was extensively analysed and determined with 20 years.

The active substance Botulinumtoxin has been authorised in the EU for nearly 30 years. It is a strong and stable growing market. There are 3 large market players, which dominate the market: Allergan with Botox® and Vistabel®, Galderma with Azzalure® and Merz with Bocoouture®. In the last years two further companies entered the market: Ipsen with the products Azzalure and Dysport (cooperation with Galderma, contract since 2007 and recently prolonged until 2036) as well as Evolus with Nuceiva and Jeuveau (authorisation 2019). Thereof can be deducted that the new market participants also calculate with a long product lifecycle (the authorisation process is extremely time-consuming and cost-intensive).

From the product's perspective the product lifecycle of Letybo is also assumed with a minimum of 20 years. At present, no new developments are known, which may replace the toxin.

d) Impairment test

In the fiscal year 2022 Letybo was authorised for the first time in several European countries, the reclassification of the development costs incurred to intangible assets ready-for-use and the start of ordinary depreciation was carried out. Accordingly, the recoverable amount of the project based on the fair value less selling costs had to be determined until including the fiscal year 2021. The following individual assumptions of the most recently prepared impairment test were used for the yearly test.

Assumptions for the impairment test for the project Letybo

	2021
Project Letybo	
Average EBIT- margin in the planning period p.a.	16.03%
Discount rate (WACC) after taxes	8.04%

The planning period for the project Letybo amounts to 20 years. The following table shows a sensitivity analysis of hypothetical scenarios of key assumptions and the

possible change in value at the balance sheet date that would result in the recoverable amount being equal to the carrying amount of the project:

Project Letybo	Value of the key assumptions 2021	Change in value of the key assumptions from which onwards the recoverable amount would be lower than the carrying amount 2021
EBIT-margin	16.03%	minus 3.00 percentage points
Discount rate (WACC) after taxes	8.04%	plus 4.00 percentage points

12. Goodwill

Croma Pharma GmbH recognises goodwill from the business combination of Croma Pharma Italia Srl. totalling KEUR 207. Croma Pharma Italia Srl. thus represents the only CGU with goodwill of Croma-Pharma GmbH.

	2022	2021
	KEUR	KEUR
CGU Croma Pharma Srl.	207	207

The recoverable amount in the fiscal year 2022 of the CGU Croma Pharma Italia Srl. with goodwill is determined based on the fair value less selling costs. The planning of future cash flows is based on the current corporate planning for the years 2023-2027. The following individual assumptions from the most recently prepared impairment tests were used in the annual test:

Impairment test assumptions for the largest CGU with goodwill

	2022	2021
CGU Croma Pharma Italia Srl.		
Average EBIT-margin in the planning period p.a.	11.20%	7.00%
Discount rate (WACC) after taxes	12.90%	8.80%

The detailed planning period for the CGU Croma Pharma Italia Srl. amounts to five years. The average sales growth in the detailed planning period is 27% p.a. (2021: 46% p.a.). The Group expects the launch of Letybo to significantly accelerate growth as it complements the aesthetics product portfolio, leading to increased revenues from existing customers as well as to a higher acquisition of new customers.

The following table shows a sensitivity analysis of hypothetical scenarios of key assumptions and the possible change in value at the balance sheet date that would result – if occurring simultaneously - in the recoverable amount being equal to the carrying amount of the CGU plus goodwill:

	Value of the key assumptions	Change in value of the key assumptions from which onwards the recoverable amount would be lower than the carrying amount
CGU Croma Pharma Italia Srl.		
EBIT-margin	11.20%	minus 10.80 percentage points
Discount rate (WACC) after taxes	12.90%	plus 3.50 percentage points

13. Financial assets and financial liabilities

13.1 Financial assets

The table below shows the financial assets:

	2022	2021
	KEUR	KEUR
Investments	38 797	36 682
Securities	2 645	3 066
Other non-current receivables	11 336	10 927
Non-current contract assets	566	391
Trade receivables	33 565	22 536
Other current receivables	1 417	3 040
Current contract assets	0	497
Loan to a member of the Management Board	139	133
Financial assets	88 465	77 272
Total current	34 982	26 073
Total non-current	53 483	51 199

The investments are as follows:

- Hugel America Inc.: the Group holds a 30% share in the company Hugel America Inc. The Group does not have significant influence to participate in the financial and operating policy decisions, therefore the investment is recognised as a financial asset in accordance with IFRS 9. More detailed disclosures are provided in the Notes under Note 4 a) Significant accounting policies. In 2022, the investment amounts to KEUR 36,291 (2021: KEUR 34,176).
- Skinquiry LLC: the Group has an 11.25% investment in the company Skinquiry LLC. The carrying amount of the investment amounts to EUR 1 in the fiscal year as of 31 December 2022 (2021: EUR 1).
- APO Bank: The Group holds insignificant shares in Apotheker-Bank. In the fiscal year 2022, the investment has a carrying amount of EUR 7 (2021: EUR 7).
- Novaestiq Corp.: In the fiscal year 2021 the Group contributed licence rights for the USA and Canada relating to the next generation of products to the company Novaestiq Corp. and received shares (14.56%) in the process. As of 31 December 2022, the carrying amount of the investment amounts to KEUR 2,486 (2021: KEUR 2,486).
- International Aesthetic Biotech Limited: Since 2021 the Group has a 20% investment in the company International Aesthetic Biotech Limited. The Group does not have significant influence to participate in the financial and operating policy decisions, therefore, the investment is recognised as a financial asset in accordance with IFRS 9. The investment amounts to KEUR 20 in 2022 (2021: KEUR 20).

In the fiscal year 2015, a supplementary agreement to a lease was concluded with a leasing company. In this supplementary agreement, it was agreed that the Group must hold collateral in the form of pledged securities in order to comply with the agreed obligations. This obligation to pledge basically exists until the end of the relevant lease. Provided that the agreed lease payments are duly made throughout the term, an amount of KEUR 800 in 2024 and a further amount of KEUR 800 in 2028 shall be released ahead of schedule. All securities in the deposit at Oberbank mentioned in the schedule are pledged.

Other non-current receivables are mainly deposits for the office building and loans granted to related companies (see Note 25).

Debt instruments measured at amortised cost include trade receivables and loans and borrowings granted to members of the Management Board.

13.2 Financial liabilities and interest-bearing loans and borrowings

The table below shows the financial liabilities and interest-bearing loans and borrowings:

	2022	2021
	KEUR	KEUR
Non-current interest-bearing loans and borrowings	36 318	49 976
Current interest-bearing loans and borrowings	25 788	10 710
Other non-current financial liabilities	34 433	35 244
Other current financial liabilities	4 494	5 394
Other non-current liabilities	1 748	0
Trade and other payables	19 247	11 591
	122 028	112 915
thereof non-current	72 499	85 221
thereof current	49 525	27 695

In 2022 a financing was concluded with NÖ-Bürgschaften und Beteiligungen Gesellschaft (NÖBeG) in the amount of KEUR 3,000, which is recognised within other financial liabilities. In the third quarter of 2022 Croma-Pharma GmbH received an amount of KEUR 1,500 in the form of a silent partnership. This bears variable interest with a mark-up of 1.5% to 3M-EURIBOR. Croma-Pharma GmbH commits itself to repay the capital in five instalments at KEUR 300 – for the first time on 31 December 2024 and ultimately on 31 December 2028. In addition to the silent partnership Croma-Pharma GmbH received a subordinated loan by NÖBeG in the amount of KEUR 1,500. The interest rate is based on 3M-EURIBOR plus a mark-up of 3% in the first year. The mark-up increases by 0.5% each year until 2027 and increases to 5.5% in the seventh year. Until 30 December 2026 the subordinated loan is exempted as regards the repayment of the principal. From 31 December 2026 Croma-Pharma GmbH commits itself to repay the loan in three instalments at KEUR 500. The last loan instalment is due on 31 December 2028.

Moreover, other financial liabilities mainly comprise lease liabilities, which are further disclosed in Note 22.

The table below shows the Interest-bearing loans and borrowings of the Group:

Bank	Currency	Interest	Maturity	2022 KEUR	2021 KEUR
Erste Bank 293-281-448/60	EUR	variable [1]	Credit line	11 900	7 900
BA-CA 10019929289	EUR	variable	31/12/2024	514	771
Bank Austria 10023 380 248	EUR	variable	31/12/2024	1 600	2 400
Bank Austria 10025 789 263	EUR	variable	30/06/2028	1 784	2 108
Bank Austria 10029 020 517	EUR	variable	30/06/2028	3 333	3 939
Hypo NÖ 0615 5001 311	EUR	variable	Credit line		
RLB OÖ 2667806	EUR	variable	immediately	186	
Promissory note loan	EUR	variable [2]	27/2/2023, 27/2/2025, 27/2/2027	34 500	34 500
Promissory note loan	EUR	fixed	27/2/2023, 27/2/2025, 27/2/2027	5 500	5 500
RLB OÖ 1173848	EUR	variable	31/12/2026 [3]	2 560	3 200
UBS (Covid-19-loan)	CHF	variable	31/03/2025	84	97
Sabadell (Covid-19-loan)	EUR	variable	31/03/2025	76	107
UBI Banca (Covid-19-loan)	EUR	variable	22/10/2025	116	155
Polski Fundusz Rozwoju S.A. (Covid-19-Kredit)	PLN	fixed	31/07/2023	63	175
				62 217	60 678

Borrowing costs of KEUR 260 were incurred in the year 2020 for raising the promissory note loan and were recognised using the effective interest method.

The raising of a promissory note loan in 2020 for an amount of KEUR 40,000 created additional flexibility and enables the long-term restructuring of the financing of the Croma Pharma Group. The promissory note loan is divided into three instalments maturing in 2023 to 2027 and is subject to a floating as well as a fixed interest rate.

[1] current interest rate KRR1 1.50% and KRR2 2.50%, respectively

[2] Interest terms: 6M-EURIBOR+1%, 6M-EURIBOR+1,3%, 3M-EURIBOR+1,5%

[3] A financial covenant contractually agreed with RLB Upper Austria was not met, resulting in an early application for waiver, contracually agreed, and its approval so that the contract was not prematurely terminated.

For additional disclosures – especially concerning financial covenants –refer to Note 5 Capital management.

13.3 Fair values

The fair values of cash and short-term deposits, trade receivables, prepayments, trade payables, contract payables, and other current payables and receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Due to the short-term maturities the fair values of the non-current receivables and of the loan to a member of the Management Board correspond to the amortised cost as of 31 December 2022.

Liabilities include variable and fixed-interest-bearing loans. The fair value of the fixed-interest-bearing loans and borrowings is calculated based on significant observable parameters (level 2).

As of 31 December 2022, the fair value of the fixed interest-bearing loans and borrowings (mainly the part of the promissory note loan bearing fixed interest) amount to KEUR 5,286 with a carrying amount of KEUR 5,563. As of 31 December 2021, the carrying amount approximated the fair value.

The following table shows the fair value measurement of the Group's assets by hierarchy level.

	Measurement date	Prices quoted on active markets (level 1)	Significant observable input factors (level 2)	Significant non-observable inputs (level 3)
Securities	31/12/2022		2 645	
Securities	31/12/2021		3 066	
Investments (Hugel America Inc., Novaestiq Corp.)	31/12/2022			38 797
Investments (Hugel America Inc., Novaestiq Corp.)	31/12/2021			36 662

The fair value of the investments as of 31 December 2022 represents the best estimate of the Management and is derived based on equity capital transactions taking place in near-time. It represents a level 3 fair value. The assessment was carried out with the uncertainty of not yet received authorisations.

The development of the fair values of level 3 is as follows:

	2022	2021
	KEUR	KEUR
Carrying amount as of 01/01	36 662	33 808
Additions		2 486
Exchange differences recognised in other comprehensive income	2 135	368
Carrying amount as of 31/12	38 797	36 662
Dividends recognised through profit or loss	0	0

13.4 Financial instruments risk management objectives and policies

The principal financial liabilities include loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The principal financial assets are trade receivables as well as cash and short-term deposits that derive directly from its operations.

The Group is exposed to a number of financial risks in the course of its business operations. The management of the Group oversees the management of these risks. The Management is supported by the internal specialist departments and coordinates the risk strategy for the entire Group. As in the previous year, there were no derivative financial instruments as of 31 December 2022.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the debt financing is concluded by the parent. The Group's interest rate risk consists of three components: the relevant value of the average term of all financings, whether a fixed or variable interest rate was stipulated and whether the credit rating of the company or the Group changes over the term of all financings. Concerning fixed interest rates, the risk consists of falling interest rates and, concerning variable interest rates, of rising interest rates. The majority of the financing agreements of the Group were concluded at variable interest rates. As consequence of the increasing inflation in the euro area, the European Central Bank began to continually rise the interest rate in the year 2022, resulting in an increase of the basic interest rate of all loans with variable interest. Consequently, the interest expense for the Croma Group increased as compared to the previous year. No derivates were used in order to contain the negative effects. Consequently, the finance costs of the Group increased by KEUR 564 to KEUR 2,049 in the year 2022 (2021: TEUR 1,485).

The following interest rate sensitivity analysis was prepared assuming that interest rates would have been 100 basis points higher or lower in all currencies for variable interest rates and for short-term fixed interest rates (cash advances) during the reporting period. This represents the assessment of the Management Board with regard to a justified, possible change in interest rates. As a basis, the interest rate risk exposure of

financial instruments was determined as of the balance sheet date and it was assumed that the outstanding liabilities or receivables were outstanding for the entire year as of the balance sheet date. The interest rate fluctuations under review have no direct effect on equity.

Interest risk in KEUR	Change	EUR	Other	TOTAL
Change in interest result with interest rate increase by	1%	985	7	992

FOREIGN CURRENCY RISK

The Group is exposed to foreign currency risks from individual transactions. These risks result from purchases and sales of an operating unit in a currency other than the functional currency of that unit. The main foreign currency risks result from changes in the USD/EUR as well as the GBP/EUR exchange rates.

The balance of realised exchange gains and losses was positive and amounted to KEUR 451 in the fiscal year 2022 (2021: KEUR 70). The change in currency translation from consolidation measures resulted in an increase in equity of KEUR 2,415 in the fiscal year 2022 (2021: increase of KEUR 312). The fluctuations are mainly related to the development of the Brazilian real and the USD, respectively.

In addition, it must be taken into account that a weak Euro in relation to the foreign currency has a positive effect from the perspective of procurement of the distribution subsidiaries, and also concerning the operating result of the Group. On the contrary, a weak Euro has a negative impact on the operating result of the Group, if the parent has to pay invoices for goods and services in a foreign currency. These effects offset each other to a certain extent, which can reduce the risk inherent to the currency mix. Overall, the foreign currency risk in the current situation is considered to be low, mainly due to the purchasing volume outside the Euro zone and the overall currency portfolio. Therefore, no risk mitigation measures were taken.

FOREIGN CURRENCY SENSITIVITY

The following table shows the sensitivity of the Group's profit/loss before tax (resulting from the fair value of monetary assets and liabilities) to a reasonably possible change in the exchange rate of the relevant currency. All other variables are held constant. The value fluctuations under review have no direct effect on equity.

Exchange rate risks 31/12/2022:	Change	USD	Other	TOTAL
Effects on profit/loss before tax	+5%	160	-111	49
Effects on profit/loss before tax	-5%	-160	111	-49

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract or order transaction, resulting in a financial loss. The Group is exposed to credit risks from its operating activities (primarily trade receivables). Depending on the type and amount of the relevant service, credit information is obtained or historical data from the previous business relationship is used, in particular payment history, to avoid bad debts in order to minimise the default risk. For this purpose, the Group has set up an accounts receivable management system to monitor receivables on an ongoing basis. The following provisions were included in customer contracts in order to minimise the risk of default:

- The customer can be switched to prepayment as soon as an invoice has not been paid in due time.
- The obligation to deliver to the customer may be suspended as long as overdue invoices have not been paid.

Insofar as default risks are nevertheless identifiable for individual financial assets, these risks are recognised by provisions.

From 2010 to 2022, export receivables write-offs averaged KEUR 60, while in 2021 and 2022 export receivables write-offs decreased to an average of KEUR 41. The Group assesses the concentration of risk concerning trade receivables and contract assets as very low, as its customers are located in different countries and actual defaults were insignificant in recent years.

The balance sheet amount of the financial assets indicates, irrespective of existing collateral, the maximum credit risk, if counterparties cannot meet their contractual payment obligations.

Set out below is the information about the credit risk exposure of the Group's trade receivables using a provision matrix:

31/12/2022	Not due	1 to 60 days overdue	61 to 120 days overdue	121 to 180 days overdue	181 to 240 days overdue	241 to 300 days overdue	More than 300 days overdue
Estimated total gross carrying amount in case of late payment	29 476	3 487	93	146	384	15	113
Expected credit loss	0	0	18	27	10	10	84

31/12/2021	Not due	1 to 60 days overdue	61 to 120 days overdue	121 to 180 days overdue	181 to 240 days overdue	241 to 300 days overdue	More than 300 days overdue
Estimated total gross carrying amount in case of late payment	19 921	1 065	144	14	34	13	1 454
Expected credit loss	0	0	33	7	14	10	46

LIQUIDITY RISK

The liquidity risk is minimised by continuously securing liquidity reserves in the amount of EUR 5 million.

Further disclosures to the Group's financial liabilities, in particular the financial covenants associated with the financing, can be found in Note 5 Capital management.

13.5 Disclosures to the statement of cash flows

The statement of cash flows shows the origin and use of cash flows, divided into net cash flow from operating, investing and financing activities.

The cash and cash equivalents in the consolidated statement of cash flows comprise all cash and cash equivalents shown in the statement of financial position, i.e. cash and deposits, provided they are available within three months after the date of deposit.

The net cash flows from investing and financing activities are determined on the basis of payments, while the net cash flow from operating activities is derived indirectly from the profit/(loss) before tax. The interest payments are allocated to the operating activities. The repayment of lease liabilities is recognised in net cash flows from financing activities under the item "Repayment of other financial liabilities".

The following table shows the financing liabilities including liabilities from leases of the Group, divided into their cash and non-cash components:

	01/01/2022	Cash flows	New interest bearing loans and borrowings	New leases	Other	31/12/2022
	TEUR	TEUR		TEUR	TEUR	TEUR
Current interest-bearing loans and borrowings	10 710	0	4 186		10 893	25 788
Current lease liabilities	4 701	-4 769			4 483	4 414
Non-current interest-bearing loans and borrowings	49 976	-2 766	0		-10 893	36 318
Non-current lease liabilities	35 938	0		0	-4 506	31 432
Other non-current financial liabilities	0	3 000		0	0	3 000
Total liabilities from financing activities	101 324	-4 535	4 186	0	-24	100 952

The item “Other” includes the effects from the reclassification of the non-current component of the financing liabilities including lease liabilities to current financing liabilities including lease liabilities due to the passage of time (in the previous year reclassification due to the healing of covenant indices.) Moreover, in the past fiscal year the loan of RLB OÖ had to be reclassified from non-current to current interest-bearing loans and borrowings with an amount of KEUR 1,920 due to the non-compliance with a contractual financial covenant. In 2023 a change of the financial covenant was agreed and the breach was thus healed, however the recognition had to be made within current interest-bearing loans and borrowings as of the balance sheet date 31 December 2022.

	01/01/2021	Cash flows	New interest-bearing loans and borrowings	New leases	Other	31/12/2021
	KEUR	KEUR		KEUR	KEUR	KEUR
Current interest-bearing loans and borrowings	9 970	7 900			-7 161	10 710
Current lease liabilities	43 503				-38 803	4 701
Non-current interest-bearing loans and borrowings	45 437	-2 682			7 220	49 976
Non-current lease liabilities	1 313	-4 523		344	38 804	35 938
Total liabilities from financing activity	100 224	695	0	344	61	101 324

14. Inventories

The following table shows the inventories recognised

	2022	2021
	KEUR	KEUR
Raw materials, consumables and supplies	6 457	6 560
Work in progress	5 576	5 728
Finished goods and merchandise	13 241	9 249
Services not yet chargeable	532	337
Goods in transit	153	847
Total inventories	25 959	22 720

The increase of finished goods and merchandise by about MEUR 4.0 is mainly due to the increase of inventories as a result of the first authorisation of Letybo in the past fiscal year.

The services not yet chargeable are related to a development and service agreement concluded at the end of the fiscal year 2019.

In the fiscal year 2022, an amount of KEUR 481 was recognised as depreciation expense, mainly due to depreciation of the net selling value and due to expected disposals (2021: KEUR 719). The depreciation expense was recognised within the item cost of materials.

15. Trade receivables and other receivables

	2022	2021
	KEUR	KEUR
Receivables from third-party customers	33 637	22 600
Receivables from related parties	77	46
	33 714	22 646
Allowance for expected credit losses	-149	-109
	33 565	22 536

Trade receivables are non-interest-bearing and are generally due within 10 to 120 days. The Group has not capitalised any initiation costs.

The following table shows the change in the allowance for expected credit losses from trade receivables:

	2022	2021
	KEUR	KEUR
As of 1 January	109	332
Release allowance for expected credit losses	23	-270
Allowance for expected credit losses	487	89
Write-off	-470	-42
As of 31 December	149	109

The following table shows the development of other non-current receivables:

	2022	2021
	KEUR	KEUR
Other non-current receivables	1 527	803
Long-term deposits	9 809	10 124
Loan to a member of the Management Board	139	133
	11 475	11 060

The long-term deposits mainly consist of a deposit in connection with a lease agreement with IBA Immobilien GmbH for the building whereto the parent moved in 2017. Other non-current receivables mainly include loans granted to related companies, which are disclosed in Note 25.

The table below shows the current other receivables:

	2022	2021
	KEUR	KEUR
Deposits	526	522
Other taxes	-20	1 937
Advance payments of corporate income tax	84	34
Other current receivables	827	546
	1 417	3 040

16. Government grants

Assets side:

	2022	2021
	KEUR	KEUR
Research premium	2 596	2 667
Project subsidy	314	0
Government grants	2 910	2 667

The government grants include, on the one hand, the tax research premiums for the fiscal years 2021 and 2022, and, on the other hand, a subsidy for individual projects for the fiscal year 2022.

Liabilities side:

Deferred income is recognised for subsidies for assets, which mainly refer to the research premium, which is released over the period when the corresponding expenses are incurred. As of 31 December 2022 the deferred income recognised amounts to KEUR 3,099 (2021: KEUR 2,198).

17. Cash and cash equivalents

	2022	2021
	KEUR	KEUR
Cash at banks and on hand	7 092	5 744

Cash at banks earns interest at floating rates for balances that can be called on a daily basis. Short-term deposits are held for varying periods of time, ranging from one day to three months, depending on the cash requirements of the Group. Short-term deposits earn interest at the respective short-term deposit rates.

As of 31 December 2022, the Group had available undrawn committed borrowing facilities in the amount of KEUR 4,500 (2021: KEUR 4,500).

Interest is paid both quarterly and semi-annually.

18. Equity

	2022	2021
	KEUR	KEUR
Issued capital	36	36
Retained earnings	89 503	85 355
Other equity components	1 143	-845
Equity attributable to the equity holders of the parent	90 683	84 546
Non-controlling interests	658	668
Total equity	91 340	85 214

The issued capital of Croma-Pharma GmbH amounts to KEUR 36 as of 31 December 2022 (2021: KEUR 36).

RETAINED EARNINGS

Retained earnings mainly result from capital gains due to the sale of business areas in the financial year 2014.

OTHER EQUITY COMPONENTS

Other equity components include changes in equity not affecting results as remeasurements according to IAS 19, currency translation differences and results from the remeasurement of financial instruments.

The individual components of other comprehensive income are reconciled with the other equity components as follows:

in KEUR	Other equity components	Exchange differences	Actuarial gains and losses according to IAS 19	Equity instruments at fair value through other comprehensive income
As of 1 January 2021	-1 187	-929	-33	-226
Unrealised gains/losses from currency translation	-56	-56		
Actuarial gains and losses according to IAS 19	-141		-141	
Result from the remeasurement of financial instruments at fair value through other comprehensive income	539			539
As of 31 December 2021	-845	-984	-174	313
Unrealised gains/losses from currency translation	300	300		
Actuarial gains and losses according to IAS 19	7		7	
Result from the remeasurement of financial instruments at fair value through other comprehensive income	1 681			1 681
As of 31 December 2022	1 143	-684	-167	1 994

19. Distributions made and proposed and dividends paid to non-controlling interests

No distributions were made by the parent to the equity holders in the fiscal years 2021 and 2022. Due to the non-compliance with contractually agreed financial ratios as of the balance-sheet date 31 December 2022 (refer to Note 5.2), a payout block was imposed by the commercial banks of Croma-Pharma GmbH according to the agreement.

The basis of the proposal for the appropriation of profits is the individual financial statements of the Company prepared in accordance with the provisions of the Austrian Company Code (UGB).

In the fiscal year 2022, the Brazilian subsidiary (Croma Pharma Produtos Medicos Ltda) distributed a dividend of KEUR 78 (2021: KEUR 68) to non-controlling interests.

20. Provisions

The table below shows the development of the Group's provisions:

	Severance payments	Long-service benefits
	KEUR	KEUR
01/01/2022	608	533
Allocation	32	-83
Utilised	0	0
Release	-7	0
Exchange differences	0	0
Transfers	0	0
31/12/2022	632	450
thereof current		
thereof non-current	632	450

	Legal, consulting and auditing fees	Success-related bonus to employees	Other	Total
	KEUR	KEUR	KEUR	KEUR
01/01/2022	93	1 457	577	3 268
Allocation	185	1 735	3	1 871
Utilised	-80	-1 035	-123	-1 238
Release	-10	-76	-7	-100
Exchange differences	0	-6	12	5
Transfers	0	0	0	0
31/12/2022	187	2 074	462	3 805
thereof current	187	2 074	462	2 723
thereof non-current				1 082

Essentially, other provisions include provisions for the fee of a speaker and the provision for the equalisation tax as well as provisions for potential obligations to employees who have left the Company.

The following table shows the expected use of provisions:

31/12/2022:	≤ 1 year	1 - 5 years	> 5 years
Use	2 730	413	661

31/12/2021:	≤ 1 year	1 - 5 years	> 5 years
Use	2 157	396	714

	Severance payments	Long-service benefits
	KEUR	KEUR
01/01/2021	452	487
Allocation	110	46
Utilised	0	0
Release	46	0
Exchange differences	0	0
Transfers	0	0
31/12/2021	608	533
thereof current		
thereof non-current	608	533

	Legal, consulting and auditing fees	Success-related bonus to employees	Other	Total
	KEUR	KEUR	KEUR	KEUR
01/01/2021	51	1 274	300	2 565
Allocation	86	1 192	367	1 800
Utilised	-39	-966	-90	-1 095
Release	-6	-44	0	-4
Exchange differences	0	1	0	1
Transfers	0	0	0	0
31/12/2021	93	1 457	577	3 268
thereof current	93	1 457	577	2 127
thereof non-current				1 141

20.1 Obligations for pensions and similar obligations

Provision for severance payments

The obligations of the Group from provisions for severance payments mainly refer to employees in Austria. Smaller severance payment obligations are also recognised for the Group companies in France and Italy.

Obligations for severance payments for employees in Austria, who started an employment before 1 January 2003, are covered by defined benefit schemes. This involves onetime severance payments that must be paid to employees due to labour law regulations when employees are dismissed and regularly when employees retire. The amount depends on the number of service years and the amount of remuneration.

Obligations for severance payments for employees of foreign subsidiaries also represent onetime severance payments due to labour law regulations, which must be paid upon termination of the employment relationship. The amount of the entitlement depends on the service years and the amount of remuneration.

The table below contains details of severance payments made:

	2022	2021
	KEUR	KEUR
Present value of obligations for severance payments	632	608

The following table shows the development of the present value of the defined benefit obligations:

	2022	2021
	KEUR	KEUR
Present value of obligations as of 1 January	608	452
Current service cost	55	103
Interest expense on the obligation	-24	7
Expected obligation as of 31 December	639	562
Actual obligation as of 31 December	632	608
Remeasurement of the period (other comprehensive income)	-7	46
thereof due to changes in financial assumptions	-37	-13
Thereof due to experience adjustments	30	58

The following table discloses the calculation of expenses for severance payments:

	2022	2021
	KEUR	KEUR
Current service cost	55	103
Net interest expense	-24	7
Expenses from defined benefit plans in the statement of profit or loss	32	110
Remeasurement of the period (other comprehensive income)	-7	46
thereof due to changes in financial assumptions	-37	-13
Thereof due to experience adjustments	30	58
Expense from defined benefit plans in the statement of comprehensive income	25	156

The service cost is recognised in the consolidated statement of profit or loss within employee benefits expenses; the interest cost is recognised under finance costs.

The following assumptions were made for the calculation of the severance payment expenses and the expected defined benefit obligation:

	2022	2021
Discount rate	3.70%	1.00%
Future increase of salaries and wages	4.00%	3.00%
Biometric actuarial bases	General Agreement 2018-P for white-collar employees	

Sensitivity analysis for severance payments - percentage and absolute change:

	2022			
	Capital market interest rate		Future increase of salaries and wages	
	4.70%	2.70%	4.50%	3.50%
Severance payments in KEUR	-17	23	12	-8

	2021			
	Capital market interest rate		Future increase of salaries and wages	
	0.00%	2.00%	2.50%	3.50%
Severance payments in KEUR	26	-23	-12	12

The sensitivity analysis is based on the change of one assumption with all other assumptions held constant. In reality, however, it is rather unlikely that these influencing variables are not correlated.

The average maturity profile is disclosed below:

	2022		
	1 year	2-5 years	6-10 years
Severance payments in KEUR	7	413	211

For employees in Austria who started an employment on or after 1 January 2003, contributions of 1.53% are paid to an external employee severance fund. The payments for this defined contribution plan were recognised within employee benefits expenses in the amount of KEUR 365 (2021: KEUR 308).

Provision for long-service benefits

The main actuarial parameters applied to the long-service benefit obligations are as follows:

	2022	2021
Capital market interest rate	3.7%	1.0%
Future increase of salaries and wages	4.0%	3.0%
Fluctuation discounts	Age-dependent between 8.7% and 0.15%	

All expenses related to the long-service benefits provision are recognised under employee benefits expenses.

	2022	2021
	KEUR	KEUR
Recognised under employee benefits expenses	-83	46
Current service cost	91	80
Actuarial losses	-180	-36
Net interest expense	5	2

The following table shows the development of the provision for long-service benefits:

	2022	2021
	KEUR	KEUR
As of 1 January	533	487
Current service cost	91	80
Net interest	5	2
Actuarial changes arising from changes		
in demographic assumptions	0	0
in financial assumptions	-167	-43
Experience adjustments	-12	7
Expenses and income recognised in the consolidated statement of profit or loss	-83	46
As of 31 December	450	533

21. Trade and other payables

	2022	2021
	KEUR	KEUR
Trade payables to third-party customers	13 275	7 449
Trade payables to related parties	24	53
Other tax liabilities	2 165	1 206
Social security liabilities	2 737	2 406
Other payables	1 047	477
	19 247	11 591

Trade payables mainly comprise outstanding amounts for the supply of trade goods as well as current costs. Trade and other payables are non-interest-bearing and are generally due between 10 and 90 days.

22. Leases

The Group has non-current lease contracts for real estate, technical equipment and vehicles that it uses during its business operations.

The terms and conditions of the substantial lease contracts can be summarised as follows:

- Real estate: Lease contracts for real estate usually have a term between 2 and 18 years.
- Machinery and technical equipment: For technical equipment, the term is between 5 and 10 years.
- Vehicles: The term for vehicles is usually between 3 and 5 years.

The obligations of the Group under its lease contracts are secured by the ownership of the leased assets by the lessor. The transfer and sub-leasing of the leased assets by the Group is prohibited. In addition, some agreements require the Group to comply with certain financial covenants.

The carrying amounts concerning these right-of-use assets are explained in more detail in Note 10.

The lease liabilities are included in the balance sheet items other current and non-current financial liabilities and are as follows:

	2022	2021
	KEUR	KEUR
As of 1 January	40 639	44 818
Additions/Disposals	-24	344
Interest accrual	777	699
Payments	-5 546	-5 222
As of 31 December	35 846	40 639
thereof current	4 414	4 701
thereof non-current	31 433	35 938

The following table discloses the essential lease contracts of the Croma Group:

Contract partner	Lease asset	Non-cancellable minimum lease term	Carrying amount of the lease liability as of 31 December 2022
			KEUR
IBA Immobilien GmbH	Buildings and land	until 2037	21 950
PR Mobilien	Other property, plant and equipment	until 2027	7 163
PR Maschinen	Machinery	until 2028	4 072

Concerning the further disclosures to the lease contract with IBA Immobilien GmbH please refer to Note Fehler! Verweisquelle konnte nicht gefunden werden. Related party disclosures.

The following table shows the maturity analysis of the lease liabilities in KEUR (undiscounted):

31 December 2022:	≤ 1 year	1-5 years	> 5 years
Lease liabilities	5 119	17 684	17 785

31 December 2021:

	≤ 1 year	1-5 years	> 5 years
Lease liabilities	5 361	21 999	17 757

The following amounts were recognised through profit or loss in the reporting period:

	2022	2021
	KEUR	KEUR
Depreciation expense for the right-of-use assets	4 861	5 153
Interest expenses for lease liabilities	777	699
Current lease expenses	500	601
Total amount recognised through profit or loss	6 138	5 853

The Group's cash outflows for lease liabilities amounted to KEUR 5,546 in 2022 (2021: KEUR 5,222).

23. Auditor's fees

The audit services and other services for 2022, respectively, were provided by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, the tax consultancy services, however, by Ernst & Young Steuerberatungsgesellschaft m.b.H. and can be broken down as follows:

	2022	2021
	KEUR	KEUR
Audit of the financial statements (statutory and consolidated financial statements)	177	80
Subsequent settlement for previous year	0	177
Tax consultancy services	187	44
Other services	93	43
Total	457	343

The agreed expenses for the financial statements amounted to KEUR 177 in 2022 (2021: KEUR 80).

24. Commitments and contingencies

COMMITMENTS
As guarantor Croma-Pharma GmbH is liable jointly with the lessee towards the lessor for all obligations of the lessee arising from the real estate lease contract concluded between IBA Immobilien GmbH and a leasing company. IBA Immobilien GmbH has outstanding payment obligations pursuant to the real estate lease contract in the amount of KEUR 24,173 (2021: KEUR 22,908). The real estate lease contract is non-cancellable until February 2037, afterwards it may be terminated with a period of notice of six months.

LEGAL DISPUTES
As of 31 December 2022, there were no pending legal claims within the Group.

GUARANTEES
The Group has not issued any guarantees as of the balance sheet date of 31 December 2022.

25. Related party disclosures

Related enterprises and persons of the company are IBA Immobilien GmbH as well as H&P Ambulatorien Betriebsgesellschaft m.b.H., JIPO GmbH and DORDA Rechtsanwälte GmbH, the bodies of Croma-Pharma GmbH, as well as the near family members of the corporate bodies (please refer to Note 26). The beneficial owners of Croma-Pharma GmbH correspond to the beneficial owners of IBA Immobilien GmbH and those of JIPO GmbH. A managing director of Croma-Pharma GmbH is married to the managing director of H&P Ambulatorien Betriebsgesellschaft m.b.H. A member of the supervisory board is partner at DORDA Rechtsanwälte GmbH.

The following table shows the total amount of transactions with related parties in the relevant fiscal year:

		Sales to related parties	Purchases from related parties	Finance income	Receivables	Liabilities
		KEUR	KEUR	KEUR	KEUR	KEUR
H&P Ambulatorien Betriebsgesellschaft m.b.H.	2022	45	1 098	8	797	23
	2021	9	1 875	5	307	53
IBA Immobilien GmbH	2022	0	1 824	12	8 792	0
	2021	0	1 824	14	8 690	0
JIPO Gmbh	2022	0	12	0	0	1
	2021	0	0	0	0	0
Related persons	2022	10	37	0	0	0
Related persons	2021	0	0	0	0	0
Members of the Management Board	2022	4	30	2	139	0
	2021	0	28	1	133	0
Members of the Supervisory Board (DORDA Rechtsanwälte GmbH)	2022	324	0	0	0	0
	2021	0	0	0	0	0

A general agreement for the provision of various services was agreed between the parent and H&P Ambulatorien Betriebsgesellschaft m.b.H. On the basis of this general agreement, H&P Ambulatorien Betriebsgesellschaft m.b.H. mainly carried out marketing-related studies, scales, workshops and trainings for doctors in the financial year and recharged those activities to the Group. Especially the number of studies and scales purchased fluctuates with the volume of the current authorisations and studies of the Croma Group. The decrease concerning the goods and services received is due to these fluctuations in the past fiscal year.

Conversely, H&P Ambulatorien Betriebsgesellschaft m.b.H. also purchased products from Croma Pharma GmbH.

The Group entered into a lease contract with IBA Immobilien GmbH for the headquarters of Croma-Pharma GmbH (land and office real estate). The contract has a non-cancellable basic lease term until February 2037. As of 31 December 2022 there is a deposit in the amount of KEUR 8,090 (31/12/2021: KEUR 7,940). The right-of-use assets and lease liabilities, respectively, thereof were included in Notes 10. and 22. respectively. Purchases from related parties include payments made under the lease in the corresponding fiscal year.

The Group concluded a lease contract with JIPO GmbH concerning the rent of various art objects.

A lease contract for the use of a property was agreed between a member of the Management Board and the parent.

25.1 Loans

The following table shows the total amount of receivables from loans and borrowings and the interest income with related parties in the relevant fiscal year:

31/12/2022:	Loan and borrowing	Interest
	KEUR	KEUR
H&P Ambulatorien Betriebsgesellschaft m.b.H.	785	6
IBA Immobilien GmbH	640	12
Member of the Management Board	136	2

31/12/2021:	Loan and borrowing	Interest
	KEUR	KEUR
H&P Ambulatorien Betriebsgesellschaft m.b.H.	275	5
IBA Immobilien GmbH	736	14
Member of the Management Board	133	1

In the fiscal year 2017, the parent granted a loan in several instalments to H&P Ambulatorien Betriebsgesellschaft m.b.H. totalling KEUR 550. As of 31 December 2022 the loan was partly repaid, however, a balance of KEUR 289 including interest is still outstanding. In 2022 an agreement on deferral and payment in instalments was set up thereon, whereby the balance at first will be deferred until 30 September 2023 and afterwards will be paid completely on a quarterly basis until 31 December 2026, with quarterly amortization instalments of KEUR 10 in 2023 and KEUR 25 in all subsequent quarters. Interest is paid at a fixed rate of 1.45% p.a. In the year 2022 a further loan in the amount of a maximum of KEUR 400 at a fixed rate of 4% p.a., with the due date of 31 December 2024, was granted by the parent to H&P Ambulatorien Betriebsgesellschaft m.b.H. An agreement on deferral and payment in instalments was also set up for the outstanding trade receivables of the parent to H&P Ambulatorien Betriebsgesellschaft m.b.H, whereby the balance amounting to KEUR 110 outstanding as of 31 December 2022 will be deferred at first until 30 September 2023 and afterwards will be paid completely on a quarterly basis until 31 December 2024. In 2023 the instalments will amount to KEUR 10 and in the subsequent quarters to KEUR 25. Interest is paid at a fixed rate of 4% p.a. The contract is secured by a comfort letter.

Furthermore, the parent concluded a loan agreement with IBA Immobilien GmbH in the amount of KEUR 1,690 in the fiscal year 2013. The loan shall be repaid in 180 monthly instalments of KEUR 8 each. The outstanding loan amount as of 31 December 2022 corresponds to the contractually agreed payment schedule. This loan is unsecured. Interest is paid at a fixed rate of 2% p.a.

The parent granted a loan in the amount of KEUR 529 to a member of the Management Board in the fiscal year 2015, which is being repaid on an ongoing basis. The outstanding loan receivable amounts to KEUR 136 as of 31 December 2022 (2021: KEUR 133). It is scheduled that the repayment of the outstanding loan balance shall be offset against the severance payment entitlement at retirement. Interest is paid on a EURIBOR basis plus 1.25% p.a.

Loans to related parties are recognised within other non-current receivables in the statement of financial position.

25.2 Contractual provisions

The trade relationships with related parties in the normal course of business is based on corresponding contractual agreements. The fee is settled at market prices.

25.3 Remuneration of the corporate bodies

The remuneration paid to the key management members, which consist of the active members and those members, who retired in the fiscal year 2022, of the Management Board of Croma-Pharma GmbH, within the scope of their positions, is summarised as follows:

Remuneration of the Management Board	2022	2021
	KEUR	KEUR
Basic salary	2 153	1 993
Current variable performance bonus	65	58
Benefits due in the short term	2 218	2 051
Remuneration of the Management Board	2 218	2 051
Remuneration of the Supervisory Board	18	24
Total	2 236	2 075

26. Corporate bodies

Members of the Management Board:

- Mag.pharm. Gerhard Prinz
- Mag.pharm. Martin Prinz
- Mag.pharm. Andreas Prinz
- Dkfm. Peter Haidenek

In the year 2022 there was a change in the Management Board of Croma-Pharma GmbH. Mr. Mag. Martin Schöller left the company. As of July 12, 2022 Mr. Dkfm. Peter Haidenek was appointed as member of the Management Board.

Members of the Supervisory Board:

- Mag. Iris Burgstaller (chairperson)
- Mag. Stefan Schmuckenschlager (deputy)
- Dr Jürgen Kittel (member)

27.Events after the reporting period

The following events occurred between the balance sheet date of 31 December 2022 and the preparation of the financial statements in May 2023:

On 22 December 2022 Croma-Pharma GmbH signed a business combination agreement. Therewith, Croma-Pharma GmbH plans to be listed at the Euronext in Amsterdam probably in the second quarter of 2023. Accordingly, the preparations for this going public are already starting.

On February 8, 2023 the shareholder OLIN Holding GmbH granted a non-current loan to Croma-Pharma GmbH in the amount of MEUR 8.0 to finance the repayment instalment for the promissory note loan agreement, which was due and paid on February 13, 2023.

In the fourth quarter of 2022 Hugel Inc., the majority owner of Hugel America Inc., informed Croma-Pharma GmbH about the scheduled capital increases via the issue of new shares at Hugel America Inc. For the year 2023 two new capital increases are scheduled. The first tranche (30,000 shares in a total amount of USD 38,571,000), in which Croma-Pharma GmbH did not participate, was approved in March 2023 and paid on 6 April 2023 by Hugel Inc. to Hugel America Inc., which resulted in a dilution of the stocks of Croma-Pharma GmbH from former 30% to now 23.08%. The second tranche (52,000 shares in a total amount of USD 66,856,400) is scheduled for August 2023 and will further reduce the share of Croma-Pharma GmbH in Hugel America Inc. from 23.08% to 16.5%.

Leobendorf, in 4 May 2023

Croma-Pharma GmbH

Management Board

Mag.pharm Gerhard Prinz

Mag.pharm Martin Prinz

Mag.pharm Andreas Prinz

Dkfm. Peter Haidenek

TRANSLATION

AUDITOR'S REPORT *)

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Croma-Pharma GmbH, Leobendorf,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2022 and cashflows and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRSs) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Responsibilities of Management and of the Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated 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 Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board 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.

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Vienna, on May 4, 2023

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher mp
Wirtschaftsprüfer / Certified Public Accountant

ppa Mag. Gerald Steckbauer mp
Wirtschaftsprüfer / Certified Public Accountant

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Croma-Pharma GmbH, Leobendorf

Consolidated Financial statements
in accordance with International
Financial Reporting Standards (IFRS)
as of December 31, 2021 (Translation)

Croma-Pharma GmbH

Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

for the period from 1 January to 31 December 2021

	Note	2021 KEUR	2020 KEUR
Revenue from contracts with customers	6	94,100	79,766
Other income	6	1,685	1,297
Revenues		**95,786**	**81,063**
Other operating income	7.1	1,019	1,365
Income from internally generated intangible assets		6,432	4,980
Cost of materials		-18,832	-20,798
Cost of services		-69	-231
Changes in inventories		-2,543	4,410
Employee benefits expenses	7.2	-37,249	-31,141
Depreciation		-10,811	-8,161
Other operating expenses	7.3	-39,584	-38,725
Finance costs	7.4	-1,485	-1,340
Finance income	7.5	45	80
Profit/(loss) before tax		**-7,291**	**-8,498**
Income tax expense	8	1,705	142
Profit/(loss) for the period		**-5,586**	**-8,357**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		312	-559
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain/(loss) on defined benefit plans		-141	23
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		171	-478
Other comprehensive income/(loss) for the year, net of tax		**342**	**-1,014**
Total comprehensive income for the year, net of tax		**-5,244**	**-9,370**
Profit/(loss) for the period, attributable to:			
Equity holders of the parent		-5,714	-8,578
Non-controlling interests		-129	-222
		-5,586	**-8,357**
Total comprehensive result for the year, attributable to:			
Equity holders of the parent		-5,373	-9,592
Non-controlling interests		129	222
		-5,244	**-9,370**

Croma-Pharma GmbH

Consolidated statement of financial position

as of 31 December 2021

	Note	2021 KEUR	2020 KEUR
Assets			
Non-current assets			
Property, plant and equipment	9	6,952	5,344
Right-of-use assets	10	39,907	44,367
Intangible assets and goodwill	11, 12	53,225	53,757
Non-current financial assets	13.1	39,748	36,694
Other non-current receivables	13.1, 15	11,060	11,710
Non-current contract assets	6.2, 13.1	391	0
Deferred tax assets	8	1,319	671
		152,601	**152,542**
Current assets			
Inventories	14	22,720	20,260
Trade receivables	13.1, 15	22,536	17,605
Prepayments	15	2,600	756
Other current receivables	13.1, 15	3,040	3,014
Current contract assets	6.2, 13.1	497	0
Government grants	16	2,667	3,653
Cash and short-term deposits	17	5,744	15,342
		59,805	**60,629**
Total assets		**212,407**	**213,172**
Equity and liabilities			
Equity			
Issued capital	18	36	36
Retained earnings	18	85,126	90,810
Foreign currency translation reserve	18	-616	-928
Equity attributable to the equity holders of the parent		**84,546**	**89,919**
Non-controlling interests	18	668	607
Total equity		**85,214**	**90,525**
Non-current liabilities			
Interest-bearing loans and borrowings	13.2	49,976	45,437
Other non-current financial liabilities	13.2	35,244	1,314
Other non-current payables	13.2	2,187	1,197
Provisions	20	1,141	939
Deferred tax liabilities	8	2,159	5,349
		90,708	**54,238**
Current liabilities			
Trade and other payables	13.2, 22	11,591	10,384
Contract liabilities		4,565	2,524
Interest-bearing loans and borrowings	13.2	10,710	9,970
Other current financial liabilities	13.2	5,405	43,503
Provisions	20	4,215	2,028
		36,485	**68,409**
Total liabilities		**127,193**	**122,646**
Total equity and liabilities		**212,407**	**213,172**

Croma-Pharma GmbH

Consolidated Statement of Changes in Equity

for the period from 1 January to 31 December 2021

Equity attributable to the equity holders of the parent

	Issued capital	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As of 1 January 2021	36	-928	90,810	89,919	607	90,525
Profit/(loss) for the period			-5,714	-5,714	129	-5,585
Other comprehensive income		312	30	342		342
Total comprehensive income	0	312	-5,685	-5,373	129	-5,243
Dividends				0	-68	-68
Other effects				0		0
As of 31 December 2021	36	-616	85,126	84,546	668	85,214

for the period from 1 January to 31 December 2020

Equity attributable to the equity holders of the parent

	Issued capital	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As of 1 January 2020	36	-369	99,835	99,502	576	100,078
Profit/(loss) for the period			-8,578	-8,578	222	-8,357
Other comprehensive income		-559	-455	-1,014		-1,014
Total comprehensive income	0	-559	-9,033	-9,592	222	-9,370
Dividends				0	-191	-191
Other effects			9	9		9
As of 31 December 2020	36	-928	90,810	89,919	607	90,525

Croma-Pharma GmbH

Consolidated statement of cash flows (indirect method)

for the period from 1 January to 31 December 2021

	2021	2020
	KEUR	KEUR
Profit/(loss) before tax	**-7,291**	**-8,498**
Depreciation	10,811	8,161
Finance costs	1,485	1,333
Finance income	-45	-54
Other non-cash items	-3,163	1,733
Increase (+)/decrease (-) in non-current provisions	60	32
	1,858	**2,706**
Working capital changes		
Increase (-)/decrease (+) in inventories	-168	-5,167
Increase (-)/decrease (+) in trade receivables and other receivables	-6,902	11,136
Changes in government grants	986	-527
Increase (+)/decrease (-) in trade payables	3,247	-4,893
Increase (+)/decrease (-) in other payables and provisions	1,444	37
Cash flow from operating activities	**465**	**3,293**
Interest paid	-741	-592
Income tax paid	-539	-1,599
Net cash flow from operating activities	**-815**	**1,102**
Investing activities		
Purchase of property, plant and equipment	-2,710	-784
Purchase of intangible assets	-7,114	-8,529
Proceeds from sale of property, plant and equipment	238	21
Proceeds from sale of intangible assets	835	1,368
Purchase of non-current financial assets	-20	-16
Acquisition of subsidiaries, net of cash acquired	0	0
Net cash flows used in investing activities	**-8,771**	**-7,940**
Financing activities		
Repayment of interest-bearing loans and borrowings	-2,797	-20,195
Proceeds from interest-bearing loans and borrowings	8,075	44,213
Repayment of other financial liabilities	-5,222	-4,842
Dividends paid	-68	-191
Net cash flow from financing activities	**-12**	**18,985**
Net increase/decrease in cash and cash equivalents	**-9,598**	**12,148**
Cash/cash equivalents as of 1 January	**15,342**	**3,193**
Cash/cash equivalents as of 31 December	**5,744**	**15,342**

Croma-Pharma GmbH GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2021

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1. Corporate Information

The consolidated financial statements of Croma-Pharma GmbH and its subsidiaries (hereinafter collectively referred to as: the "Group") for the fiscal year as of 31 December 2021 were issued on 24 May 2022 by resolution of the Management Board.

Croma-Pharma GmbH (hereinafter referred to as: the "Company" or the "Parent") is a limited liability company incorporated and domiciled in Austria. The registered headquarters of the Company are at Industriezeile 6 in (2100) Leobendorf.

The Group is mainly specialised in minimally invasive aesthetic medicine. Information about the structure of the Group is provided in note 2.2, and information about other relationships of the Group with related parties is provided in note 25.

2. Consolidation methods

2.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of Croma-Pharma GmbH and its subsidiaries as of 31 December 2021. In the context of the determination of the scope of consolidation, Croma-Pharma GmbH analyses whether it directly or indirectly controls the potential subsidiary. The Group controls a subsidiary if

- Croma-Pharma GmbH has power over the investee,
- Croma-Pharma GmbH is exposed to variable returns or has rights to these variable returns due to its relationship with the investee, and
- Croma-Pharma GmbH has the possibility to use its power over the investee to influence its variable returns.

The Management of Croma-Pharma GmbH reviews at each balance sheet date whether or not the requirements for a consolidation are still valid.

The operations of a subsidiary are recognised in the consolidated statement of profit or loss from the date of acquisition until the date when the Company loses control of the subsidiary.

Where necessary, the financial statements of the subsidiaries are adjusted to align the accounting and measurement methods with the methods used by the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated on consolidation.

2.2 Group information

Subsidiaries

The following subsidiaries are included in the consolidated financial statements:

		Equity interest (in %)	
Name	Headquarters	2021	2020
Bey Pharma GmbH (AT20)	Austria	100.0%	100.0%
Croma Austria Holding GmbH (AT40)	Austria	100.0%	100.0%
Croma GmbH (AT50)	Austria	100.0%	100.0%
Croma International Holding GmbH (AT60)	Austria	100.0%	100.0%
Croma Pharma Produtos Medicos Ltda (BR10)	Brazil	74.9%	74.9%
Croma Schweiz GmbH (CH30)	Switzerland	100.0%	100.0%
Croma Deutschland GmbH (DE50)	Germany	100.0%	100.0%
Laboratories Croma Estetica, SL (ES30)	Spain	100.0%	100.0%
CROMA PHARMA LATAM S.L.	Spain	75.1%	-
Croma Pharma Italia Srl. (IT30) (previously: Orlicom Srl.)	Italy	70.0%	70.0%
Croma France SASU (FR30)	France	100.0%	100.0%
Croma Nederland B.V. (NL30)	Netherlands	100.0%	100.0%
Croma-Pharma Sp. z o.o. (PL30)	Poland	100.0%	100.0%
Croma Portugal - Comercio de Produtos Farmaceuticos (PT30)	Portugal	100.0%	100.0%
Croma Pharma Romania SRL (RO30)	Romania	100.0%	100.0%
CROMA-PHARMA LIMITED (UK30)	United Kingdom	100.0%	100.0%
Croma USA Inc. (US20)	USA	100.0%	100.0%

In the year 2021, the subsidiary Orlicom Srl. headquartered in Italy was renamed to Croma Pharma Srl.

In the fiscal year as of 31 December 2021, the subsidiary CROMA PHARMA LATAM S.L. was founded in Spain, with a share of 75.1%. The remaining shares (24.9%) are owned by the company Fossalto Ventures NV. The purpose of the company is the planned foundation of the subsidiary in Mexico. No new subsidiaries were founded or acquired in 2020.

The holding company (owner)

The immediate and ultimate holding companies are:
- Olin Holding GmbH (49.1%)
- PMJ GmbH (49.1%)
- Prinz Holding GmbH (1.8%)

2.3 Business combinations and acquisition of non-controlling interests

Acquisitions in 2021

No acquisitions took place in 2021.

Acquisitions in 2020

No acquisitions took place in 2020.

2.4 Partly-owned subsidiaries

The table below shows summarised financial information before intercompany eliminations for each subsidiary with significant non-controlling interests:

Name	Headquarters	2021	2020
Croma Pharma Produtos Medicos Ltda (BR10)	Brazil	25.1%	25.1%
CROMA PHARMA LATAM S.L. (ES40)	Spain	24.9%	-
Croma Pharma Italia Srl. (IT30) (previously: Orlicom Srl.)	Italy	30.0%	30.0%

Croma Pharma Produtos Medicos Ltda (BR10):

Summarised statement of financial position:	2021	2020
	KEUR	KEUR
Inventories as well as cash and bank deposits (current)	2 054	2 551
Property, plant and equipment and other assets (non-current)	251	180
Trade and other payables (current)	691	1 354
Interest-bearing loans and deferred tax liabilities (non-current)	14	30
Total equity	1 600	1 348

	2021	2020
	KEUR	KEUR
Revenues	4 336	4 638
Proportionate profit of non-controlling interests	121	216
Dividends to non-controlling interests	68	191
Carrying amount of the non-controlling interests	592	540

Croma Pharma Italia Srl (IT30): (former: Orlicom Srl.)

Summarised statement of financial position:	2021	2020
	KEUR	KEUR
Inventories as well as cash and bank deposits (current)	662	567
Property, plant and equipment and other assets (non-current)	27	10
Other assets (current)	0	3
Trade and other payables (current)	237	167
Interest-bearing loans and borrowings and deferred tax liabilities (non-current)	171	191
Total equity	281	221

	2021	2020
	KEUR	KEUR
Revenues	1 431	762
Proportionate profit of non-controlling interests	18	6
Dividends to non-controlling interests	0	0
Carrying amount of the non-controlling interests	84	66

3. Significant accounting policies

3.1 Basis of preparation

The consolidated financial statements of Croma-Pharma GmbH were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the additional corporate law regulations to be observed in accordance with Section 245a paragraph 1 of the Austrian Company Code (UGB).

The consolidated financial statements are prepared in euros. Unless indicated otherwise, all values are commercially rounded to the nearest thousand euros (KEUR). Hence, rounding differences to the mathematically exact values may occur in tables and in references.

The Management Board has a reasonable expectation that at the time of the adoption of the consolidated financial statements the Group has sufficient resources to continue as a going concern for the foreseeable future. Therefore, the consolidated financial statements are prepared on the basis that the Group will continue to operate as a going concern.

In 2021, Covid-19 also had an impact on the financial indices. In 2021, there were a total of 59 days in Austria when users of products manufactured by Croma Pharma GmbH were closed. Medical practices in the main foreign markets were also closed for several weeks in Q1 2021. As a result, a large proportion of wholesalers and distributors ordered less in Q1 2021 than expected, however, some of the losses were reduced in the remainder of 2021.

The consolidated financial statements contain comparative information on the previous reporting period.

3.2 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition, and the amount of any non-controlling interests in the acquiree.

The goodwill is initially measured at cost, which is the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed of the Group.

After initial recognition, the goodwill is tested annually for impairment.

b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification.

An asset is classified as current if it is expected to be realised within twelve months after the reporting date or if it represents cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current if it is expected to be settled within twelve months after the reporting date or if the company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. All other payables are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

c) Fair value measurement

The fair value is a market-based measurement. For some assets and liabilities identifiable market transactions or market information are available, while for other assets and liabilities, identifiable market transactions or market information may not be available. If a price for an identical asset or liability is not identifiable then a different measurement method is used. To increase the consistency and comparability in the fair value measurement, there are three levels of fair value hierarchy.

- Level 1: quoted market prices in active markets for identical assets or liabilities
- Level 2: the input factors used for the measurement are directly or indirectly observable in the market
- Level 3: the input factors are unobservable in the market

For the values estimated within this hierarchy level, appropriate assumptions were made by the management and corresponding alternative measurement methods were used.

For assets and liabilities that are recognised at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In order to comply with the fair value disclosure requirements, the Group has identified classes of assets and liabilities based on their nature, characteristics and risks as well as based on the levels of the measurement hierarchy explained above.

d) Revenue from contracts with customers

REVENUE RECOGNITION

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In the event that a contract with a customer contains more than one performance obligation, the transaction price is allocated to the performance obligation based on relative stand-alone selling price. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

REVENUE FROM COOPERATION AND LICENSE AGREEMENTS

The Group generates revenue from cooperation and license agreements, whereby the Group grants licences to use, research, develop, manufacture and market prospective products and products. If the grant of a licence is combined with the provision of services in an agreement then it is assessed whether this agreement includes more than one performance obligation. A performance obligation is only handled as the grant of a licence if the grant of a licence is the sole or predominant commitment of the performance obligation. For each commitment to grant a licence, which is a separate performance obligation, it is assessed whether control is transferred to a customer at a specific point in time or over a specific period of time.

PROVISION OF SERVICES

The Group provides development and manufacturing services to its customers and recognises this revenue on a time-apportioned basis, as the customer uses the services provided whilst the services are being provided. The amount of this revenue is determined using an output-based method to measure progress towards full compliance with the performance obligation. When the Group has a right to receive a consideration from a customer in an amount that directly represents the value of the service provided to the customer up to that date, the Group recognises revenue for the amount that it is entitled to invoice.

SALE OF PRODUCTS

Revenue from the sale of products is recognised when the Group transfers the control over the product. The control over the product is usually transferred when the customer acquires physical possession and the Group no longer has any material ownership risks or future obligations in relation to the delivered product. A receivable is recognised when there is an unconditional right to the consideration and the due date of payment only depends on the passage of time. The transaction price results from the price lists valid at the time of the order by the customer and from individual agreements. Payments from customers are usually due between 10 days and 120 days after issue of the invoice, depending on the country.

TRADE RECEIVABLES

A receivable is recognised if an amount of consideration that is unconditional is due from the customer of the Group (i.e., only the passage of time is required before payment of the consideration is due).

CONTRACT LIABILITIES

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from the customer before the Group transfers the related goods or services to the customer. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control over the related goods or services to the customer).

e) Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Investment subsidies in the Croma Group are specifically related to the research premium for capitalised product developments. They are recognised as soon as there is reasonable assurance that all support conditions are met and the subsidy is awarded in full. The grants are subsequently recognised within other non-current liabilities and are released to profit or loss over the useful life of the relevant intangible assets or in accordance with the terms of the subsidies. Investment subsidies received are recognised as cash flow from investing activities.

f) Taxes

CURRENT INCOME TAX

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The amount is calculated on the basis of the tax rates and tax laws that are enacted or substantively enacted on the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in the equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DEFERRED TAX

Deferred tax is recognised for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax bases for the calculation of the taxable income at the reporting date. Deferred tax liabilities are in general recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting result nor the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit is or will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, with the exception of:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future or sufficient taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit shall be available against which the losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

RECOGNITION OF TAX

Current income taxes and deferred taxes are recognised either in the statement of profit or loss, in other comprehensive income or directly in equity, depending on the underlying business transaction.

The Group offsets current tax assets and current tax liabilities if and only if there is a legally enforceable right to set off the recognised amounts and it is intended either to settle current tax liabilities and assets on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset if and only if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to current tax liabilities and assets on a net basis settle or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be recovered or settled,.

Value added tax TAX

Expenses and assets are recognised net of the amount of value added tax, except when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority.

The amount of sales tax recoverable from or payable to the taxation authorities is included in the statement of financial position as part of other assets or other liabilities.

g) Currency translation

The consolidated financial statements are prepared in euros, the functional currency of the Parent. Each subsidiary determines its functional currency, which is the currency of the primary commercial environment. The financial statements of the foreign subsidiaries are subsequently translated according to the functional currency concept using the modified closing rate method in accordance with IAS 21.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency at their respective spot rates applicable at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in a foreign currency are translated at the functional currency spot rates of exchange at each reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rates at the dates of the initial transactions.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

EXCHANGE DIFFERENCES

The assets and liabilities of the foreign business operations are translated into euros in the course of consolidation at the exchange rate prevailing at the reporting date. The translation of income and expenses is carried out using the average exchange rate, which is determined based on historical exchange rates of the corresponding fiscal year. The translation of the equity of the subsidiaries is carried out using historical exchange rates, whereby changes in exchange rates are offset against the equity without affecting the result and are shown separately in the consolidated statement of changes in equity.

The exchange rates of the most important currencies for the Group changed as follows as compared to the previous year:

Currency 1 EURO =	2021 Average exchange rate	2021 Closing exchange rate	2020 Average exchange rate	2020 Closing exchange rate
BRL	6.37858	6.3101	5.94901	6.3735
CHF	1.07988	1.0331	1.07090	1.0802
GBP	0.85840	0.8403	0.88935	0.8990
PLN	4.57202	4.5969	4.46801	4.5597
RON	4.92511	4.9490	4.84251	4.8683
USD	1.18156	1.1326	1.14700	1.2271

The translation differences resulting from consolidation are recognised in other comprehensive income. The amount recognised in other comprehensive income for foreign operations is reclassified to the statement of profit or loss in case of sale of that foreign operation and forms part of the de-consolidation result.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

h) Cash dividends

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. According to Austrian corporate laws, a distribution is authorised if it is approved by the shareholders. The corresponding amount is recognised directly in equity.

i) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such costs include the costs of replacing part of the plant and equipment, if the recognition criteria are met. All other maintenance and repair costs are recognised in profit or loss as incurred. Significant additions, improvements, modifications and replacements are capitalised.

With the exception of land, property, plant and equipment is depreciated on a straight-line basis over the estimated useful life. The depreciation is carried out on a monthly basis by asset class, starting at the first month of the ready for use asset. The estimated useful life of the relevant asset classes is as follows:

- Buildings: 30-40 years
- Vehicles: 3-5 years
- Machinery and equipment: 2-20 years
- Office equipment: 3-5 years
- Furniture and fixtures: 2-33 years
- Various equipment: 3-10 years

In the case of asset disposals, the difference between the carrying amount and the net disposal proceeds is recognised in the statement of profit or loss under other operating income (disposal proceeds higher than carrying amount) or under other operating expenses (disposal proceeds lower than carrying amount).

The residual values, useful lives, and depreciation methods of property, plant and equipment are reviewed at the end of each fiscal year and adjusted prospectively, if appropriate.

j) Leases

At contract inception, the Group assesses whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control an identified asset, the Group applies the definition of a lease in accordance with IFRS 16.
Upon the inception or reassessment of a contract that includes a lease component, the Group allocates the consideration included in the contract to each lease component based on its relevant individual prices. For leases or long-term rentals of land and buildings where the Group is the lessee or tenant, the Group has elected not to separate non-lease and lease components and instead to recognise each lease component and any related non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability on the commencement date of the lease. The right-of-use asset is initially measured at cost. The cost includes the initial amount of the lease liability and any lease payments made at or before the commencement date of the lease, any initial direct costs incurred less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is regularly reduced by any impairments and adjusted accordingly when the lease liability is remeasured.

On the commencement date, the lease liability is measured at the present value of the lease payments to be made over the reasonably certain lease term.

The lease payments to be taken into account in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or (interest) rate and their initial measurement is made using the index or (interest) rate in effect on the commencement date;
- Amounts that the lessee expects to pay in the future under residual value guarantees;
- The exercise price of a purchase option reasonably certain to be exercised by the Group, lease payments of an optional extension period if the Group is reasonably certain to exercise the extension option, and penalties for terminating the lease unless if it is reasonably certain that the Group will not use the option to terminate.

The payment series is discounted at the interest rate implicit in the lease or, if this rate is not readily determinable, at the adequate incremental borrowing rate of the lease. All other variable payments are recognised as expense. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is remeasured if there is a change in the future lease payments resulting from a change in an index or rate, or if there is a change in the assessment by the Group of the amount expected to be paid under a residual value guarantee, or if the Group changes its assessment of an option to purchase, extend or terminate. If a remeasurement of the lease liability is carried out, the carrying amount of the value in use is accordingly adjusted or is recognised in the statement of profit or loss, if the carrying amount of the right-of-use asset was reduced to zero.

The Group reports right-of-use assets together with property, plant and equipment and lease liabilities as financial liabilities in the consolidated statement of financial position.

The Group applies the recognition exemption to its right-of-use assets and lease liabilities for short-term leases of technical equipment and machinery with a lease term of twelve months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases on a straight-line basis over the lease term as expense under the item 'Other operating expenses' in the statement of profit or loss.

The term of the lease relationship is the reasonably certain period of time during which an asset is leased. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. This assessment is reviewed when either events beyond the control of the lessee or significant changes in circumstances occur that require a change in the lease term. The term of the lease is adjusted if a extension option is exercised or a termination option is not exercised and these were not included in the original assessment. The adjustment of the lease term in changed future payments and thus to a remeasurement of the lease liability using the current interest rate. The resulting difference is recognised directly in the right-of-use asset, not affecting results. Derecognition amounts exceeding the carrying amount of the right-of-use asset are recognised as an expense in the statement of profit or loss.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) Intangible assets

Intangible assets that are not acquired in a business combination are initially recognised at cost. This includes computer software and licences for the use of patents. Following initial recognition, intangible assets are carried at costs less any accumulated amortisation and any accumulated impairment losses.

A distinction is made between intangible assets with finite useful lives and with indefinite useful lives. Intangible assets with finite useful lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Amortisation of intangible assets with a finite useful life is recognised in the statement of profit or loss under the item “depreciation”.

Intangible assets with indefinite useful lives are tested for impairment at least annually or when there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level. These intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. As of 31 December 2021 the Group did not recognise any intangible assets with indefinite useful live.

The Group has classified advance payments on intangible assets as intangible assets not yet in use. Advance payments made on intangible assets are reviewed annually concerning impairment.

An intangible asset is derecognised either upon disposal (i.e. at the date the recipient obtains control) or when no further economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the statement of profit or loss in the period in which the asset is derecognised.

RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as an expense in the period in which they are incurred. Development costs of an individual project are only capitalised as an intangible asset if the Group can demonstrate that the following six criteria are met:

- The technical feasibility of completing the intangible asset so that the asset will be available for internal use or sale
- Its intention to complete the intangible asset
- Its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Product developments, product approvals and patents are capitalised at cost. Note 3 describes when such expenses are capitalised as intangible assets in the Group. First, all material costs and employee benefits expense associated with projects that can be capitalised are recognised as expenses on corresponding internal orders in SAP. The project allocation is reviewed within monthly project reports and project controlling meetings to ensure correct allocation to the projects. During the monthly closing process, the internal orders are evaluated per project. The costs determined in connection therewith are capitalised on the corresponding intangible assets and recognised in revenues under the item income from internally generated intangible assets. The expenses eligible for capitalisation are recognised as assets under construction until the intangible asset is completed, subsequently, they are reclassified to intangible assets with a finite useful life. During the period of development, the asset is tested for impairment annually.

With the exception of goodwill, amortisation is recognised on a straight-line basis over the estimated useful life of intangible assets from the date they become available for use. The estimated useful life of the relevant asset classes is as follows:

- Land use rights: 50 years
- Software: 3-5 years
- Other intangible assets: 3-30 years
- Licences for the use of patents: 1-20 years
- Product developments: 10-25 years depending on the estimated product life cycle
- Product authorisations: 3-25 years; if the extension of product authorisations are assessed as highly probable, the useful lives correspond to the product life cycle, otherwise the useful life corresponds to the validity of the authorisation certificate
- Patents: 10-20 years according to validity or term, respectively

m) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or financial liabilities are generally recognised separately.

FINANCIAL ASSETS

At the initial recognition, financial assets are measured at fair value. In the subsequent measurement, the financial assets are allocated to one of the measurement categories listed in IFRS 9:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (OCI) (with recycling)
- financial assets at fair value through profit or loss

In the case of financial assets classified as equity instruments, there is an option to measure them at fair value (without recycling) through issued capital.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing them.

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

Financial assets at amortised cost are non-derivative financial assets with contractual payments that consist solely of interest and principal payments on the outstanding nominal amount and are held for the purpose of collecting the contractual cash flows, e.g. trade receivables or cash and cash equivalents (business model "hold").

After initial recognition, these financial assets are measured at amortised cost using the effective interest rate method less impairment for expected losses. Profits and losses are recognised in the profit/loss for the year of the Group, when the asset is derecognised, modified or impaired. The interest effects from the application of the effective interest rate method as well as effects from currency translation are also recognised in through profit or loss.

FINANCIAL ASSETS (DEBT INSTRUMENTS) AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (WITH RECYCLING)

Financial assets at fair value through OCI are non-derivative financial assets with contractual payments consisting exclusively of interest and principal payments on the outstanding nominal amount and are held with the aim of both collecting contractually agreed cash flows as well as selling them (“hold and sell” business model). For financial instruments at fair value through OCI (with recycling), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and calculated in the same way as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

FINANCIAL ASSETS (EQUITY INSTRUMENTS) DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (WITHOUT RECYCLING)

Upon initial recognition, the Group may irrevocably elect to classify its equity instruments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 (Financial Instruments: Presentation) and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Profits and losses from these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss as other income when the right of payment has been established, except when except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify its equity instruments under this category.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The group of financial assets at fair value through profit and loss includes financial assets that are recognised initially at fair value through profit and loss or financial assets that are mandatorily recognised at fair value. Financial assets are classified as held for trading if they were acquired for the purpose of sale or repurchase in the near future.

Financial assets at fair value through profit or loss are recognised in the statement of financial position at fair value, with net changes in fair value recognised in the statement of profit or loss.

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contract rights to receive cash flows from the financial asset have expired or have been transferred to a third party in such a way that the derecognition criteria are met.

IMPAIRMENT OF FINANCIAL ASSETS

An allowance for expected credit losses (ECLs) must be recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that form an integral part of the contractual terms.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

All financial liabilities are initially measured at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The financial liabilities of the Group specifically include trade and other payables as well as loans and borrowings.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

After initial recognition, the Group measures loans and borrowings, trade payables and other financial liabilities at amortised cost using the effective interest rate method.

The Group has no financial liabilities that are measured at fair value through profit or loss.

Amortised cost is calculated by taking into account any premium or discount on acquisition and any fees or costs that are an integral part of the effective interest rate. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

DERECOGNITION

A financial liability is derecognised when the underlying obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

n) Inventories

The Parent holds the majority of the inventory of the Group.

The quantity-based inventory of the Parent is reviewed on an ongoing basis during the fiscal year as part of permanent inventory procedures. Any inventory differences are recognised in cost of materials.

- The inventories are recognised at the lower of cost or net realisable value: Raw materials, consumables and supplies: based on the moving average price method;
- Finished goods or services and work in progress: Production costs, which include directly attributable material and labour costs as well as a proportion of production overheads based on the normal operating capacity, but excluding borrowing costs.

As of the balance sheet date, inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The measurement of inventories is carried out annually as of the balance sheet date. In this respect, an impairment requirement for expected future disposals (e.g. based on expiry of the best-before date or other product changes such as packaging changes) is determined, in addition to checking whether the net realisable prices are higher than the inventory value. For this purpose, the sum of the disposals over the last three years is put into a ratio with the total stock in order to determine the disposal rate over the last three years. The disposal rate is allocated to the inventory level of the current fiscal year and the inventory value adjustment for the current fiscal year is calculated accordingly.

o) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for each relevant cash generating unit, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recent market transactions are taken into account to determine the fair value less costs of disposal. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment assessment on detailed budget and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. After the fifth year, a long-term growth rate is calculated and applied to project future cash flows.

Impairment losses are recognised within “depreciation” in the consolidated statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal of an impairment loss is recognised through profit or loss.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, and short-term deposits with a maturity of less than three months that are subject to an insignificant risk of changes in value.

q) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is recognised in the statement of profit or loss net of any reimbursement.

r) Employee benefits

Employees of the Parent who commenced their employment before 31 December 2002 are entitled to severance payments when they reach the pensionable age or when they are dismissed. The entitlement depends on the number of years of service and the amount of the lastly earned salary. For employees who commenced their employment after 31 December 2002, severance entitlements are provided for in defined contribution plans. Obligations similar to the severance payments in Austria also exist in other countries where the Group employs staff. In Austria and Germany, employees receive long-service benefits after a certain length of service. These plan do not require employee contributions or securities coverage. Provisions for severance payments and long-service benefits are calculated using the projected unit credit method. The expected pension benefits are distributed over the entire period of service. Future salary increases are taken into account. Actuarial gains and losses for obligations from severance payments are recognised in full in other comprehensive income, as incurred. These actuarial gains and losses are recognised in other comprehensive income (OCI) without subsequent reclassification to the statement of profit or loss (“recycling”). Actuarial gains and losses from obligations for long-service benefits are recognised directly in the statement of profit or loss. The net interest expense is determined on the basis of the net obligation due to defined benefit plans and recognised in the financial result. The difference between the return on plan assets and the interest income on the plan assets included in net interest expense is recognised in other comprehensive income.

3.3 New and amended standards and interpretations

The following new or amended standards and interpretations became mandatory for the first time in the fiscal year 2021:

NEW AND AMENDED STANDARDS AND INTERPRETATIONS - MANDATORY FOR THE fiscal year 2021		Temporal scope
IFRS 9/IAS 39/ IFRS 7/ IFRS 4/ IFRS 16	Reform of the Reference Interest Rates (phase 2)	01/01/2021
IFRS 16	Amendments to IFRS 16 Covid-19 - Related Rent Concessions	01/04/2021

The first-time application of these new or amended standards has no material impact on the consolidated financial statements of Croma-Pharma GmbH.

The following standards and interpretations or amendments to standards have been adopted by the IASB, but their application is not yet mandatory for the fiscal year 2021. An early application of these standards is currently not envisaged. No material impact on the consolidated financial statements is expected.

STANDARDS ADOPTED BY THE IASB - NOT YET MANDATORY FOR THE fiscal year 2021		Issued by the IASB	Mandatory application according to the IASB for fiscal years from	Adoption by the EU as from 31 December 2021
IFRS 3	Reference to the Conceptual Framework	14/05/2020	01/01/2022	yes
IAS 37	Onerous Contracts - Costs of Fulfilling a Contract	14/05/2020	01/01/2022	yes
IAS 16	Property, plant and equipment: Proceeds before Intended Use	14/05/2020	01/01/2022	yes
Various	Annual improvements to IFRS 2018 - 2020 (IFRS 1, IFRS 9, IFRS 16, IAS 41)	14/05/2020	01/01/2022	yes
IAS 1	Classification of Liabilities as Current or Non-current	23/01/2020	01/01/2023	no
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	12/02/2021	01/01/2023	no
IAS 8	Definition of Accounting Estimates	12/02/2021	01/01/2023	no
IAS 12	Deferred Tax related to Assets and Liabilities from a Single Transaction	07/05/2021	01/01/2023	no

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management: Note 5
- Financial instruments risk management and policies Note 13.4
- Sensitivity disclosures Notes 13.4

a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements:

INVESTMENTS
The Group holds a 30% investment in Hugel America Inc. According to IAS 28.5, there is a refutable presumption of significant influence from a share of 20% of the voting rights, which means that the investment would need to be recognised in the consolidated financial statements as an associated enterprise using the equity method.

Since 2021 Croma no longer has a representative on the board of Hugel America Inc. There is no significant influence as Croma does not have the ability to participate in the financial and operating policy decisions of the company. Due to the statutory provisions applicable to the company as well as due to the arrangements stipulated in the joint venture agreement, Croma is essentially limited to mere minority protection rights. Furthermore, all material business decisions are made without the involvement of Croma, so that there is no opportunity to exert significant influence. In addition, there are no material transactions between Croma and the company and Croma does neither contribute any significant technical know-how.

Consequently, the investment in Hugel America Inc. is recognised in the consolidated financial statements of Croma as a financial asset in accordance with IFRS 9.

The investment is measured at fair value, which was determined by an external valuation report, and not recognised through profit or loss. The carrying amount of the investment as of 31 December 2021 amounts to KEUR 34,176 (previous year: KEUR 33,808).

b) Estimates and assumptions

The Management must take certain assumptions and estimates in the consolidated financial statements that may have a significant influence on the presentation of the assets, financial position and the financial performance of the Group. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are described below. Estimates are based on experience and other assumptions that are believed to be reasonable under the circumstances. They are reviewed on an ongoing basis, but may deviate from the actual values.

RISK DISCOUNTS FOR THE REALISATION OF INCOME

Other operating income includes income from grants. Essentially, these include the research premium according to the Income Tax Act. Grants were calculated by the Group in compliance with the statutory provisions. Furthermore, risk discounts based on historical experience values were taken into account for significant individual items. Calculations of grant assessment bases may be reviewed by the relevant competent authorities or companies. As a result, in future fiscal years, components of recognised assets could be derecognised and shown as expense.

INTANGIBLE ASSETS

Croma capitalises product developments, product authorisations, and patents as intangible assets in accordance with the specified accounting policy. Initial capitalisation of development costs is based on the assessment by the Management that technical and commercial feasibility has been demonstrated. This is regularly assumed when the design of a product has been defined and a corresponding design implementation project has been launched. In the past, it has been shown that from this stage in development projects, it can be assumed that it is highly probable that development projects will result in authorised and marketable products.

In addition, the Group acquires licences from third parties for the authorisation and marketing of products in certain markets. The authorisation costs incurred in the process are capitalised, if a product has already been authorised in one or more other markets and if it is highly probable that authorisations shall be granted in the relevant markets.

The useful lives of product developments and product authorisations are determined on the basis of expected product life cycles. Anticipated product life cycles are determined by marketing or product management and are subject to an annual review during financial closing.

The assumptions taken regarding the selected date of capitalisation represent a material assumption that has a significant impact on the financial position of the Group. Market changes, tightening of regulatory requirements or changes in macroeconomic conditions may result in intangible assets being discontinued by the Group and the carrying amount of any intangible assets concerned being derecognised as an expense. In addition, due to changes in estimates, carrying amounts of intangible assets could be depreciated over a shorter remaining term.

Details about the intangible assets can be found in note 11.

PROPERTY, PLANT AND EQUIPMENT

The determination of the useful life of property, plant and equipment is based on estimates, which are based on empirical values from comparable assets of the Group. The useful lives are explained in more detail in Note 3.2. Estimates of the useful life are reviewed in the course of the year-end closing process and are updated concerning the future, where necessary.

Further information on property, plant and equipment can be found in Note 9.

LEASE ACCOUNTING

IFRS 16 requires estimates that affect the valuation of lease liabilities and right-of-use assets. These include, among others, the regulations of agreements that fall within IFRS 16, the terms of the agreements, and the incremental borrowing rate used to discount the future payment obligations. The incremental borrowing rate is derived from the risk-free interest rate of the underlying maturity, adjusted by the country, currency and company risk.

ALLOWANCE FOR EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS

The Management establishes allowances for bad debts to account for expected losses resulting from the customers' insolvency to pay. In this respect, the Group distinguishes between two groups of customers: Direct sales and export customers, which are explained in more detail below.

For the direct sales customer group, the Group uses a provision matrix to calculate expected credit losses on trade receivables and contract assets. The value adjustment ratios are recognised on the basis of the days overdue for the direct sales customer group of the Group. The provision table is based on the historical observed default rates of the Group, subsequently the Group calibrates the matrix to match the historical credit loss experience with forward-looking expectations. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The value adjustment amount is currently calculated as follows:

- 0% of outstanding receivables older than 0 days
- 20% of outstanding receivables older than 60 days
- 40% of outstanding receivables older than 120 days
- 60% of outstanding receivables older than 180 days
- 80% of outstanding receivables older than 240 days
- 100% of outstanding receivables older than 300 days

If it has become known that insolvency proceedings were opened for a particular customer then 50% of the outstanding debt is assumed as bad debts.

The receivables of the customer group export are not adjusted by means of a value adjustment matrix, but on an individual valuation basis. The smaller number of export customers compared to direct sales customers makes it possible to evaluate receivables from these customers individually. As of the balance sheet date, all customers with overdue receivables are therefore analysed. The following criteria are assessed in order to decide whether overdue receivables from export customers will be adjusted:

- Overdue invoices were paid after the balance sheet date but before the financial statements were approved.
- Duration of the customer relationship: The longer the customer relationship successfully exists, the lower the risk of default.
- Historical payment history: There are export customers who usually pay within one of the first two dunning cycles. The default risk is very low with this kind of customers.
- A payment schedule for overdue receivables was agreed upon and the customer complied with it until the balance sheet date or until the approval of the financial statements.
- Financial situation: Credit reports and financial statements are obtained and the assets, financial position and financial performance are assessed with regard to the ability to repay.

The overdue receivables of an export customer are not impaired, if one of the five criteria mentioned above is assessed positively. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses depends on changes in circumstances and of forecast economic conditions. The historical observed credit losses of the Group and the forecast of the economic conditions may not be representative of the actual defaults of customers in the future. Information about the expected credit losses on trade receivables and contract assets of the Group is included in note 15.

TAXES

Deferred tax assets are recognised for unused tax loss carry-forwards to the extent that it is probable that taxable profit will be available against which the loss carry-forwards can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. If an existing loss carry-forward is not expected to be used within a reasonable period of time based on these future projections then this loss carry-forward is not capitalised. In the Group, loss carry-forwards of the Parent for an amount of KEUR 37,013 were capitalised and offset against deferred tax liabilities as of 31 December 2021. These loss carry-forwards do not expire and can be offset against taxable income in the future.

The foreign Group companies show deferred taxes of KEUR 1,259 as of 31 December 2021, which are predominantly attributable to tax losses from previous periods. It is expected that these tax losses can be offset against tax profit in the countries.

For further details on income taxes, see note 8.

5. Capital management

The primary objective of capital management is to finance the growth strategy of the Group.

The management and adjustment of the capital structure of the Group is carried out in accordance with changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or resolve shareholder's contributions. The Group monitors its capital primarily using the indices free liquidity and equity ratio. According to the internal guidelines of the Group, the following minimum requirements exist for the two ratios:

- Free liquidity > KEUR 5,000
- Equity ratio > 35%

The free liquidity is calculated as the sum of the available or not yet utilised credit lines plus cash and short-term deposits.

The equity ratio is determined on the basis of equity in relation to the balance sheet total.

As of the reporting date 31 December 2021, the free liquidity amounted to KEUR 10,744 (2020: KEUR 28.242), the equity ratio amounted to 40.12% (2020: 42.47%).

The Group monitors the free liquidity and its development on a weekly basis, whilst the equity ratio is monitored monthly. Both indices are compared with the budget. The Group initiates measures, e.g. cost savings programmes, if there are deviations from the minimum requirements between the actual and the scheduled key figures and an improvement of the key figures is not expected in the short or medium term.

As part of the overall objectives of capital management mentioned above, the Group ensures, among others, that the requirements of the interest-bearing loans and borrowings, which relate to the capital structure, are complied with. The financial covenants agreed for the individual financings are explained in more detail below in note 13.2.

No changes were made to the capital management objectives, policies, and procedures as of 31 December 2021 and 2020 respectively.

6. Revenue from contracts with customers and other income

6.1 Disaggregated revenue information

The breakdown of revenues is as follows:

	2021	2020
	KEUR	KEUR
Dermatology	63 090	49 068
Contract manufacturing	21 267	11 339
Cash discount expense	-23	-20
Licences	0	3 500
Other	9 766	15 879
Revenue from contracts with customers	94 100	79 766
Other revenue	1 670	861
Income from previous periods	6	427
Income from services	1	0
Other income from rental income and leases	8	8
Other income	1 685	1 297

Revenues by region:

	2021	2020
	KEUR	KEUR
Austria	2 063	2 007
Europe (without Austria)	57 030	40 445
North America	8 943	14 232
South America	13 675	13 103
Asia	11 812	8 874
Other	577	1 105
Total	94 100	79 766

In 2021 revenue increased again since the start of the Covid-19 pandemic in 2020 (increase of revenue by KEUR 14,334).

A product development agreement was concluded with a customer, which provides for a period-based revenue recognition in accordance with IFRS 15 (2021: KEUR 888, 2020: KEUR 0). The product development agreement was divided into individual performance obligations that are expected to be fulfilled in the years 2022 to 2023.

The revenue from licences in an amount of KEUR 3,500 in the fiscal year 2020 origin from the granting of exclusive distribution and exploitation rights to a new Chinese distribution partner.

Other revenue from contracts with customers totalling KEUR 9,766 only includes revenue from a regulatory service agreement for product authorisations in the USA. The related services are mainly provided by subcontractors, which are subsequently charged to the customer by the Group.

6.2 Contract balances

	2021	2020
	KEUR	KEUR
Trade receivables	22 536	17 605
Non-current contract assets	391	0
Current contract assets	497	0
Contract liabilities	4 565	2 524

Trade receivables do not earn interest and are usually settled within 10 to 120 days. Due to the increase in revenue, trade receivables also increased again in 2021.

The contract liabilities consist of the advance payments of one large customer. The performance obligation shall be fulfilled by the Group in the fiscal year 2022 and shall result in revenue from contracts with customers in this fiscal year.

7. Other income/expenses

7.1 Other operating income

	2021	2020
	KEUR	KEUR
Income from grants	642	811
Other	378	554
Total other operating income	1 019	1 365

The income from grants consists of performance-related grants of KEUR 291 (previous year: KEUR 153) and subsidies for assets in the amount of KEUR 351 (previous year: KEUR 658). The performance-related grants mainly include grants for employees, while the subsidies for assets mainly comprise government grants.

Expense-related subsidies were only realised to the extent that corresponding expenses were incurred. Please refer to note 13.2 and note 16 for more detailed information about the deferred income items that were created as a result.

In the other operating income, on the one hand, fewer exchange profits (KEUR 295) were realised in the fiscal year 2021 and, on the other hand, a claim was settled by the insurance company in 2020 due to transport damages (KEUR 140).

7.2 Employee benefits expenses

	2021	2020
	KEUR	KEUR
Wages	-2 821	-2 784
Salaries	-26 771	-22 046
Expenses for severance payments	-669	-441
Expenses for pensions	-35	-6
Expenses for mandatory social security and other payroll expenses	-6 538	-5 523
Other benefits	-415	-341
Total employee benefits expenses	-37 249	-31 141

The variable remuneration of the managing directors of Croma-Pharma GmbH is based on cooperation agreements concluded. The ratio of fixed to variable components of the total remuneration of the Management Board is approximately 97% to 3% (previous year: approximately 97% to 3%). The total remuneration of the Management Board amounted to KEUR 2,051 (previous year: KEUR 1,727).

Employees

Number of employees (FTE):

	2021	2020
Average	522	461
As of 31/12	542	484

Average number of employees in Austria:

	2021	2020
Blue-collar employees	83	90
White-collar employees	315	258
Apprentices	3	2
Total	401	350

7.3 Other operating expenses

	2021	2020
	KEUR	KEUR
Research, studies	-8 806	-15 561
Legal and consulting fees	-6 730	-6 349
Marketing expenses	-6 094	-3 319
Maintenance	-3 328	-2 445
IT expenses	-1 836	-1 492
Other employee benefits expense	-1 343	-1 195
Losses from the disposal of fixed assets	-2 845	-778
Transport expenses	-1 830	-932
Royalties	-149	-877
Expenses for monetary transactions	-372	-777
Electricity/gas/water charges	-734	-636
Vehicle expenses	-693	-661
Fees, charges, membership dues	-527	-630
Travelling expenses	-1 003	-549
Remuneration of the Supervisory Board	-24	0
Other	-3 271	-2 524
Total other operating expenses	-39 584	-38 725

In 2021, research, studies have decreased by KEUR 6,755 due to lower study activities, mainly for a new product. The marketing expenses increased by KEUR 2,776 as compared to 2020, because after the start of the Covid-19 pandemic in the previous year, the majority of the marketing activities could be carried out again or events took place again. In addition, the launch of a new product was prepared in Q4 2021. The losses from the disposal of fixed assets mainly include the depreciation of a capitalised development project (KEUR 1,996), for more details see note 11.

The Supervisory Board of Croma-Pharma GmbH was appointed for the first time by shareholders' resolution of 9 September 2020. In 2021, the Supervisory Board of Croma-Pharma GmbH was paid a remuneration of KEUR 24 for the first time.

7.4 Finance costs

	2021	2020
	KEUR	KEUR
Interest expenses loans (current and non-current)	-1 465	-1 291
Cash discount loss (net method)	-25	-45
Other interest and finance costs	6	-4
Total finance costs	-1 485	-1 340

7.5 Finance income

	2021	2020
	KEUR	KEUR
Income from investments	11	0
Income from securities	18	26
Interest income from bank deposits	0	9
Other interest and similar income	15	45
Total finance income	45	80

7.6 Research and development costs

In the area of research and development, the Group primarily works on future technologies in the field of minimally invasive aesthetic medicine. The costs incurred are capitalised as an intangible asset on that date, when the requirements of IAS 38.57 are met for a specific development project. Further information on the capitalisation of development costs can be found in note 2.3 l). All research and development costs that are not eligible for capitalisation are expensed in the period incurred (2021: KEUR 4,302; 2020: KEUR 1,277). These costs are included within other operating expenses.

8. Income tax

The major components of the income tax expense are:

	2021	2020
	KEUR	KEUR
Current income tax charge	-2 123	-569
Income tax expense from previous periods	0	-160
Deferred tax	3 828	871
Income tax expense	1 705	142

Reconciliation between income tax expense and the product of profit/loss for the period and the tax rate applicable by the Group in Austria:

	2021	2020
	KEUR	KEUR
Profit/(loss) before tax	-7 291	-8 498
Income tax rate of 25%	1 823	2 125
Adjustments of previously unrecognised tax losses	1 547	-1 779
Tax expense/income from previous periods	0	-160
Deviating foreign tax rates	61	-46
Effect of changes in tax rates	2	2
Effects of foreign members of the Group	-1 706	0
Effect of different local assessment bases	-101	0
Use of tax losses	79	0
Effective income tax expense	1 705	142
Effective income tax rate in %	-23.38%	-1.67%

For the determination of the effective income tax rate, the income tax is compared to the profit/loss before tax. The resulting tax rate is compared with the Austrian standard tax rate of 25% and the main differences are analysed.

The nominal income tax rates applicable to the foreign Group companies in the fiscal year range from 10.18% to 34.0% (previous year: between 10.18% and 34.0%)

The Parent is the group leader of a group of companies within the meaning of Section 9 of the Austrian Corporation Tax Act and concluded a group and tax compensation agreement with its group members (see list below). As from 22 December 2009, the group members have to pay a straight-line tax rate of 25% to the group parent for profits transferred by them to the group parent, irrespective of the tax actually paid by the group parent. Group members who pass on a tax loss to the group parent do not receive any compensation, but can carry this tax loss forward as an intra-group loss reserve and offset it in full against future intra-group tax profits. Thus, there is no allocation obligation for the amount of the intra-group loss reserve. An intra-group loss reserve not charged at the time of the departure of the group member shall be agreed upon in the course of the termination of the agreement to the extent required under company law.

- Croma-Pharma GmbH (Austria)
- Bey Pharma GmbH (Austria)
- Croma GmbH (Austria)
- Croma Austria Holding GmbH (Austria)
- Croma International Holding GmbH (Austria)
- Laboratorios Croma Estetica, SL (Spain)
- Croma France SASU (France)
- Croma Nederland B.V. (Netherlands)
- Croma Pharma Romania SRL (Romania)
- Croma Portugal-Comercio de Produtos Farmaceuticos (Portugal)

- Croma USA Inc. (USA)
- Croma Deutschland GmbH (Germany)

The development of deferred taxes is analysed in the following table:

	2021	2020
	KEUR	KEUR
Deferred taxes as of 1 January	4 678	5 550
Deferred taxes as of 31 December	840	4 678
Change in deferred taxes	3 839	871
Exchange differences and other	-11	-59
Adjustments of error corrections	0	-670
Deferred tax included in income tax expense	3 828	142

The deferred tax assets and liabilities recognised on temporary differences between the tax bases and the carrying amounts are attributable to the following items:

Consolidated statement of financial position	2021	2020
	KEUR	KEUR
Intangible assets	-12 242	-13 184
Right-of-use assets	-8 744	-8 673
Disposal of investments	443	515
Employee provisions	120	43
Lease liabilities	8 737	8 794
Tax losses carried forward	1 204	376
Tax losses carried forward (group taxation)	9 253	7 451
Other temporary differences	390	0
Deferred tax liabilities, net	-840	-4 678

Deferred taxes mainly result from different valuation rules, depreciation and tax losses. All deferred tax assets were recognised.
Deferred tax assets on tax losses carried forward were capitalised in full, as it is assumed on the basis of a 3-year plan that future taxable profits will be available against which unused tax losses can be used.

The following tax losses carried forward exist as of the balance sheet date:

31/12/2021 (in KEUR)	Austria	Switzerland	Germany	France	Portugal	Romania	United Kingdom	Total
Loss carried forward	37 013	1 020	963	5 644	179	0	939	45 758
Total	37 013	1 020	963	5 644	179	0	939	45 758

31/12/2020 (in KEUR)	Austria	Switzerland	United Kingdom	Roma-nia	Total
Loss carried forward	29 802	1 109	0	187	19 799
Total	29 802	1 109	0	187	19 799

The tax losses in the tax group amount to KEUR 37,013 in 2021 (KEUR 29,802 in 2020).

9. Property, plant and equipment

	Land, land rights, similar rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other property, plant and equipment	Assets under construction	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Costs					
01/01/2020	4 621	6 587	2 365	278	13 849
Additions	73	66	552	92	784
Disposals	0	-29	-67	-11	-107
Transfers	0	52	0	-260	-209
Exchange differences	-1	0	-10	0	-10
As of 31 December 2020	4 693	6 676	2 840	98	14 307
Additions	386	469	1 199	656	2 710
Disposals	0	-19	-217	-2	-238
Transfers	4	275	-275	-18	-14
Exchange differences	0	0	-1	0	-1
As of 31 December 2021	5 083	7 401	3 547	734	16 765

	Land, land rights, similar rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other property, plant and equipment	Assets under construction	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Depreciation and impairment					
01/01/2020	2 224	4 512	1 148	0	7 883
Depreciation for the year	170	351	650	0	1 171
Depreciation on disposals	0	-29	-57	0	-86
Exchange differences	0	0	-5	0	-5
As of 31 December 2020	2 394	4 834	1 736	0	8 963
Depreciation for the year	169	315	596	0	1 081
Depreciation on disposals	0	-19	-212	0	-230
Transfers	0	139	-139	0	0
Exchange differences	0	0	-1	0	-1
As of 31 December 2021	2 563	5 269	1 980	0	9 813
Net carrying amount					
As of 31 December 2021	2 520	2 132	1 566	734	6 952
As of 31 December 2020	2 299	1 843	1 104	98	5 344

The additions to land, land rights, similar rights and buildings, including buildings on third-party land are mainly related to the conversion of the IT server rooms. Concerning technical equipment and machinery, the additions are predominantly related to modified tools for the development and manufacturing of new products. The additions to other property, plant and equipment are primarily due to acquisitions in the IT area and for the research laboratory.

10. Right-of-use assets

	Right-of-use assets buildings and land	Right-of-use assets vehicles	Right-of-use assets machinery	Total
	KEUR	KEUR	KEUR	KEUR
Costs				
01/01/2020	29 662	1 126	23 569	54 356
Additions	296	466	0	762
Disposals	-90	-40	0	-129
Exchange differences	-35	-33	0	-68
As of 31 December 2020	29 833	1 519	23 569	54 921
Additions	71	1 076	0	1 147
Disposals	-128	-201	-121	-450
Exchange differences	-5	0	0	-4
As of 31 December 2021	29 771	2 394	23 448	55 614

	Right-of-use assets buildings and land	Right-of-use assets vehicles	Right-of-use assets machinery	Total
	KEUR	KEUR	KEUR	KEUR
Depreciation and impairment				
01/01/2020	1 647	352	3 877	5 877
Depreciation for the year	1 731	414	2 970	5 115
Depreciation on disposals	-90	-40	-278	-407
Exchange differences	-14	-16	0	-30
As of 31 December 2020	3 275	710	6 534	10 554
Depreciation for the year	2 262	476	2 686	5 424
Depreciation on disposals	-81	-189	0	-269
Exchange differences	-1	-1	0	-2
As of 31 December 2021	5 455	997	9 220	15 707
Net carrying amount				
As of 31 December 2021	24 316	1 397	14 229	39 907
As of 31 December 2020	26 558	809	17 035	44 367

11. Intangible assets

	Product develop-ments	Product authorisa-tions	Patents	Data pro-cessing programs	Other in-tangible assets	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Costs						
01/01/2020	7 656	3 972	381	2 396	3 086	17 491
Additions	42	2 117	114	502	2 908	5 683
Disposals	105	-674	-353	-117	-639	-1 678
Transfers	1 053	1 050	155	198	10	2 467
Exchange rate changes	0	-54	0	-1	-64	-119
As of 31 Decem-ber 2020	8 856	6 415	297	2 978	5 292	23 837
Additions	4	2 925	109	398	0	3 436
Disposals	0	-3 311	-1	0	0	-3 312
Transfers	0	1	55	0	61	117
Exchange rate changes	0	1	0	0	5	7
As of 31 Decem-ber 2021	8 859	6 028	459	3 377	5 368	24 090

	Product develop-ments	Product authorisa-tions	Patents	Data pro-cessing programs	Other in-tangible assets	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Depreciation and impairment						
01/01/2020	1 271	1 324	125	1 727	1 611	6 058
Depreciation for the year	716	258	17	381	501	1 874
Depreciation on disposals	-28	-342	-115	-90	-191	-767
Adjustment of de-preciation	211	-211	0	0	0	0
Exchange rate dif-ferences	0	-16	0	0	-54	-70
As of 31 Decem-ber 2020	2 170	1 013	27	2 018	1 868	7 095
Depreciation of the year	3 276	493	42	346	680	4 830
Depreciation on disposals	0	-545	0	0	0	-545
Exchange rate dif-ferences	0	0	0	0	-3	-3
As of 31 Decem-ber 2021	5 446	960	70	2 364	2 545	11 385
Net carrying amount						
As of 31 Decem-ber 2021	3 414	5 068	389	1 013	2 822	12 706
As of 31 Decem-ber 2020	6 686	5 399	269	961	3 433	16 748

The additions in the fiscal year 2021 are predominantly related to new product authorisations and product developments.

Due to significant quality issues at the PDO contract manufacturer of the Group's private label, the related product range was discontinued in March 2022. Consequently, the intangible asset in the product developments was totally derecognised in the fiscal year 2021 and KEUR 1,996 were recognised within other operating expenses.

In 2021 the product Lacrimera was impaired due to failed contract negotiations with potential buyers or cooperation partners. As a result, KEUR 2,652 were recognised as extraordinary depreciation within expenses in 2021.

A cost of capital rate between 7.3% and 8.8% was used for the annual impairment tests. As in the previous year, no impairment losses nor allocations had to be recognised in the fiscal year for the development projects that were not ready for use. As part of a sensitivity analysis for the impairment test of the development projects, a reduction in the future revenue growth rate by 5% and an increase in the cost of capital rate of 4% (Letybo project) and an increase in the cost of capital rate of 12% (Thioderm project), respectively, were assumed. The sensitivity analysis led to the conclusion that there would be no need for impairment even in the event of a reduction of the future revenue growth rate and a simultaneous increase of the cost of capital.

	CIP - Product developments	CIP - Product authorisations	CIP - Trademarks	CIP - Patents	Goodwill	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Costs						
01/01/2020	4 135	32 049	0	438	207	36 828
Additions	1 691	1 075	0	130	0	2 895
Disposals	-44	-207	0	-206	0	-457
Transfers	-442	-1 662	0	-155	0	-2 258
As of 31 December 2020	5 340	31 254	0	207	207	37 008
Additions	2 736	500	250	192	0	3 679
Disposals	0	0	0	-64	0	-64
Transfers	-9	-40	0	-55	0	-103
As of 31 December 2021	8 068	31 715	250	280	207	40 520
Net carrying amount						
As of 31 December 2021	8 068	31 715	250	280	207	40 520
As of 31 December 2020	5 340	31 254	0	207	207	37 008

12. Goodwill

Croma Pharma GmbH recognises goodwill from the business combination of Croma Pharma Italia Srl. totalling KEUR 207. Croma Pharma Italia Srl. thus represents the only CGU with goodwill of Croma-Pharma GmbH.

	2021	2020
	KEUR	KEUR
CGU Croma Pharma Italia Srl.	207	207

The recoverable amount in the fiscal year 2021 of the CGU Croma Pharma Italia Srl. with goodwill is determined on the basis of the value in use. The planning of future cash flows is based on the current corporate planning for the years 2022-2026. The following individual assumptions from the most recently prepared impairment tests were used in the annual test:

Impairment test assumptions for the largest CGU with goodwill

	2021	2020
CGU Croma Pharma Italia Srl.		
Average operating margin in the planning period p.a.	9.60%	9.87%
Non-current perpetuity growth rate	1.50%	1.00%
Discount rate (WACC) after taxes	8.80%	7.14%

The detailed planning period for the CGU Croma Pharma Italia Srl. amounts to five years. The average sales growth in the detailed planning period is 46% p.a. (2020: 39% p.a.). The Group expects the launch of Letybo to significantly accelerate growth as it complements the aesthetics product portfolio, leading to increased revenues from existing customers as well as a higher acquisition of new customers. Croma Pharma Italia Srl. has doubled its revenues from 2020 to 2021.

The estimate made of the fair value less costs of disposal of the CGU Croma Pharma Italia Srl. exceeds the carrying amount by KEUR 3,622 (2020: KEUR 4,610). The following table shows a sensitivity analysis of hypothetical scenarios of key assumptions and the possible change in value at the balance sheet date that would result in the recoverable amount being equal to the carrying amount of the CGU plus goodwill:

	Value of the key assumptions	Change in value of the key assumptions resulting in the recoverable amount being higher than the goodwill
CGU Croma Pharma Italia Srl.		
Operating margin	9.60%	minus 7.5 percentage points
Non-current perpetuity growth rate	1.50%	minus 15 percentage points
Discount rate (WACC) after taxes	8.80%	plus 15 percentage points

13. Financial assets and financial liabilities

13.1 Financial assets

The table below shows the financial assets:

	2021	2020
	KEUR	KEUR
Investments	36 682	33 808
Securities	3 066	2 886
Other non-current receivables	10 927	11 577
Non-current contract assets	391	0
Trade receivables	22 536	17 605
Other current receivables	3 040	3 453
Current contract assets	497	0
Government grants	2 667	3 653
Loan to a member of the Management Board	133	133
Financial assets	79 939	73 115
Total current	28 740	24 713
Total non-current	51 199	48 402

The investments are as follows:

- Hugel America Inc.: the Group holds a 30% share in the company Hugel America Inc. The Group does not have significant influence to participate in the financial and operating policy decisions, therefore the investment is recognised as a financial asset in accordance with IFRS 9. More detailed disclosures are provided in the Notes under note 3 Significant accounting judgements, estimates and assumptions. In 2021, the investment amounts to KEUR 34,176 (2020: KEUR 33,808).
- Sun Cro Aesthetic & Cosmetic International Co. Limited: the Group holds a 25.1% investment. In November 2020, it was resolved to dissolve the company. As no future cash flows can be expected from this company, the investment had already been written down to a carrying amount of EUR 1 in the fiscal year 2020. The liquidation has not yet been completed as of 31 December 2021.
- Skinquiry LLC: the Group has an 11.25% investment in the company Skinquiry LLC. The carrying amount of the investment amounts to EUR 1 in the fiscal year as of 31 December 2021 (2020: EUR 1).
- APO Bank: The Group holds insignificant shares in Apotheker-Bank. In the fiscal year 2021, the investment has a carrying amount of EUR 7 (2020: EUR 7).
- Novaestiq Corp.: In the fiscal year 2021 the Group contributed licence rights for the USA and Canada relating to the next generation of products to the company Novaestiq Corp. and received shares (14.56%) in the process. The carrying amount of the investment amounts to KEUR 2,486 as of 31 December 2021.
- International Aesthetic Biotech Limited: Since 2021 the Group has a 20% investment in the company International Aesthetic Biotech Limited. The Group does not have significant influence to participate in the financial and operating policy decisions, therefore, the investment is recognised as a financial asset in accordance with IFRS 9. The investment amounts to KEUR 20 in 2021.

In the fiscal year 2015, a supplementary agreement to a lease was concluded with a leasing company. In this supplementary agreement, it was agreed that the Group must hold collateral in the form of pledged securities in order to comply with the agreed obligations. This obligation to pledge basically exists until the end of the relevant lease. Provided that the agreed lease payments are duly made throughout the term, an amount of KEUR 800 in 2024 and a further amount of KEUR 800 in 2028 shall be released ahead of schedule.

Other non-current receivables are mainly deposits for the office building and loans granted to related companies (see note 25).

Debt instruments measured at amortised cost include trade receivables and loans and borrowings granted to members of the Management Board.

Government grants are explained in more detail in note 16.

13.2 Financial liabilities and interest-bearing loans and borrowings

The table below shows the financial liabilities and interest-bearing loans and borrowings:

	2021	2020
	KEUR	KEUR
Non-current interest-bearing loans and borrowings	49 976	45 437
Current interest-bearing loans and borrowings	10 710	9 970
Other non-current financial liabilities	35 244	1 313
Other current financial liabilities	5 405	43 503
Other non-current liabilities	2 187	1 197
Trade and other payables	11 591	10 384
	115 114	111 806
thereof non-current	87 408	47 947
thereof current	27 706	63 859

The other financial liabilities mainly comprise lease liabilities. Further information on leases can be found in note 22.

For expense-related subsidies, which are mainly related to the research premium, a deferred income item is recognised, which is reversed over the period in which the corresponding expenses are incurred. As of 31 December 2021, the deferred income amounts to KEUR 2,198 (previous year: KEUR 1,197) and is included within the item other current and non-current financial liabilities.

The table below shows the Interest-bearing loans and borrowings of the Group:

Bank	Currency	Interest	Maturity	2021 KEUR	2020 KEUR
Erste Bank 293-281-448/60	EUR	variable	Credit line	7 900	0
BA-CA 09793179400	EUR	variable	Credit line		
BA-CA 10019929289	EUR	variable	31/12/2024	771	1 029
Bank Austria 10023 380 248	EUR	variable	31/12/2024	2 400	3 200
Bank Austria 10025 789 263	EUR	variable	30/06/2028	2 108	2 432
Bank Austria 10029 020 517	EUR	variable	30/06/2028	3 939	4 545
Hypo NÖ 0615 5001 311	EUR	variable	Credit line		
RLB OÖ 2667806	EUR	variable	Immediately		173
RLB OÖ 1173848	EUR	variable	31/12/2026	3 200	3 840
Promissory note loan	EUR	variable	27/2/2023, 27/2/2025, 27/2/2027	34 500	34 500
Promissory note loan	EUR	fixed	27/2/2023, 27/2/2025, 27/2/2027	5 500	5 500
UBS (Covid-19 loan)	CHF	variable	31/03/2025	97	93
Sabadell (Covid-19 loan)	EUR	variable	31/03/2025	107	125
UBI Banca (Covid-19 loan)	EUR	variable	22/10/2025	155	194
Polski Fundusz Rozwoju S.A. (Covid-19 loan)	PLN	fixed	31/07/2023	175	0
				60 678	55 631

Borrowing costs of KEUR 260 were incurred in the year 2020 for raising the promissory note loan.

The raising of a promissory note loan in 2020 for an amount of KEUR 40,000 created additional flexibility and enables the long-term restructuring of the financing of the Croma Pharma Group. The promissory note loan is divided into three instalments maturing in 2023 to 2027 and is subject to a floating as well as a fixed interest rate ranging between 1.0% and 1.5%.

The existing promissory note loan agreements and loan agreements contain contractual arrangements to comply with financial covenants. These concern, among others, the compliance with a contract-specific equity ratio. Failure to comply with these financial key figures entitles the creditors to terminate and to declare due the corresponding financing. In addition, in individual cases there may be a change in the stipulated conditions (e.g. an increase in the interest rate).

As of 31 December 2021, the Group had not met the financial covenants for individual financing arrangements. However, the relevant financing partners continued to waive compliance with the breached covenants in 2021.

The Group also entered into various leases for non-current assets with several lessors, some of which require compliance with contract-specific financial key figures. In the event of non-compliance with the financial covenants, the lessor can terminate the lease extraordinarily, in which case the Group must pay to the lessor the lease payments still outstanding for the basic lease term in accordance with the contract provisions. As of 31 December 2021, the Group was not in compliance with the financial covenants for some leases. However, the relevant financing partners continued to waive compliance with the breached covenants in 2021.

The blanket assignment agreement dated 11 January 2010 concluded with Erste Bank der österreichischen Sparkassen AG serves as collateral for subsidised export financing. In the event that financing becomes due in accordance with the agreement, it is agreed that the bank may use the receivables assigned by way of security in full in order to repay the outstanding financing amount.

13.3 Fair values

The Management assessed that the fair values of cash and short-term deposits, trade receivables, prepayments, government grants, trade payables, contract payables, and other current payables and receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current receivables and of the loan to a member of the Management Board correspond to the amortised cost as of 31 December 2021.

Liabilities include variable and fixed-interest-bearing loans. The fair value of the Interest-bearing loans and borrowings is calculated based on significant observable parameters (level 2). As of 31 December 2021 and 2020, the carrying amount approximates the fair value as there have been no significant changes concerning the relevant interest rates since the conclusion of these loan agreements.

The following table shows the fair value measurement of the Group's assets and liabilities by hierarchy level.

	Measurement date	Prices quoted on active markets (level 1)	Significant observable input factors (level 2)	Significant non-observable inputs (level 3)
Securities	31/12/2021		3 066	
Securities	31/12/2020		2 886	
Investments (Hugel America Inc., Novaestiq Corp.)	31/12/2021			36 662
Investments (Hugel America Inc., Novaestiq Corp.)	31/12/2020			33 808

The fair value of the investments as of 31 December 2021 represents the best estimate of the Management and is determined using the discounted cash flow method. It represents a level 3 fair value. The significant input factors for the determination of the fair value of the contingent consideration is based on a 5-years planning period, thereafter transition to a perpetual annuity with a growth factor of 1% and a discount factor of 12.28%.

The development of the fair values of level 3 is as follows:

	2021	2020
	KEUR	KEUR
Carrying amount as of 01/01	33 808	33 808
Additions	2 486	0
Changes in values recognised in equity	0	0
Disposals	0	0
Exchange differences recognised in equity	368	0
Carrying amount as of 31/12	36 662	33 808
Dividends recognised through profit or loss	0	0

13.4 Financial instruments risk management objectives and policies

The principal financial liabilities include loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The principal financial assets are trade receivables as well as cash and short-term deposits that derive directly from its operations.

The Group is exposed to a number of financial risks in the course of its business operations. The management of the Group oversees the management of these risks. The Management is supported by the internal specialist departments and coordinates the risk strategy for the entire Group. As in the previous year, there were no derivative financial instruments as of 31 December 2021.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the debt financing is concluded by the Parent. The Group's interest rate risk consists of three components: the relevant value of the average term of all financings, whether a fixed or variable interest rate was stipulated and whether the credit rating of the company or the Group changes over the term of all financings. Concerning fixed interest rates, the risk consists of falling interest rates and, concerning variable interest rates, of rising interest rates. The majority of the financing agreements of the Group were concluded at variable interest rates. Due to the economic situation and the negative base interest rate (EURIBOR) being in place for several years, it is not expected that there shall be – for one thing - an increase in the base interest rate and that this – for another thing - shall lead to an effective increase of the Group's interest expense. If there will be interest rate increases, they will be taken into account in the financial planning.

The following interest rate sensitivity analysis was prepared assuming that interest rates would have been 100 basis points higher or lower in all currencies for variable interest rates and for short-term fixed interest rates (cash advances) during the reporting period. This represents the assessment of the Management Board with regard to a justified, possible change in interest rates.

As a basis, the interest rate risk exposure of financial instruments was determined as of the balance sheet date and it was assumed that the outstanding liabilities or receivables were outstanding for the entire year as of the balance sheet date.

The interest rate fluctuations under review have no direct effect on equity. With regard to the liabilities reported in the statement of financial position, the Group does not currently assume to be exposed to any significant interest rate risk. Therefore, no risk mitigation measures were taken.

Interest risk in KEUR	Change	EUR	USD	Other	TOTAL
Change in interest result with interest rate increase by	1%	1 011		7	1 017

FOREIGN CURRENCY RISK

The Group is exposed to foreign currency risks from individual transactions. These risks result from purchases and sales of an operating unit in a currency other than the functional currency of that unit. The main foreign currency risks result from changes in the USD/EUR as well as the GBP/EUR exchange rates.

The balance of realised exchange gains and losses was negative and amounted to KEUR 70 in the fiscal year 2021 (previous year: KEUR 169). The change in currency translation from consolidation measures resulted in an increase in equity of KEUR 312 in the fiscal year 2021 (2020: reduction of KEUR 559). The fluctuations are mainly related to the development of the Brazilian real and the USD, respectively.

In addition, it must be taken into account that a weak Euro in relation to the foreign currency has a positive effect from the perspective of procurement of the distribution subsidiaries, and also concerning the operating result of the Group. On the contrary, a weak Euro has a negative impact on the operating result of the Group, if the Parent has to pay invoices for goods and services in a foreign currency. These effects offset each other to a certain extent, which can reduce the risk inherent to the currency mix. Overall, the foreign currency risk in the current situation is considered to be low, mainly due to the purchasing volume outside the Euro zone and the overall currency portfolio. Therefore, no risk mitigation measures were taken.

FOREIGN CURRENCY SENSITIVITY

The following table shows the sensitivity of the Group's profit/loss before tax (resulting from the fair value of monetary assets and liabilities) to a reasonably possible change in the exchange rate of the relevant currency. All other variables are held constant. The value fluctuations under review have no direct effect on equity.

Exchange rate risks 31/12/2021:	Change	USD	Other	TOTAL
Effects on profit/loss before tax	+5%	153	26	179
Effects on profit/loss before tax	-5%	-153	-26	-179

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract or order transaction, resulting in a financial loss. The Group is exposed to credit risks from its operating activities (primarily trade receivables). Depending on the type and amount of the relevant service, credit information is obtained or historical data from the previous business relationship is used, in particular payment history, to avoid bad debts in order to minimise the default risk. For this purpose, the Group has set up an accounts receivable management system to monitor receivables on an ongoing basis. The following provisions were included in customer contracts in order to minimise the risk of default:

- The customer can be switched to prepayment as soon as an invoice has not been paid in due time.
- The obligation to deliver to the customer may be suspended as long as overdue invoices have not been paid.

Insofar as default risks are nevertheless identifiable for individual financial assets, these risks are recognised by provisions.

From 2010 to 2021, export receivables write-offs averaged KEUR 59, while in 2020 and 2021 export receivables write-offs decreased to an average of KEUR 18. The Group assesses the concentration of risk concerning trade receivables and contract assets as very low, as its customers are located in different countries and actual defaults were insignificant in recent years.

The balance sheet amount of the financial assets indicates, irrespective of existing collateral, the maximum credit risk, if counterparties cannot meet their contractual payment obligations.

Set out below is the information about the credit risk exposure of the Group's trade receivables using a provision matrix:

31/12/2021	Not due	1 to 60 days overdue	61 to 120 days overdue	121 to 180 days overdue	181 to 240 days overdue	241 to 300 days overdue	More than 300 days overdue
Estimated total gross carrying amount in case of late payment	19 921	1 065	144	14	34	13	1 454
Expected credit loss	0	0	33	7	14	10	46

31/12/2020	Not due	1 to 60 days overdue	61 to 120 days overdue	121 to 180 days overdue	181 to 240 days overdue	241 to 300 days overdue	More than 300 days overdue
Estimated total gross carrying amount in case of late payment	10 301	4 690	850	48	10	38	2 002
Expected credit loss	0	0	43	16	0	21	254

LIQUIDITY RISK

The preservation of liquidity and the securing of a healthy financial basis are the main focus of the corporate strategy of the Group. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of credit facilities, bank loans and lease contracts. The management of the liquidity is carried out, among others, through ongoing liquidity planning by the Management and the corresponding quarterly monitoring of the free liquidity. The liquidity risk is minimised by continuously securing liquidity reserves between EUR 5 million and EUR 30 million.

As of 31 December 2021 and 31 December 2020, the financial liabilities of the Group have the following maturities. The figures are based on the contractual, undiscounted payments.

31/12/2021:

	≤ 1 year	1-5 years	> 5 years
Interest-bearing loans and borrowings	10 713	34 087	15 896
Other financial liabilities	5 374	21 999	17 757
Trade payables	11 591	0	0
Other non-current liabilities	0	2 187	0

31/12/2020:

	≤ 1 year	1-5 years	> 5 years
Interest-bearing loans and borrowings	9 970	30 953	14 484
Other financial liabilities	43 503	1 152	162
Trade payables	10 384	0	0
Other non-current liabilities	8	33	1 156

Further disclosures to the Group's financial liabilities, in particular the financial covenants associated with the financing, can be found in note 13.2 - Financial liabilities and interest-bearing loans and borrowings.

13.5 Disclosures to the statement of cash flows

The statement of cash flows shows the origin and use of cash flows, divided into net cash flow from operating, investing and financing activities.

The cash and cash equivalents in the consolidated statement of cash flows comprise all cash and cash equivalents shown in the statement of financial position, i.e. cash and deposits, provided they are available within three months after the date of deposit.

The net cash flows from investing and financing activities are determined on the basis of payments, while the net cash flow from operating activities is derived indirectly from the profit/(loss) before tax. The interest payments are allocated to the operating activities. The repayment of lease liabilities is recognised in net cash flows from financing activities under the item "Repayment of financial liabilities".

The following table shows the financing liabilities including liabilities from leases of the Group, divided into their cash and non-cash components:

The item "Other" includes the effects from the reclassification of the non-current component of the lease liabilities to current lease liabilities due to the passage of time.

	01/01/2021	Cash flows	New leases	Other	31/12/2021
	KEUR	KEUR	KEUR	KEUR	KEUR
Current interest-bearing loans and borrowings	9 970	7 900		-7 161	10 710
Current lease liabilities	43 503			-38 803	4 701
Non-current interest-bearing loans and borrowings	45 437	-2 682		7 220	49 976
Non-current lease liabilities	1 313	-4 523	344	38 804	35 938
Total liabilities from financing activities	100 224	695	344	61	101 324

	01/01/2020	Cash flows	New leases	Other	31/12/2020
	KEUR	KEUR	KEUR	KEUR	KEUR
Current interest-bearing loans and borrowings	12 214	-2 243			9 970
Current lease liabilities	5 709	-24		37 818	43 503
Non-current interest-bearing loans and borrowings	19 182	26 254			45 437
Non-current lease liabilities	42 922	-4 818	341	-37 132	1 313
Total liabilities from financing activities	80 028	19 169	341	686	100 224

14. Inventories

The following table shows the inventories recognised

	2021	2020
	KEUR	KEUR
Raw materials, consumables and supplies	6 560	4 709
Work in progress	5 728	7 121
Finished goods	9 249	7 804
Services not yet chargeable	337	264
Goods in transit	847	362
Total inventories	22 720	20 260

The services not yet chargeable are related to a development and service agreement concluded at the end of the fiscal year 2019.

In the fiscal year 2021, as in the previous year, no amounts from inventories recognised at net realisable value were recognised as expenses.

15. Trade receivables and other receivables

	2021	2020
	KEUR	KEUR
Receivables from third-party customers	22 600	17 905
Receivables from other related parties	46	32
	22 646	17 937
Allowance for expected credit losses	-109	-332
	22 536	17 605

Trade receivables are non-interest bearing and are generally due within 10 to 120 days. The Group has not capitalised any initiation costs.

The following table shows the change in the allowance for expected credit losses from trade receivables:

	2021	2020
	KEUR	KEUR
As of 1 January	332	291
Release allowance for expected credit losses	-270	-302
Allowance for expected credit losses	89	451
Write-off	-42	-107
As of 31 December	109	332

Based on the fiscal years 2019 until 2021, the Management assumes that there will not be any significant increases in credit losses despite the Covid-19 pandemic.

The following table shows the development of other non-current receivables:

	2021	2020
	KEUR	KEUR
Other non-current receivables	802	1 013
Long-term deposits	10 124	10 564
Loan to a member of the Management Board	133	133
	11 060	11 710

The long-term deposits mainly consist of a deposit in connection with a lease for the building whereto the Parent moved in 2017. Other non-current receivables mainly include loans granted to related companies, which are disclosed in note 25.

The table below shows the current other receivables:

	2021	2020
	KEUR	KEUR
Deposits	522	502
Taxes	1 937	1 776
Withholding tax	0	257
Advance payments of corporate income tax	34	51
Other current receivables	546	429
	3 040	3 014

16. Government grants

	2021	2020
	KEUR	KEUR
Research grant	2 667	2 079
Allowance to overheads	0	1 574
Government grants	2 667	3 653

The government grants include, on the one hand, the tax research grants for the fiscal years 2020 and 2021, and, on the other hand, to the allowances to overheads I and II due to the Covid-19 pandemic. The allowances to overheads I and II concerning the fiscal year 2020 were applied for at the relevant authority in the fiscal year 2021.

17. Cash and short-term deposits

	2021	2020
	KEUR	KEUR
Cash at banks and on hand	5 744	11 842
Short-term deposits	0	3 500
	5 744	15 342

Cash at banks earns interest at floating rates for balances that can be called on a daily basis. Short-term deposits are held for varying periods of time, ranging from one day to three months, depending on the cash requirements of the Group. Short-term deposits earn interest at the respective short-term deposit rates.

As of 31 December 2021, the Group had available KEUR 4,500 (2020: KEUR 12,900) of undrawn committed borrowing facilities.

Interest is paid both quarterly and semi-annually.

18. Equity

	2021	2020
	KEUR	KEUR
Issued capital	36	36
Retained earnings without other comprehensive result	85 126	90 810
Foreign currency translation reserve	-616	-928
Equity attributable to the equity holders of the parent	84 546	89 919
Non-controlling interests	668	607
Total equity	85 214	90 525

The issued capital of Croma-Pharma GmbH amounts to KEUR 36 as of 31 December 2021 (2020: KEUR 36).

OTHER EQUITY COMPONENTS

Other equity components include changes in equity not affecting results as remeasurements according to IAS 19, currency translation differences and results from the subsequent valuation and remeasurement of financial instruments.

The individual components of other comprehensive income are reconciled with the other equity components as follows:

in KEUR	Other equity components	Exchange differences	Actuarial gains and losses according to IAS 19	Equity instruments at fair value through other comprehensive income
As of 1 January 2020	-173	-370	-55	252
Unrealised gains/losses from currency translation	-559	-559		
Actuarial gains and losses according to IAS 19	23		23	
Result from the remeasurement of financial instruments at fair value through other comprehensive income	-478			-478
As of 31 December 2020	-1 187	-929	-33	-226
Unrealised gains/losses from currency translation	312	312		
Actuarial gains and losses according to IAS 19	-141		-141	
Result from the remeasurement of financial instruments at fair value through other comprehensive income	171			171
As of 31 December 2021	-845	-616	-174	-55

19. Distributions made and proposed

	2021	2020
	KEUR	KEUR
Dividends	68	191

In the fiscal year 2021, the Brazilian subsidiary (Croma Pharma Produtos Medicos Ltda) distributed a dividend of KEUR 68 (2020: KEUR 191) to non-controlling interests. No distributions were made by the Parent to the equity holders in the fiscal year 2020 and 2021.

The basis of the proposal for the appropriation of profits is the individual financial statements of the Company prepared in accordance with the provisions of the Austrian Company Code (UGB).

20. Provisions

The table below shows the development of the Group's provisions:

	Severance payments	Long-service benefits	Corporate income tax
	KEUR	KEUR	KEUR
01/01/2021	452	487	402
Allocation	110	46	1 686
Utilised	0	0	0
Release	46	0	0
Exchange differences	0	0	0
Transfers	0	0	0
31/12/2021	608	533	2 088
thereof current			2 088
thereof non-current	608	533	

	Legal and consulting fees	Premiums and commissions	Other	Total
	KEUR	KEUR	KEUR	KEUR
01/01/2021	51	1 274	300	2 967
Allocation	86	1 192	367	1 780
Utilised	-39	-966	-90	-1 095
Release	-6	-44	0	-4
Exchange differences	0	1	0	1
Transfers	0	0	0	0
31/12/2021	93	1 457	577	3 649
thereof current	93	1 457	577	4 215
thereof non-current				1 141

The following table shows the expected use of provisions:

31/12/2021:	≤ 1 year	1 - 5 years	> 5 years
Use	4 245	396	714

31/12/2020:	≤ 1 year	1 - 5 years	> 5 years
Use	2 028		939

Essentially, other provisions include provisions for the fee of a speaker and the provision for the equalisation tax as well as provisions for potential obligations to employees who have left the Company.

	Severance payments	Long-service benefits	Corporate income tax
01/01/2020	531	399	1 263
Transfers	-96	0	0
Corrected 1 January 2020	435	399	1 263
Allocation	39	88	700
Utilised	0	0	0
Release	-23	0	-1 576
Exchange differences	0	0	15
Transfers	0	0	0
31/12/2020	452	487	402
thereof current			402
thereof non-current	452	487	

	Legal and consulting fees	Premiums and commissions	Other	Total
01/01/2020	65	1 810	193	4 261
Transfers	0	0	96	0
Corrected 1 January 2020	65	1 810	288	4 261
Allocation	45	687	216	1 776
Utilised	-59	-426	-167	-652
Release	0	-788	-17	-2 404
Exchange differences	0	-8	-20	-14
Transfers	0	0	0	0
31/12/2020	51	1 274	300	2 967
thereof current	51	1 274	300	2 028
thereof non-current				939

20.1 Obligations for pensions and similar obligations

Provision for severance payments

The obligations of the Group from provisions for severance payments mainly refer to employees in Austria. Smaller severance payment obligations are also recognised for the Group companies in France and Italy.

Obligations for severance payments for employees in Austria, who started an employment before 1 January 2003, are covered by defined benefit schemes. This involves onetime severance payments that must be paid to employees due to labour law regulations when employees are dismissed and regularly when employees retire. The amount depends on the number of service years and the amount of remuneration.

Obligations for severance payments for employees of foreign subsidiaries also represent onetime severance payments due to labour law regulations, which must be paid upon termination of the employment relationship. The amount of the entitlement depends on the service years and the amount of remuneration.

The table below contains details of severance payments made:

	2021	2020
	KEUR	KEUR
Present value of obligations for severance payments	608	416

The following table shows the development of the present value of the defined benefit obligations:

	2021	2020
	KEUR	KEUR
Present value of obligations as of 1 January	452	435
Current service cost	103	35
Interest expense on the obligation	7	4
Expected obligation as of 31 December	562	474
Actual obligation as of 31 December	608	452
Remeasurement of the period (other comprehensive income)	46	-22
thereof due to financial assumptions	-13	12
thereof experience adjustments	58	-34

The following table discloses the calculation of expenses for severance payments:

	2021	2020
	KEUR	KEUR
Current service cost	103	35
Net interest expense	7	4
Expenses from defined benefit plans in the statement of profit or loss	110	39
Remeasurement of the period (other comprehensive income)	46	-22
thereof due to financial assumptions	-13	12
thereof experience adjustments	58	-34
Expense from defined benefit plans in the statement of comprehensive income	156	17

The service cost is recognised in the consolidated statement of profit or loss within employee benefits expense; the interest cost is recognised under finance costs.

The following assumptions were made for the calculation of the severance payment expenses and the expected defined benefit obligation:

	2021	2020
Discount rate	1.00%	0.50%
Future increase of salaries and wages	3.00%	3.00%
Biometric actuarial bases	General Agreement 2018-P for white-collar employees	

Sensitivity analysis for severance payments - percentage and absolute change:

	2021			
	Capital market interest rate		Future increase of salaries and wages	
	0.00%	2.00%	2.50%	3.50%
Severance payments in KEUR	26	-23	-12	12

	2020			
	Capital market interest rate		Future increase of salaries and wages	
	-0.50%	1.50%	2.50%	3.50%
Severance payments in KEUR	27	-24	-12	13

The sensitivity analysis is based on the change of one assumption with all other assumptions held constant. In reality, however, it is rather unlikely that these influencing variables are not correlated.

The average maturity profile is disclosed below:

	2021		
	1 year	2-5 years	6-10 years
Severance payments in KEUR	30	396	181

For employees in Austria who started an employment on or after 1 January 2003, contributions of 1.53% are paid to an external employee severance fund. The payments for this defined contribution plan were recognised within employee benefits expense in the amount of KEUR 308 (2020: KEUR 259).

Provision for long-service benefits

The main actuarial parameters applied to the long-service benefit obligations are as follows:

	2021	2020
Capital market interest rate	1.0%	0.5%
Future increase of salaries and wages	3.0%	3.0%
Fluctuation discounts	Age-dependent between 8.7% and 1.5%	

All expenses related to the long-service benefits provision are recognised under employee benefits expense.

	2021	2020
	KEUR	KEUR
Recognised under employee benefits expense	46	88
Current service cost	80	66
Actuarial losses	-36	18
Net interest expense	2	4

The following table shows the development of the provision for long-service benefits:

	2021	2020
	KEUR	KEUR
As of 1 January	487	399
Current service cost	80	66
Net interest	2	4
Actuarial changes arising from changes		
in demographic assumptions	0	0
in financial assumptions	-43	38
Experience adjustments	7	-20
Expenses and income recognised in the consolidated statement of profit or loss	46	88
As of 31 December	533	487

21. Trade and other payables

	2021	2020
	KEUR	KEUR
Trade payables to third-party customers	7 449	4 639
Trade payables to related parties	53	0
Tax liabilities	1 206	1 097
Social security liabilities	2 406	691
Other payables	477	3 956
	11 591	10 384

Trade payables mainly comprise outstanding amounts for the supply of trade goods as well as current costs. Trade and other payables are non.interest bearing and are generally due between 10 and 90 days.

22. Leases

The Group has non-current lease contracts for real estate, technical equipment and vehicles that it uses during its business operations.

The terms and conditions of the substantial lease contracts can be summarised as follows:

- Real estate: Lease contracts for real estate usually have a term of between 2 and 18 years.
- Machinery and technical equipment: For technical equipment, the term is between 5 and 10 years.
- Vehicles: The term for vehicles is usually between 3 and 5 years.

The obligations of the Group under its lease contracts are secured by the ownership of the leased assets by the lessor. The transfer and sub-leasing of the leased assets by the Group is prohibited. In addition, some agreements require the Group to comply with certain financial covenants.

The carrying amounts concerning the right-of-use assets are explained in more detail in note 10.

The lease liabilities are included in the balance sheet items other current and non-current financial liabilities and are as follows:

	2021	2020
	KEUR	KEUR
As of 1 January	44 816	48 631
Additions	344	341
Interest accrual	699	686
Payments	-5 222	-4 842
As of 31 December	40 639	44 816
thereof current	4 701	43 503
thereof non-current	35 938	1 313

The following table shows the maturity analysis of the lease liabilities in KEUR:

	≤ 1 year	1-5 years	> 5 years
Lease liabilities	5 361	21 999	17 757

Previous year:

	≤ 1 year	1-5 years	> 5 years
Lease liabilities	43 503	1 152	162

The following amounts were recognised through profit or loss in the reporting period:

	2021	2020
	KEUR	KEUR
Depreciation expense for the right-of-use assets	5 153	4 678
Interest expenses for lease liabilities	699	686
Current lease expenses	601	62
Total amount recognised through profit or loss	5 853	5 364

The Group's cash outflows for lease liabilities amounted to KEUR 5,222 in 2021 (2020: KEUR 5,467).

23. Auditor's fees

The fees paid for services of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, can be broken down as follows:

	2021	2020
	KEUR	KEUR
Audit of the financial statements (separate and consolidated financial statements)	80	54
Subsequent settlement for previous year	177	0
Tax consultancy services	44	50
Other services	43	0
Total	343	104

The agreed expenses for the financial statements amounted to KEUR 80 in 2021 (2020: KEUR 54). Due to the enhanced audit effort and the corresponding additional costs in 2020, there was a subsequent settlement after the completion of the audit.

24. Commitments and contingencies

COMMITMENTS
As guarantor Croma-Pharma GmbH is liable jointly with the lessee towards the lessor for all obligations of the lessee arising from the real estate lease contract concluded between IBA Immobilien GmbH and a leasing company. IBA Immobilien GmbH has outstanding payment obligations pursuant to the real estate lease contract in the amount of KEUR 24,037.

LEGAL DISPUTES
As of 31 December 2021, there were no pending legal claims within the Group.

GUARANTEES
The Group has not issued any guarantees as of the balance sheet date of 31 December 2021.

25. Related party disclosures

In the normal course of business, there are also trade relationships with related parties. Contractual agreements exist. The fee is settled at market prices. Business relationships between parent and subsidiaries are subject to the intra-group transfer pricing guideline.

Related parties of Croma-Pharma GmbH specifically include the companies IBA Immobilien GmbH and H&P Ambulatorien Betriebsgesellschaft m.b.H, including their corporate bodies, as well as the close family of the members of the corporate bodies. (see note 26 for more details)

The companies IBA Immobilien GmbH and H&P Ambulatorien GmbH are related parties. The beneficial owners of Croma-Pharma GmbH correspond to the beneficial owners of IBA Immobilien GmbH. A managing director of Croma-Pharma GmbH is married to the managing director of H&P Ambulatorien Betriebsgesellschaft m.b.H.

The following table shows the total amount of transactions with related parties in the relevant fiscal year:

		Sales to related parties	Purchases from related parties	Finance income	Receivables	Liabilities
		KEUR	KEUR	KEUR	KEUR	KEUR
H&P Ambulatorien Betriebsgesellschaft m.b.H.	2021	9	1 875	5	307	53
	2020	17	709	7	457	0
IBA Immobilien GmbH	2021		1 824	14	750	0
	2020		1 824	15	847	0
Member of the Management Board	2021	0	28	1	133	0
	2020	0	28	2	133	0

A general agreement for the provision of various services was agreed between the Parent and H&P Ambulatorien Betriebsgesellschaft m.b.H. On the basis of this general agreement, H&P Ambulatorien Betriebsgesellschaft m.b.H. mainly carried out marketing-related studies in the fiscal year and charged them to the Group.

Conversely, H&P Ambulatorien Betriebsgesellschaft m.b.H. also purchased products from Croma Pharma GmbH.

A lease contract for the use of a property was agreed between a member of the Management Board and the Parent.

The Group entered into a lease contract with IBA Immobilien GmbH for the headquarters of Croma-Pharma GmbH (land and office real estate). The contract has a non-cancellable basic lease term until mid-2037. The lease liabilities thereof were included in note 22. Purchases from related parties include payments made under the lease in the corresponding fiscal year.

The following table shows the total amount of receivables from loans and borrowings and the interest income with related parties in the relevant fiscal year:

31/12/2021:	Loan and borrowing	Interest
	KEUR	KEUR
H&P Ambulatorien Betriebsgesellschaft m.b.H.	275	5
IBA Immobilien GmbH	736	14
Member of the Management Board	133	1

31/12/2020:	Loan and borrowing	Interest
	KEUR	KEUR
H&P Ambulatorien Betriebsgesellschaft m.b.H.	450	7
IBA Immobilien GmbH	832	15
Member of the Management Board	133	2

In the fiscal year 2017, the Parent granted three loans to H&P Ambulatorien Betriebsgesellschaft m.b.H. totalling KEUR 550. The loan shall be repaid in 10 semi-annual instalments amounting to KEUR 55 each. This loan is unsecured. Interest is paid at a fixed rate of 1.45% p.a.

Furthermore, the Parent concluded a loan agreement with IBA Immobilien GmbH in the amount of KEUR 1,690 in the fiscal year 2013. The loan shall be repaid in 180 monthly instalments of KEUR 8 each. The outstanding loan amount as of 31 December 2021 corresponds to the contractually agreed payment schedule. This loan is unsecured. Interest is paid at a fixed rate of 2% p.a.

The Parent granted a loan in the amount of KEUR 529 to a member of the Management Board in the fiscal year 2015, which is being repaid on an ongoing basis. It is scheduled that the repayment of the outstanding loan balance shall be offset against the severance payment entitlement at retirement. Interest is paid on a EURIBOR basis plus 1.25% p.a.

Loans to related parties are recognised within other non-current receivables in the statement of financial position.

The remuneration paid to the key management members, which consist of the active members of the Management Board of Croma-Pharma GmbH, within the scope of their positions, is summarised as follows:

Remuneration of the Management Board	2021	2020
	KEUR	KEUR
Basic salary	2 031	1 654
Benefits in kind and other benefits	-37	15
Current variable performance bonus	58	58
Benefits due in the short term	2 051	1 727
Remuneration of the Management Board	2 051	1 727
Remuneration of the Supervisory Board	24	0
Total	2 075	1 727

26. Corporate bodies

Members of the Management Board:

- Mag.pharm. Gerhard Prinz
- Mag.pharm. Martin Prinz
- Mag.pharm. Andreas Prinz
- Mag. Martin Schöller

Members of the Supervisory Board:

- Mag. Iris Burgstaller (chairperson)
- Mag. Stefan Schmuckenschlager (deputy)
- Dr Jürgen Kittel (member)

27. Events after the reporting period

The following events occurred between the balance sheet date of 31 December 2021 and the preparation of the financial statements in May 2022:

Due to significant quality issues at the PDO contract manufacturer of the Group's private label, the related product range was discontinued in March 2022. Consequently, the intangible asset was fully impaired and derecognised in the fiscal year 2021. So far, only insignificant revenues have been achieved by the PDO private label products. It is scheduled to conclude an agreement with a new contract manufacturer. The Group also procures PDO products under a third-party brand, thus, no reductions in revenue or result are expected from this product group in the fiscal year 2022.

The intangible asset Lacrimera was significantly impaired as disclosed in note 11. In May 2022, the Group is still in negotiations with various interested parties and expects to be able to conclude a sale or licence agreement.

The Croma-Pharma Group holds the licence rights of the Korean toxin manufacturer Hugel Inc. for Europe. In January 2022, the decentralised procedure for the market authorisation in Europe of botulinum toxin under the brand Letybo was completed earlier than expected. This moment represents the next important step towards the completion of the aesthetic portfolio of Croma-Pharma in Europe.

The Group also licensed distribution rights for Letybo from Hugel Inc. in European markets, where the Group is not represented by distribution offices. Accordingly, after the completion of the decentralised authorisation process, negotiations with potential distribution partners started in the first quarter of 2022. At the time of the preparation of the financial statements, the negotiations could not yet be completed. The Management expects substantial royalty income from sub-licensing the Letybo distribution rights.

The liquidation of the investment in Sun Cro Aesthetic, headquartered in Hong Kong, was confirmed on 4 February 2022. The value of the investment had already been written down to EUR 1 as of 31 December 2021 and shall be fully derecognised as of the fiscal year 2022.

In 2018, the Group founded a joint venture with Hugel Inc. to jointly authorise and market the botulinum toxin of Hugel in the US, Canada, Australia, and New Zealand, in addition to the already authorised HA-filler products of Croma-Pharma. At the end of 2021, the Management entered into discussions with Hugel Inc. regarding the sale of the shares in Hugel America. Due to a change of ownership at Hugel Inc., negotiations could not yet be completed.

On 20 January 2022, the proposed amendment to the Austrian Corporate Income Tax Act regarding the tax rate was passed by the Austrian Parliament. The tax rate will decrease from 25% to 24% in 2023 and to 23% in 2024. This has not yet been taken into account in the measurement of deferred taxes recognised in the statement of financial position, as the law only came into force after the balance sheet date. As of 31 December 2021, the estimated impact on deferred taxes is approximately KEUR 67 income/expense.

Due to the war between Ukraine and Russia and the sanctions imposed on Russia, customer relations with distributors are limited. Croma-Pharma GmbH assumes that the scheduled gross profit for the Ukrainian and Russian export business cannot be achieved in 2022.

On 1 April 2022, Hugel confirmed that Medytox filed a complaint with the U.S. International Trade Commission (ITC) against Hugel, Hugel America, and Chroma Pharma on 30 March 2022 (U.S. local time). Hugel states clearly that the allegations of Medytox concerning misappropriation and trade secret infringement, e.g. data on a botulinum toxin strain and its manufacturing process, are merely false allegations that do not correspond to the facts. There are no facts or circumstances to support the preposterous claims filed by Medytox about the entire development process of Hugel. On the contrary, we note that according to earlier media reports, the product licences of Medytox were revoked by the Ministry of Food and Drug Safety due to its falsification of data and due to the distribution of unqualified botulinum toxin products. With the complaint filed, Medytox has raised an unjustified suspicion against Hugel.

Leobendorf, May 24, 2022

Croma-Pharma GmbH

Management Board

Mag.pharm Gerhard Prinz mp

Mag.pharm Martin Prinz mp

Mag.pharm Andreas Prinz mp

Mag. Martin Schöller mp

TRANSLATION

AUDITOR'S REPORT *)

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Croma-Pharma GmbH, Leobendorf,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2021, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2021 and cashflows and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRSs) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Emphasis of Matter

We draw attention to the fact that the recoverability of significant balance sheet items (intangible assets, non-current financial assets) depends on the achievement of the planning assumptions made by the Executive Management in the short- to medium-term budget planning of the Company. If the Company does not succeed in achieving the planning targets then this could raise significant doubts about the recoverability of these assets and necessitate corresponding impairments. With regard to the planning assumptions made, we refer to chapter 11 "Intangible assets", chapter 12 "Goodwill" as well as chapter 13 "Financial assets and financial liabilities" in the notes. Our opinion is not modified in respect of this matter.

Responsibilities of Management and of the Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated 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 Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board 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.

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Vienna, on May 24, 2022

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher mp
Wirtschaftsprüfer / Certified Public Accountant

ppa Mag. Gerald Steckbauer mp
Wirtschaftsprüfer / Certified Public Accountant

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

Croma-Pharma GmbH, Leobendorf

Consolidated Financial statements
in accordance with International
Financial Reporting Standards (IFRS)
as of December 31, 2020 (Translation)

Croma-Pharma GmbH

Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

for the period from 1 January to 31 December 2020

			ADJUSTED
		2020	**2019**
	Note	**KEUR**	**KEUR**
Revenue from contracts with customers	4	79 766	90 297
Other income	4	1 297	2 633
Revenues		**81 063**	**92 930**
Other operating income	10.1	1 365	6 048
Income from internally generated intangible assets		4 980	5 238
Cost of materials		-20 798	-19 497
Cost of services		-231	-487
Changes in inventories		4 410	1 939
Employee benefits expenses	10.2	-31 141	-29 596
Depreciation		-8 161	-7 460
Other operating expenses	10.3	-38 725	-45 499
Finance costs	10.4	-1 340	-1 092
Finance income	10.5	80	122
Profit/(loss) before tax		**-8 498**	**2 645**
Income tax expense	11	142	1 854
Profit/(loss) for the period		**-8 357**	**4 499**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		-559	-495
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gain/(loss) on defined benefit plans		23	-55
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		-478	285
Other comprehensive income/(loss) for the year, net of tax		**-1 014**	**-265**
Total comprehensive income for the year, net of tax		**-9 370**	**4 235**
Profit/(loss) for the period, attributable to:			
Equity holders of the parent		-8 578	4 205
Non-controlling interests		222	295
		-8 357	**4 499**
Total comprehensive result for the year, attributable to:			
Equity holders of the parent		-9 592	3 940
Non-controlling interests		222	295
		-9 370	**4 235**

Croma-Pharma GmbH

Consolidated statement of financial position

as of 31 December 2020

	Note	2020 KEUR	ADJUSTED 31/12/2019 KEUR	ADJUSTED 01/01/2019 KEUR
Assets				
Non-current assets				
Property, plant and equipment and right-of-use assets	12.24	49 711	54 448	23 926
Intangible assets and goodwill	13.14	53 757	48 261	39 389
Non-current financial assets	15.1	36 694	37 156	36 724
Other non-current receivables	15.1, 17	11 710	12 563	12 100
Deferred tax assets	11	671	1 456	1 094
		152 542	**153 884**	**113 232**
Current assets				
Inventories	16	20 260	18 030	16 033
Trade receivables	15.1, 17	17 605	27 686	15 849
Prepayments	17	317	653	610
Other current receivables	15.1, 17	3 453	3318	6 179
Government grants	15.1, 22	3 653	3 127	2 803
Cash and short-term deposits	18	15 342	3 193	6 378
		60 629	**56 007**	**47 852**
Total assets		**213 171**	**209 891**	**161 084**
Equity and liabilities				
Equity				
Issued capital	19	36	36	36
Retained earnings	19	90 810	99 835	95 259
Foreign currency translation reserve	19	-928	-369	125
Equity attributable to the equity holders of the parent		**89 919**	**99 502**	**95 421**
Non-controlling interests	19	607	576	321
Total equity		**90 525**	**100 078**	**95 742**
Non-current liabilities				
Interest-bearing loans and borrowings	15.2	45 437	19 183	15 942
Other non-current financial liabilities	15.2	1 313	42 922	18 180
Other non-current payables	15.2	1 197	718	0
Provisions	21	939	931	826
Deferred tax liabilities	11	5 349	7 006	9 092
		54 237	**70 760**	**44 040**
Current liabilities				
Trade and other payables	15.2, 23	10 384	16 736	11 835
Contract liabilities		2 524	1 064	2 457
Interest-bearing loans and borrowings	15.2	9 970	12 214	3 828
Other current financial liabilities	15.2	43 503	5 709	31
Provisions	21	2 028	3 331	3 152
		68 409	**39 054**	**21 303**
Total liabilities		**122 645**	**109 813**	**65 342**
Total equity and liabilities		**213 171**	**209 891**	**161 084**

Croma-Pharma GmbH

Consolidated Statement of Changes in Equity

for the period from 1 January to 31 December 2020

Equity attributable to the equity holders of the parent

	Issued capital	Reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As of 1 January 2020	36	0	-369	99 835	99 502	576	100 078
Profit/(loss) for the period				-8 578	-8 578	222	-8 357
Other comprehensive income			-559	-455	-1 014		-1 014
Total comprehensive income	0	0	-559	-9 033	-9 592	222	-9 370
Dividends					0	-191	-191
Other effects				9	9		9
As of 31 December 2020	36	0	-928	90 810	89 919	607	90 525

for the period from 1 January to 31 December 2019

Equity attributable to the equity holders of the parent

	Issued capital	Reserves	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As of 1 January 2019	36	1 398	89	96 893	98 417	321	98 738
Adjustment on correction of error (net of tax)		-1 398	36	-1 634	-2 996		-2 996
As of 1 January 2019 (adjusted)	**36**	**0**	**125**	**95 259**	**95 421**	**321**	**95 742**
Profit/(loss) for the period				4 205	4 205	295	4 499
Other comprehensive income			-495	230	-265		-265
Total comprehensive income	0	0	-495	4 435	3 940	295	4 235
Dividends				-200	-200	-102	-302
Other effects				341	341	63	404
As of 31 December 2019	36	0	-369	99 835	99 502	576	100 078

Croma-Pharma GmbH
Consolidated statement of cash flows (indirect method)

for the period from 1 January to 31 December 2020

	2020 KEUR	ADJUSTED 2019 KEUR
Profit/(loss) before tax	**-8,498**	**2,645**
Depreciation	8,161	7,460
Finance costs	1,333	908
Finance income	-54	-54
Other non-cash items	1,733	-290
Increase (+)/decrease (-) in non-current provisions	32	49
	2,706	**10,719**
Working capital changes		
Increase (-)/decrease (+) in inventories	-5,167	-1,544
Increase (-)/decrease (+) in trade receivables and other receivables	11,136	-9,481
Changes in government grants	-527	-324
Increase (+)/decrease (-) in trade payables	-4,893	3,508
Increase (+)/decrease (-) in other payables and provisions	37	854
Cash flow from operating activities	**3,293**	**3,732**
Interest paid	-592	-160
Income tax paid	-1,599	-806
Net cash flow from operating activities	**1,102**	**2,766**
Investing activities		
Purchase of property, plant and equipment	-784	-1,895
Purchase of intangible assets	-8,529	-10,632
Proceeds from sale of property, plant and equipment	21	665
Proceeds from sale of intangible assets	1,368	69
Purchase of non-current financial assets	-16	-147
Acquisition of subsidiaries, net of cash acquired	0	-350
Net cash flows used in investing activities	**-7,940**	**-12,290**
Financing activities		
Repayment of interest-bearing loans and borrowings	-20,195	-2,528
Proceeds from interest-bearing loans and borrowings	44,213	14,158
Repayment of other financial liabilities	-4,842	-4,989
Dividends paid	-191	-302
Net cash flow from financing activities	**18,985**	**6,339**
Net increase/decrease in cash and cash equivalents	**12,148**	**-3,185**
Cash/cash equivalents as of 1 January	**3,193**	**6,378**
Cash/cash equivalents as of 31 December	**15,342**	**3,193**

Croma-Pharma GmbH GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2020

Index

1. Corporate Information

The consolidated financial statements of Croma-Pharma GmbH and its subsidiaries (hereinafter collectively referred to as: the "Group") for the fiscal year as of 31 December 2020 were issued by resolution of the Management Board on 30 July 2021.

Croma-Pharma GmbH (hereinafter referred to as: the "Company" or the "Parent") is a limited liability company incorporated and domiciled in Austria. The registered headquarters of the Company are at Industriezeile 6 in (2100) Leobendorf.

The Group is mainly specialised in minimally invasive aesthetic medicine. Information about the structure of the Group is provided in note 6, and information about other relationships of the Group with related parties is provided in note 27.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of Croma-Pharma GmbH were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the additional corporate law regulations to be observed in accordance with Section 245a paragraph 1 of the Austrian Company Code (UGB).

The consolidated financial statements are prepared in euros. Unless indicated otherwise, all values are commercially rounded to the nearest thousand euros (KEUR). Hence, rounding differences to the mathematically exact values may occur in tables and in references.

The Management Board has a reasonable expectation that at the time of the adoption of the consolidated financial statements the Group has sufficient resources to continue as a going concern for the foreseeable future. Therefore, the consolidated financial statements are prepared on the basis that the Group will continue to operate as a going concern.

The global outbreak of the Covid-19 pandemic and the measures taken by the relevant governments, e.g. lockdowns, extensive travel and exit restrictions as well as the accompanying collapse of the global economy had impacts on virtually all sectors of the economy. The Croma-Pharma Group was also unable to evade these developments.

During the lockdown, in some cases customers were only able to conduct their business to a limited extent or not at all. This led to a corresponding decline in sales as compared to the previous year. For further details, please refer to note 4. The Group also received government support in Austria, in particular in the form of allowances to overheads. Further details are disclosed in note 22. At this point in time, there is no significant impact on payment defaults.

However, there is still uncertainty about the extent to which the business operations and, thus, the assets, financial position and financial performance of Croma-Pharma as a whole could be affected, depending on the further development of the Covid-19 pandemic. Possible future effects on the measurement of individual assets and liabilities are analysed continuously. For example, possible new restrictions, shop closures or supply chain disruptions could lead to a further decline in sales.

The consolidated financial statements contain comparative information on the previous reporting period. The Group also presents an additional statement of financial position as of the beginning of the previous reporting period, if an accounting policy is applied retrospectively or if items in the financial statements are restated or reclassified retrospectively. In these consolidated financial statements, an additional statement of financial position as of 1 January 2019 was included due to a retroactive correction of errors. For more information on the correction of errors, please refer to note 2.5.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Croma-Pharma GmbH and its subsidiaries as of 31 December 2020. In the context of the determination of the scope of consolidation, Croma-Pharma GmbH analyses whether it directly or indirectly controls the potential subsidiary. The Group controls a subsidiary if

- Croma-Pharma GmbH has power over the investee,
- Croma-Pharma GmbH is exposed to variable returns or has rights to these variable returns due to its relationship with the investee, and
- Croma-Pharma GmbH has the possibility to use its power over the investee to influence its variable returns.

The Management of Croma-Pharma GmbH reviews at each balance sheet date whether or not the requirements for a consolidation are still valid.

The operations of a subsidiary are recognised in the consolidated statement of profit or loss from the date of acquisition until the date when the Company loses control of the subsidiary.

Where necessary, the financial statements of the subsidiaries are adjusted to align the accounting and measurement methods with the methods used by the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated on consolidation.

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition, and the amount of any non-controlling interests in the acquiree.

The goodwill is initially measured at cost, which is the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed of the Group.

After initial recognition, the goodwill is tested annually for impairment.

b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is classified as current if it is expected to be realised within twelve months after the reporting date or if it represents cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is classified as current if it is expected to be settled within twelve months after the reporting date or if the company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. All other payables are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

c) Fair value measurement

The fair value is a market-based measurement. For some assets and liabilities identifiable market transactions or market information are available, while for other assets and liabilities, identifiable market transactions or market information may not be available.

If a price for an identical asset or liability is not identifiable then a different measurement method is used. To increase the consistency and comparability in the fair value measurement, there are three levels of fair value hierarchy.

- Level 1: quoted market prices in active markets for identical assets or liabilities
- Level 2: the input factors used for the measurement are directly or indirectly observable in the market
- Level 3: the input factors are unobservable in the market

For the values estimated within this hierarchy level, appropriate assumptions were made by the management and corresponding alternative measurement methods were used.

For assets and liabilities that are recognised at fair value in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In order to comply with the fair value disclosure requirements, the Group has identified classes of assets and liabilities based on their nature, characteristics and risks as well as based on the levels of the measurement hierarchy explained above.

d) Revenue from contracts with customers

REVENUE RECOGNITION

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In the event that a contract with a customer contains more than one performance obligation, the transaction price is allocated to the performance obligation based on relative stand-alone selling price. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

REVENUE FROM COOPERATION AND LICENSE AGREEMENTS

The Group generates revenue from cooperation and license agreements, whereby the Group grants licences to use, research, develop, manufacture and market prospective products and products. If the grant of a licence is combined with the provision of services in an agreement then it is assessed whether this agreement includes more than one performance obligation. A performance obligation is only handled as the grant of a licence if the grant of a licence is the sole or predominant commitment of the performance obligation. For each commitment to grant a licence, which is a separate performance obligation, it is assessed whether control is transferred to a customer at a specific point in time or over a specific period of time.

PROVISION OF SERVICES

The Group provides development and manufacturing services to its customers and recognises this revenue on a time-apportioned basis, as the customer uses the services provided whilst the services are being provided. The amount of this revenue is determined using an input-based method to measure progress towards full compliance with the performance obligation. When the Group has a right to receive a consideration from a customer in an amount that directly represents the value of the service provided to the customer up to that date, the Group recognises revenue for the amount that it is entitled to invoice.

SALE OF PRODUCTS

Revenue from the sale of products is recognised when the Group transfers the control over the product. The control over the product is usually transferred when the customer acquires physical possession and the Group no longer has any material ownership risks or future obligations in relation to the delivered product. A receivable is recognised when there is an unconditional right to the consideration and the due date of payment only depends on the passage of time. The transaction price results from the price lists valid at the time of the order by the customer and from individual agreements. Payments from customers are usually due between 10 days and 120 days after issue of the invoice, depending on the country.

TRADE RECEIVABLES

A receivable is recognised if an amount of consideration that is unconditional is due from the customer of the Group (i.e., only the passage of time is required before payment of the consideration is due).

CONTRACT LIABILITIES

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from the customer before the Group transfers the related goods or services to the customer. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control over the related goods or services to the customer).

e) Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Investment subsidies in the Croma Group are specifically related to the research premium for capitalised product developments. They are recognised as soon as there is reasonable assurance that all support conditions are met and the subsidy is awarded in full. The grants are subsequently recognised within other non-current liabilities and are released to profit or loss over the useful life of the relevant investments or in accordance with the terms of the subsidies. Investment subsidies received are recognised as cash flow from investing activities.

f) Taxes

CURRENT INCOME TAX

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The amount is calculated on the basis of the tax rates and tax laws that are enacted or substantively enacted on the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in the equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DEFERRED TAX

Deferred tax is recognised for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their corresponding tax bases for the calculation of the taxable income at the reporting date. Deferred tax liabilities are in general recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting result nor the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit is or will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, with the exception of:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future or sufficient taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit shall be available against which the losses can be utilised. Deferred tax assets from losses carried forward can be offset against deferred tax liabilities if they originate from the same country of taxation.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

RECOGNITION OF TAX

Current income taxes and deferred taxes are recognised either in the statement of profit or loss, in other comprehensive income or directly in equity, depending on the underlying business transaction.

The Group offsets current tax assets and current tax liabilities if and only if there is a legally enforceable right to set off the recognised amounts and it is intended either to settle current tax liabilities and assets on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset if and only if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities that intend either to current tax liabilities and assets on a net basis settle or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be recovered or settled,.

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority.

The amount of sales tax recoverable from or payable to the taxation authorities is included in the statement of financial position as part of other assets or other liabilities.

g) Currency translation

The consolidated financial statements are prepared in euros, the functional currency of the Parent. Each subsidiary determines its functional currency, which is the currency of the primary commercial environment. The financial statements of the foreign subsidiaries are subsequently translated according to the functional currency concept using the modified closing rate method in accordance with IAS 21.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency at their respective spot rates applicable at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in a foreign currency are translated at the functional currency spot rates of exchange at each reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rates at the dates of the initial transactions.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

EXCHANGE DIFFERENCES

The assets and liabilities of the foreign business operations are translated into euros in the course of consolidation at the exchange rate prevailing at the reporting date. The translation of income and expenses is carried out using the average exchange rate, which is determined based on historical exchange rates. The translation of the equity of the subsidiaries is carried out using historical exchange rates, whereby changes in exchange rates are offset against the equity without affecting the result and are shown separately in the consolidated statement of changes in equity.

The exchange rates of the most important currencies for the Group changed as follows as compared to the previous year:

Currency 1 EURO =	2020 Average exchange rate	2020 Closing exchange rate	2019 Average exchange rate	2019 Closing exchange rate
BRL	5.94901	6.3735	4.41745	4.5157
CHF	1.07090	1.0802	1.11114	1.0854
GBP	0.88935	0.8990	0.87587	0.8508
PLN	4.46801	4.5597	4.29898	4.2568
RON	4.84251	4.8683	4.75011	4.7830
USD	1.14700	1.2271	1.11945	1.1234

The translation differences resulting from consolidation are recognised in other comprehensive income. The amount recognised in other comprehensive income for foreign operations is reclassified to the statement of profit or loss in case of sale of that foreign operation and forms part of the de-consolidation result.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

h) Cash dividends

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. According to Austrian corporate laws, a distribution is authorised if it is approved by the shareholders. The corresponding amount is recognised directly in equity.

i) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such costs include the costs of replacing part of the plant and equipment, if the recognition criteria are met. All other maintenance and repair costs are recognised in profit or loss as incurred. Significant additions, improvements, modifications and replacements are capitalised.

With the exception of land, property, plant and equipment is depreciated on a straight-line basis over the estimated useful life. The depreciation is carried out on a monthly basis by asset class, starting at the first month after the initial operation of the asset. The estimated useful life of the relevant asset classes is as follows:

- Buildings: 30-40 years
- Vehicles: 3-5 years
- Machinery and equipment: 2-20 years
- Office equipment: 3-5 years
- Furniture and fixtures: 2-33 years
- Various equipment: 3-10 years

In the case of asset disposals, the difference between the carrying amount and the net disposal proceeds is recognised in the statement of profit or loss under other operating income (disposal proceeds higher than carrying amount) or under other operating expenses (disposal proceeds lower than carrying amount).

The residual values, useful lives, and depreciation methods of property, plant and equipment are reviewed at the end of each fiscal year and adjusted prospectively, if appropriate.

j) Leases

At contract inception, the Group assesses whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control an identified asset, the Group applies the definition of a lease in accordance with IFRS 16.
Upon the inception or reassessment of a contract that includes a lease component, the Group allocates the consideration included in the contract to each lease component based on its relevant individual prices. For leases or long-term rentals of land and buildings where the Group is the lessee or tenant, the Group has elected not to separate non-lease and lease components and instead to recognise each lease component and any related non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability on the commencement date of the lease. The right-of-use asset is initially measured at cost. The cost includes the initial amount of the lease liability and any lease payments made at or before the commencement date of the lease, any initial direct costs incurred less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is regularly reduced by any impairments and adjusted accordingly when the lease liability is remeasured.

On the commencement date, the lease liability is measured at the present value of the lease payments to be made over the reasonably certain lease term.

The lease payments to be taken into account in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or (interest) rate and their initial measurement is made using the index or (interest) rate in effect on the commencement date;
- Amounts that the lessee expects to pay in the future under residual value guarantees;
- The exercise price of a purchase option reasonably certain to be exercised by the Group, lease payments of an optional extension period if the Group is reasonably certain to exercise the extension option, and penalties for terminating the lease unless if it is reasonably certain that the Group will not use the option to terminate.

The payment series is discounted at the interest rate implicit in the lease or, if this rate is not readily determinable, at the adequate incremental borrowing rate of the lease. All other variable payments are recognised as expense. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The carrying amount of lease liabilities is remeasured if there is a change in the future lease payments resulting from a change in an index or rate, or if there is a change in the assessment by the Group of the amount expected to be paid under a residual value guarantee, or if the Group changes its assessment of an option to purchase, extend or terminate. If a remeasurement of the lease liability is carried out, the carrying amount of the value in use is accordingly adjusted or is recognised in the statement of profit or loss, if the carrying amount of the right-of-use asset was reduced to zero.

The Group reports right-of-use assets together with property, plant and equipment and lease liabilities as financial liabilities in the consolidated statement of financial position.

The Group applies the recognition exemption to its right-of-use assets and lease liabilities for short-term leases of technical equipment and machinery with a lease term of twelve months or less and for leases of low-value assets. The Group recognises the lease payments associated with these leases on a straight-line basis over the lease term as expense under the item 'Other operating expenses' in the statement of profit or loss.

The term of the lease relationship is the reasonably certain period of time during which an asset is leased. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. This assessment is reviewed when either events beyond the control of the lessee or significant changes in circumstances occur that require a change in the lease term. The term of the lease is adjusted if a extension option is exercised or a termination option is not exercised and these were not included in the original assessment. The adjustment of the lease term in changed future payments and thus to a remeasurement of the lease liability using the current interest rate. The resulting difference is recognised directly in the right-of-use asset, not affecting results. Derecognition amounts exceeding the carrying amount of the right-of-use asset are recognised as an expense in the statement of profit or loss.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) Intangible assets

Intangible assets that are not acquired in a business combination are initially recognised at cost. This includes computer software and licences for the use of patents. Following initial recognition, intangible assets are carried at costs less any accumulated amortisation and any accumulated impairment losses.

A distinction is made between intangible assets with finite useful lives and with indefinite useful lives. Intangible assets with finite useful lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Amortisation of intangible assets with a finite useful life is recognised in the statement of profit or loss under the item “depreciation”.

Intangible assets with indefinite useful lives are tested for impairment at least annually or when there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level. These intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Group has classified advance payments on intangible assets as intangible assets not yet in use. Advance payments made on intangible assets are reviewed annually concerning impairment.

An intangible asset is derecognised either upon disposal (i.e. at the date the recipient obtains control) or when no further economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the statement of profit or loss in the period in which the asset is derecognised.

RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as an expense in the period in which they are incurred. Development costs of an individual project are only capitalised as an intangible asset if the Group can demonstrate that the following six criteria are met:

- The technical feasibility of completing the intangible asset so that the asset will be available for internal use or sale
- Its intention to complete the intangible asset
- Its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Product developments, product approvals and patents are capitalised at cost. Note 3 describes when such expenses are capitalised as intangible assets in the Group. First, all material costs and employee benefits expense associated with projects that can be capitalised are recognised as expenses on corresponding internal orders in SAP. The project allocation is reviewed within monthly project reports and project controlling meetings to ensure correct allocation to the projects. During the monthly closing process, the internal orders are evaluated per project. The costs determined in connection therewith are capitalised on the corresponding intangible assets and recognised in revenues under the item income from internally generated intangible assets. The expenses eligible for capitalisation are recognised as assets under construction until the intangible asset is completed, subsequently, they are reclassified to intangible assets with a finite useful life. During the period of development, the asset is tested for impairment annually.

With the exception of goodwill, amortisation is recognised on a straight-line basis over the estimated useful life of intangible assets from the date they become available for use. The estimated useful life of the relevant asset classes is as follows:

- Land use rights: 50 years
- Software: 3-5 years
- Other intangible assets: 3-30 years
- Licences for the use of patents: 1-20 years
- Product developments: 10-25 years depending on the estimated product life cycle
- Product authorisations: 3-25 years; if the extension of product authorisations are assessed as highly probable, the useful lives correspond to the product life cycle, otherwise the useful life corresponds to the validity of the authorisation certificate
- Patents: 10-20 years according to validity or term, respectively

m) Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or financial liabilities are generally recognised separately.

FINANCIAL ASSETS

At the initial recognition, financial assets are measured at fair value. In the subsequent measurement, the financial assets are allocated to one of the measurement categories listed in IFRS 9:

- financial assets at amortised cost
- financial assets at fair value through other comprehensive income (OCI) (with recycling)
- financial assets at fair value through profit or loss

In the case of financial assets classified as equity instruments, there is an option to measure them at fair value (without recycling) through issued capital.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing them.

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

Financial assets at amortised cost are non-derivative financial assets with contractual payments that consist solely of interest and principal payments on the outstanding nominal amount and are held for the purpose of collecting the contractual cash flows, e.g. trade receivables or cash and cash equivalents (business model "hold").

After initial recognition, these financial assets are measured at amortised cost using the effective interest rate method less impairment for expected losses. Profits and losses are recognised in the profit/loss for the year of the Group, when the asset is derecognised, modified or impaired. The interest effects from the application of the effective interest rate method as well as effects from currency translation are also recognised in through profit or loss.

FINANCIAL ASSETS (DEBT INSTRUMENTS) AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (WITH RECYCLING)

Financial assets at fair value through OCI are non-derivative financial assets with contractual payments consisting exclusively of interest and principal payments on the outstanding nominal amount and are held with the aim of both collecting contractually agreed cash flows as well as selling them (“hold and sell” business model). For financial instruments at fair value through OCI (with recycling), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and calculated in the same way as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

FINANCIAL ASSETS (EQUITY INSTRUMENTS) DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (WITHOUT RECYCLING)

Upon initial recognition, the Group may irrevocably elect to classify its equity instruments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 (Financial Instruments: Presentation) and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Profits and losses from these financial assets are never recycled to profit or loss. Dividends are recognised in the statement of profit or loss as other income when the right of payment has been established, except when except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify its equity instruments under this category.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The group of financial assets at fair value through profit and loss includes financial assets that are recognised initially at fair value through profit and loss or financial assets that are mandatorily recognised at fair value. Financial assets are classified as held for trading if they were acquired for the purpose of sale or repurchase in the near future.

Financial assets at fair value through profit or loss are recognised in the statement of financial position at fair value, with net changes in fair value recognised in the statement of profit or loss.

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contract rights to receive cash flows from the financial asset have expired or have been transferred to a third party in such a way that the derecognition criteria are met.

IMPAIRMENT OF FINANCIAL ASSETS

An allowance for expected credit losses (ECLs) must be recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that form an integral part of the contractual terms.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

All financial liabilities are initially measured at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The financial liabilities of the Group specifically include trade and other payables as well as loans and borrowings.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

After initial recognition, the Group measures loans and borrowings, trade payables and other financial liabilities at amortised cost using the effective interest rate method.

The Group has no financial liabilities that are measured at fair value through profit or loss.

Amortised cost is calculated by taking into account any premium or discount on acquisition and any fees or costs that are an integral part of the effective interest rate. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

DERECOGNITION

A financial liability is derecognised when the underlying obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

n) Inventories

The Parent holds the majority of the inventory of the Group.

The quantity-based inventory of the Parent is reviewed on an ongoing basis during the fiscal year as part of permanent inventory procedures. Any inventory differences are recognised in cost of materials.

- The inventories are recognised at the lower of cost or net realisable value: Raw materials, consumables and supplies: based on the moving average price method;
- Finished goods or services and work in progress: Production costs, which include directly attributable material and labour costs as well as a proportion of production overheads based on the normal operating capacity, but excluding borrowing costs.

As of the balance sheet date, inventories are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The measurement of inventories is carried out annually as of the balance sheet date. In this respect, an impairment requirement for expected future disposals (e.g. based on expiry of the best-before date or other product changes such as packaging changes) is determined, in addition to checking whether the net realisable prices are higher than the inventory value. For this purpose, the sum of the disposals over the last three years is put into a ratio with the total stock in order to determine the disposal rate over the last three years. The disposal rate is allocated to the inventory level of the current fiscal year and the inventory value adjustment for the current fiscal year is calculated accordingly.

o) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount of an asset is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recent market transactions are taken into account to determine the fair value less costs of disposal. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment assessment on detailed budget and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. After the fifth year, a long-term growth rate is calculated and applied to project future cash flows.

Impairment losses are recognised within “depreciation” in the consolidated statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or cash-generating unit. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal of an impairment loss is recognised through profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, and short-term deposits with a maturity of less than three months that are subject to an insignificant risk of changes in value.

q) Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is recognised in the statement of profit or loss net of any reimbursement.

r) Employee benefits

Employees of the Parent who commenced their employment before 31 December 2002 are entitled to severance payments when they reach the pensionable age or when they are dismissed. The entitlement depends on the number of years of service and the amount of the lastly earned salary. For employees who commenced their employment after 31 December 2002, severance entitlements are provided for in defined contribution plans. Obligations similar to the severance payments in Austria also exist in other countries where the Group employs staff. In Austria and Germany, employees receive long-service benefits after a certain length of service. These plan do not require employee contributions or securities coverage. Provisions for severance payments and long-service benefits are calculated using the projected unit credit method. The expected pension benefits are distributed over the entire period of service. Future salary increases are taken into account. Actuarial gains and losses for defined benefit pension plans and obligations from severance payments are recognised in full in other comprehensive income, as incurred. These actuarial gains and losses are recognised in other comprehensive income (OCI) without subsequent reclassification to the statement of profit or loss (“recycling”). Actuarial gains and losses from obligations for long-service benefits are recognised directly in the statement of profit or loss. The net interest expense is determined on the basis of the net obligation due to defined benefit plans and recognised in the financial result. The difference between the return on plan assets and the interest income on the plan assets included in net interest expense is recognised in other comprehensive income.

2.4 New and amended standards and interpretations

The following new or amended standards and interpretations became mandatory for the first time in the fiscal year 2020:

NEW AND AMENDED STANDARDS AND INTERPRETATIONS - MANDATORY FOR THE fiscal year 2020		Temporal scope
IAS 1, IAS 8	Amendments to IAS 1 and IAS 8 Definition of Material (issued: October 2018)	1 January 2020
IFRS 3	Amendments to IFRS 3 Business Combinations (issued: October 2018)	1 January 2020
Various	Amendment to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (issued: September 2019)	1 January 2020
IFRS 16	Amendments to IFRS 16 Covid-19 Related Rent Concessions (issued: May 2020)	1 June 2020
Various	Amendments to references to the Framework for IFRS Standards (issued: March 2018)	1 January 2020

The first-time application of these new or amended standards has no material impact on the consolidated financial statements of Croma-Pharma GmbH.

The following standards and interpretations or amendments to standards have been adopted by the IASB, but their application is not yet mandatory for the fiscal year 2020. An early application of these standards is currently not envisaged. No material impact on the consolidated financial statements is expected.

STANDARDS ADOPTED BY THE IASB - NOT YET MANDATORY FOR THE fiscal year 2020		Temporal scope
Variou7s	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 IBOR Reform Phase 2 (issued: August 2020)	1 January 2021
IFRS 4	Amendments to IFRS 4 Insurance Contracts (issued: June 2020)	1 January 2021
IFRS 3	Amendments to IFRS 3 Reference to the Framework (issued: May 2020)	1 January 2022
IAS 16	Amendments to IAS 16 Proceeds before Intended Use (issued: May 2020)	1 June 2022
IAS 37	Amendments to IAS 37 Onerous Contracts - Costs of Fulfilling a Contract (issued: May 2020)	1 January 2022
Various	Annual Improvements to the IFRS (2018-2020 cycle) (issued: May 2020)	1 January 2022
IFRS 17	Insurance Contracts (issued: May 2017)	1 January 2023
IAS 1	Amendments to IAS 1 Clarification of criteria for classifying liabilities as current or non-current (issued: January 2020)	1 January 2023
IAS 1	IAS 1 - Disclosure of Accounting Policies (issued: February 2021)	1 January 2023
IAS 8	IAS 8 - Definition of Estimates (issued: February 2021)	1 January 2023
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (issued: March 2021)	1 June 2021
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued: May 2021)	1 January 2023

2.5 Correction of errors

In the course of the preparation of the consolidated financial statements for the fiscal year 2020, errors were identified, whereby some are also related to earlier fiscal years. The errors were corrected, resulting in also adjusting items in the financial statements from previous reporting periods. For errors relating to earlier years, the correction was made retroactively in the statement of financial position as of 1 January 2019.

The correction of errors made are explained in more detail below. Overall, the corrections have the following impact on the financial statement items as of 31 December 2019 and 1 January 2019:

On the consolidated statement of financial position as of 31 December 2019:

	31 December 2019	Corrections	ADJUSTED 31 December 2019
	KEUR	KEUR	KEUR
Property. plant and equipment and right-of-use assets	51 189	3 259	54 448
Intangible assets and goodwill	50 944	-2 682	48 261
Non-current financial assets	36 904	252	37 156
Equity	104 146	-4 068	100 078
Interest-bearing loans and borrowings	19 187	-5	19 183
Other financial liabilities (non-current and current)	45 355	3 276	48 632
Other non-current payables	0	718	718
Deferred tax liabilities	6 336	670	7 006
Trade and other payables	16 499	238	16 736

Changes in the consolidated statement of financial position as of 31 December 2018

	1 January 2019	Corrections	ADJUSTED 1 January 2019
	KEUR	KEUR	KEUR
Property, plant and equipment and right-of-use assets	23 273	653	23 926
Intangible assets and goodwill	42 030	-2 641	39 389
Non-current financial assets	36 757	-34	36 724
Equity	98 738	-2 996	95 742
Other non-current financial liabilities	17 773	407	18 180
Deferred tax liabilities	8 524	567	9 092

In the consolidated statement of profit or loss as of 31 December 2019:

Changes in the consolidated statement of profit or loss as of 31 December 2019

	2019	Corrections	ADJUSTED 2019
	KEUR	KEUR	KEUR
Other income	2 633	0	2 633
Other operating income	6 762[1]	-714	6 048
Income from internally generated intangible assets	5 433	-195	5 238
Depreciation	-7 458	-3	-7 460
Employee benefits expenses	-29 651[1]	55	-29 596
Other operating expenses	-44 621	-878	-45 499
Finance costs	-908	-185	-1 092
Finance income	106	17	122
Discontinued business operations	-1 629	1 629	0
Income tax expense	1 857	-3	1 854

[1] In the report for the previous year, other operating income was reported at KEUR 7 041 and employee benefits expense at KEUR 29 929. There was a reclassification of KEUR 278 between these two items, as the releases from employee benefits provisions are now shown in the item in which they were incurred.

a) Trademark rights

In the financial statements of the previous years, internally created brands were capitalised, which is, however, not permissible according to IAS 38.63. As a result, the intangible assets and their amortisation were overstated in previous years. The following correction was made:

Effects on the equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Intangible assets and goodwill	-635	-619
Deferred tax liabilities	159	155
Net effect on the equity	-476	-464

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Depreciation	21
Income from internally generated intangible assets	-37
Income tax expense	4
Net effect on the profit/(loss) for the period	-12
Thereof attributable to:	
equity holders of the parent	-12
non-controlling interests	0

b) Licences

The Parent entered into a licence agreement for a product with a third-party company in the fiscal year 2019. Thus, the capitalisation requirements according to IAS 38 had already been met in 2019. However, the actual capitalisation in the consolidated financial statements did not actually take place until the fiscal year 2020. As of 31 December 2019, the intangible assets were, thus, under-represented, while at the same time the amortisation was too low. The following correction was made:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Intangible assets and goodwill	189	0
Trade and other payables	238	0
Net effect on equity	-49	0

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Depreciation	-49
Net effect on the profit/(loss) for the period	-49
Thereof attributable to:	
equity holders of the parent	-49
non-controlling interests	0

In 2016, a licence agreement was concluded between a licensor and several Group companies, which, in addition to the royalties, also provided for the payment of various milestone payments upon the achievement of certain sales targets. The milestone payments were capitalised although no additional economic benefit was achieved and the capitalisation requirements according to IAS 38 were not fulfilled concerning the milestone payments. Furthermore, termination payments, i.e. costs incurred due to the termination of the agreement, were capitalised. In this respect, the capitalisation requirements according to IAS 38 were neither met. The intangible assets were therefore overstated as of 1 January 2019 and 31 December 2019. In the statement of profit or loss, the royalties paid had to be recognised as "other operating expenses", whereas the amortisation of the erroneously capitalised milestone payments and termination payments had to be reversed. This situation results in the following correction:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Intangible assets and goodwill	-216	-212
Net effect on equity	-216	-212

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Depreciations	74
Other operating expenses	-78
Net effect on the profit/(loss) for the period	-4
Thereof attributable to:	
equity holders of the parent	-4
non-controlling interests	0

c) Product developments

Several corrections were made concerning product developments for the following reasons:

- It was detected that product development costs had been capitalised as intangible assets in previous years even though the development phase had not yet been reached. In accordance with IAS 38.54, capitalisation of costs of the research phase is not permitted. As a result, the carrying amounts of intangible assets as of 1 January 2019 and 31 December 2019 and the depreciation of intangible assets were both too high. For the fiscal years prior to 2019, the carrying amount of the intangible assets was therefore corrected accordingly as of 1 January 2019.
- In previous years, product developments had been sold to third parties, but the assets sold had erroneously not been derecognised. For this reason, the carrying amounts of intangible assets as of 1 January 2019 and 31 December 2019 and the amortisation of intangible assets were both too high. For the fiscal years prior to 2019, the carrying amount of the intangible assets was therefore corrected accordingly as of 1 January 2019.
- In the course of the year-end closing process, it was detected that development projects completed in previous years had inadvertently not yet been depreciated as scheduled. For intangible assets ready for use, however, IAS 38 generally provides for ordinary annual depreciation. For this reason, intangible assets were overstated as of 1 January 2019 and 31 December 2019, and at the same time too little depreciation had been recognised in the statement of profit or loss in 2019.

Due to this correction, the following changes were made:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Intangible assets and goodwill	-526	-389
Deferred tax liabilities	132	97
Net effect on equity	-395	-292

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Depreciation	21
Internally generated intangible assets	-158
Income tax expense	34
Net effect on the profit/(loss) for the period	-103
Thereof, attributable to:	
equity holders of the parent	-103
non-controlling interests	0

d) Product authorisations

Several corrections were made concerning product authorisations for the following reasons:

- In previous years, product authorisations had been sold to third parties, but the assets sold had erroneously not been derecognised. For this reason, the carrying amounts of intangible assets as of 1 January 2019 and 31 December 2019 and the depreciation of intangible assets were both too high. For the fiscal years prior to 2019, the carrying amount of the intangible assets was therefore corrected accordingly as of 1 January 2019.
- In the course of the year-end closing process, it was detected that development projects completed in previous years had inadvertently not yet been depreciated as scheduled. For intangible assets ready for use, however, IAS 38 generally provides for ordinary annual amortisation. For this reason, intangible assets were overstated as of 1 January 2019 and 31 December 2019, and at the same time too little depreciation had been recognised in the statement of profit or loss in 2019.

Due to these corrections, the following changes were made:

Firstly, in respect to the Parent:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Intangible assets and goodwill	-984	-937
Deferred tax liabilities	246	234
Net effect on equity	-738	-703

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Depreciation	-47
Income tax expense	12
Net effect on the profit/(loss) for the period	-36
Thereof attributable to:	
equity holders of the parent	-36
non-controlling interests	0

And secondly, also in respect to a subsidiary:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Intangible assets and goodwill	-417	-468
Deferred tax liabilities	104	117
Net effect on equity	-521	-585

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Depreciation	51
Income tax expense	13
Net effect on the profit/(loss) for the period	64
Thereof attributable to:	
equity holders of the parent	64
non-controlling interests	0

e) Right-of-use assets and lease liabilities

When IFRS 16 had been applied for the first time as of 1 January 2019 and also at the inception of individual leases in 2019, parameters such as interest rate, lease payments and terms were used in some cases to determine the lease liability and right-of-use assets that did not correspond to the contract provisions or the requirements of IFRS 16. Due to these incorrect parameters, the right-of-use assets and lease liabilities were understated as of 1 January 2019 and 31 December 2019. As a result, too little depreciation on the right-of-use assets and too little interest expense from discounting the lease liabilities were also recognised in 2019. The following changes result from these corrections:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Property, plant and equipment and right-of-use assets	3 158	551
Other financial liabilities (non-current)	3 276	407
Deferred tax liabilities	30	-36
Net effect on equity	-148	181

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Interest	-190
Depreciation	-74
Income tax expense	-66
Net effect on the profit/(loss) for the period	-329
Thereof attributable to:	
equity holders of the parent	-329
non-controlling interests	0

f) Goodwill

In previous years, the foundation of subsidiaries resulted in the capitalisation of foundation costs, which were recognised as goodwill. However, such capitalisation of foundation costs as goodwill is not permissible according to IFRS; rather, these costs must be recognised as an expense in the period in which they incur. Accordingly, goodwill was overstated as of 1 January 2019 and 31 December 2019, while other operating expenses were understated in 2019 by the amount of the foundation costs incurred. This resulted in the following corrections:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Intangible assets and goodwill	-93	-16
Net effect on equity	-93	-16

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Other operating expenses	-77
Net effect on the profit/(loss) for the period	-77
Thereof attributable to:	
equity holders of the parent	-77
non-controlling interests	0

g) Discontinued business operations

In the 2019 consolidated financial statements, the statement of profit or loss still included income and expenses from the discontinued ophthalmology and orthopaedics business division, although this business division had already been discontinued prior to the year 2019. These income and expenses do not fall within the scope of IFRS 5 and, therefore, the corresponding income and expenses must be recognised in the operating result of the Group. The income and expenses were, therefore, reclassified to the operating result, which had no further impact on the profit/(loss) for the period. Furthermore, a subsidiary attributable to the discontinued business operations was liquidated at the beginning of 2019. The impairment of the assets of the Company for an amount of KEUR 926, which had already been recognised in the Group in previous years, was erroneously recognised again in the statement of profit or loss in 2019. This results in the following corrections in the statement of profit or loss:

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Other operating income	4
Finance income	17
Income from discontinued business operations	-20
Other operating expenses	-724
Expenses from discontinued business operations	1 649
Net effect on the profit/(loss) for the period	926
Thereof attributable to:	
equity holders of the parent	926
non-controlling interests	0

h) Securities

The Group holds a securities portfolio that was erroneously recognised at amortised cost in previous years. Equity instruments must be measured at fair value in accordance with IFRS 9; the Group has opted for subsequent accounting to recognise the changes in value in other comprehensive income (without recycling). As a result, securities were overstated as of 1 January 2019 and understated as of 31 December 2019, similarly other comprehensive income in 2019 had to be increased by the fair value remeasurements. This results in the following corrections:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Non-current financial assets	252	-34
Net effect on equity (other comprehensive income)	252	-34

Impact on the total comprehensive income:

	31 December 2019
	KEUR
Measurement of equity instruments	285
Net effect on the total comprehensive income	285
Thereof attributable to:	
equity holders of the parent	285
non-controlling interests	0

i) Government Grants

The grants received due to the research premium also relate, among others, to development projects that were capitalised in the consolidated financial statements. Research premiums allocated to capitalised developments are grants for assets that must be recognised as deferred income and recognised in the statement of profit or loss over the useful life of the capitalised development projects in line with the depreciation recognised for them. In the previous year, however, all grants received due to the research premium were erroneously recognised directly in the statement of profit or loss and no deferred income item was set up for the grants allocated to capitalised development projects. Consequently, other payables (non-current) were understated in the consolidated statement of financial position as of 31 December 2019 and other operating income was overstated in the statement of profit or loss for 2019. This leads to the following correction:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Other non-current payables	718	0
Net effect on equity	-718	0

Effects on the statement of profit or loss:

	31 December 2019
	KEUR
Other operating income	-718
Net effect on the profit/(loss) for the period	-718
Thereof attributable to:	
equity holders of the parent	-718
non-controlling interests	0

j) Reclassifications in equity

In 2011, in the course of the liquidation of the French subsidiary, which was responsible for research and development in the ophata area, assets were sold to the Parent at a mark-up to the carrying amount. In the consolidated financial statements, this interim profit was eliminated by reducing the acquisition costs by the interim profit. However, the current depreciation was subsequently incorrectly calculated from the acquisition costs including the interim profit. As a result, accumulated depreciation in the consolidated financial statements as of 1 January 2019 and 31 December 2019 was overstated by KEUR 101 and the carrying amount of property, plant and equipment was understated by this amount. This leads to the following correction:

Effects on equity:

	31 December 2019	1 January 2019
	KEUR	KEUR
Property, plant and equipment and right-of-use assets	101	101
Net effect on equity	101	101

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Capital management: Note 5
- Financial instruments risk management and policies Note 15.4
- Sensitivity disclosures Notes 15.4, 26

a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements:

INVESTMENTS
The Group holds a 30% investment in Hugel America Inc. According to IAS 28.5, there is a refutable presumption of significant influence from a share of 20% of the voting rights, which means that the investment would need to be recognised in the consolidated financial statements as an associated enterprise using the equity method.

Although Croma has a representative on the board of Hugel America Inc., the Management concludes that it does not have significant influence as Croma does not have the ability to participate in the financial and operating policy decisions of the company. Due to the statutory provisions applicable to the company as well as due to the arrangements stipulated in the joint venture agreement, Croma is essentially limited to mere minority protection rights. In addition, many business decisions are taken without the involvement of Croma or its board representative, so there is no opportunity to exert significant influence. In addition, there are no material transactions between Croma and the company and Croma does neither contribute any significant technical know-how.

Consequently, the investment in Hugel America Inc. is recognised in the consolidated financial statements of Croma as a financial asset in accordance with IFRS 9.

The investment is measured at fair value, which was determined by an external valuation report.

b) Estimates and assumptions

The Management must take certain assumptions and estimates in the consolidated financial statements that may have a significant influence on the presentation of the assets, financial position and the financial performance of the Group. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are described below. Estimates are based on experience and other assumptions that are believed to be reasonable under the circumstances. They are reviewed on an ongoing basis, but may deviate from the actual values.

RISK DISCOUNTS FOR THE REALISATION OF INCOME

Other operating income includes income from grants. Essentially, these are Covid-19 support measures and the research premium according to the Income Tax Act. Grants were calculated by the Group in compliance with the statutory provisions. Furthermore, risk discounts were taken into account for significant individual items. Calculations of grant assessment bases may be reviewed by the relevant competent authorities or companies. As a result, in future fiscal years, components of recognised assets could be derecognised and shown as expense.

INTANGIBLE ASSETS

Croma capitalises product developments, product authorisations, and patents as intangible assets in accordance with the specified accounting policy. Initial capitalisation of development costs is based on the assessment by the Management that technical and commercial feasibility has been demonstrated. This is regularly assumed when the design of a product has been defined and a corresponding design implementation project has been launched. In the past, it has been shown that from this stage in development projects, it can be assumed that it is highly probable that development projects will result in authorised and marketable products.

In addition, the Group acquires licences from third parties for the authorisation and marketing of products in certain markets. The authorisation costs incurred in the process are capitalised, if a product has already been authorised in one or more other markets and if it is highly probable that authorisations shall be granted in the relevant markets.

The useful lives of product developments and product authorisations are determined on the basis of expected product life cycles. Anticipated product life cycles are determined by marketing or product management and are subject to an annual review during financial closing.

The assumptions taken regarding the selected date of capitalisation represent a material assumption that has a significant impact on the financial position of the Group. Market changes, tightening of regulatory requirements or changes in macroeconomic conditions may result in intangible assets being discontinued by the Group and the carrying amount of any intangible assets concerned being derecognised as an expense. In addition, due to changes in estimates, carrying amounts of intangible assets could be depreciated over a shorter remaining term.

The estimate of the remaining useful life of product authorisations was determined according to different criteria until the fiscal year 2019. In the fiscal year 2020, it was resolved to proceed according to a consistent scheme. The products were divided into groups and the remaining useful life was determined consistently per group. In this respect, the estimated term of the product life cycles as well as the validity period of the authorisation certificates are of utmost importance. It has been shown in the past that the product authorisation renewals applied for by the Group were approved by the relevant authorities. Therefore, the product life cycle was used as the basis for the estimate of the remaining useful life per product group, even if the authorisation certificate was valid for a shorter period than the assumed end of the product life cycle.

Details about the intangible assets can be found in note 13.

PROPERTY, PLANT AND EQUIPMENT
The determination of the useful life of property, plant and equipment is based on estimates, which are based on empirical values from comparable assets of the Group. The useful lives are explained in more detail in Note 2. Estimates of the useful life are reviewed in the course of the year-end closing process and are updated concerning the future, where necessary.

Further information on property, plant and equipment can be found in note 12.

LEASE ACCOUNTING
IFRS 16 requires estimates that affect the valuation of lease liabilities and right-of-use assets. These include, among others, the regulations of agreements that fall within IFRS 16, the terms of the agreements, and the incremental borrowing rate used to discount the future payment obligations. The incremental borrowing rate is derived from the risk-free interest rate of the underlying maturity, adjusted by the country, currency and company risk.

ALLOWANCE FOR EXPECTED CREDIT LOSSES ON TRADE RECEIVABLES AND CONTRACT ASSETS
The Management establishes allowances for bad debts to account for expected losses resulting from the customers' insolvency to pay. In this respect, the Group distinguishes between two groups of customers: Direct sales and export customers, which are explained in more detail below.

For the direct sales customer group, the Group uses a provision matrix to calculate expected credit losses on trade receivables and contract assets. The value adjustment ratios are recognised on the basis of the days overdue for the direct sales customer group of the Group. The provision table is based on the historical observed default rates of the Group, subsequently the Group calibrates the matrix to match the historical credit loss experience with forward-looking expectations. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The value adjustment amount is currently calculated as follows:
- 0% of outstanding receivables older than 0 days
- 20% of outstanding receivables older than 60 days
- 40% of outstanding receivables older than 120 days
- 60% of outstanding receivables older than 180 days
- 80% of outstanding receivables older than 240 days

- 100% of outstanding receivables older than 300 days

If it has become known that insolvency proceedings were opened for a particular customer then 50% of the outstanding debt is assumed as bad debts.

The receivables of the customer group export are not adjusted by means of a value adjustment matrix, but on an individual valuation basis. The smaller number of export customers compared to direct sales customers makes it possible to evaluate receivables from these customers individually. As of the balance sheet date, all customers with overdue receivables are therefore analysed. The following criteria are assessed in order to decide whether overdue receivables from export customers will be adjusted:

- Overdue invoices were paid after the balance sheet date but before the financial statements were approved.
- Duration of the customer relationship: The longer the customer relationship successfully exists, the lower the risk of default.
- Historical payment history: There are export customers who usually pay within one of the first two dunning cycles. The default risk is very low with this kind of customers.
- A payment schedule for overdue receivables was agreed upon and the customer complied with it until the balance sheet date or until the approval of the financial statements.
- Financial situation: Credit reports and financial statements are obtained and the assets, financial position and financial performance are assessed with regard to the ability to repay.

The overdue receivables of an export customer are not impaired, if one of the five criteria mentioned above is assessed positively.
The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses depends on changes in circumstances and of forecast economic conditions. The historical observed credit losses of the Group and the forecast of the economic conditions may not be representative of the actual defaults of customers in the future. Information about the expected credit losses on trade receivables and contract assets of the Group is included in note 17.

TAXES
Deferred tax assets are recognised for unused tax loss carry-forwards to the extent that it is probable that taxable profit will be available against which the loss carry-forwards can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. If an existing loss carry-forward is not expected to be used within a reasonable period of time based on these future projections, then this loss carry-forward is not capitalised. In the Group, loss carry-forwards of the Parent for an amount of KEUR 29,802 were capitalised and offset against deferred tax liabilities as of 31 December 2020. These loss carry-forwards do not expire and can be offset against taxable income in the future.

The foreign Group companies show deferred taxes of KEUR 584 as of 31 December 2020, which are attributable to tax losses from previous periods. It is expected that these tax losses can be offset against tax profit in the countries.

For further details on income taxes see note 11.

4. Revenue from contracts with customers and other income

4.1 Disaggregated revenue information

The breakdown of revenues is as follows:

	2020	2019
	KEUR	KEUR
Dermatology	49 068	60 452
Contract manufacturing	11 339	12 498
Cash discount expense	-20	-14
Licences	3 500	0
Other	15 879	17 361
Revenue from contracts with customers	79 766	90 297
Other revenue	861	2 607
Income from previous periods	427	17
Income from services	0	1
Other income from rental income and leases	8	8
Other income	1 297	2 633

Revenues by region:

	2020	2019
	KEUR	KEUR
Austria	2 007	2 242
Europe (without Austria)	40 445	53 428
North America	14 232	12 850
South America	13 103	14 544
Asia	8 874	6 596
Other	1 105	639
Total	79 766	90 297

The decrease in revenue from contracts with customers by an amount of KEUR 10,531 results from the effects of the Covid-19 pandemic. In the period from March to June, business operations were limited at several customers.

Prior to the Covid-19 pandemic, sales of KEUR 89,204 were forecasted for the fiscal year 2020.

The income from licences in the amount of KEUR 3,500 in the fiscal year 2020 origins from the granting of exclusive distribution and exploitation rights to a new Chinese distribution partner. The distribution agreement with the previous partner in China was terminated in the fiscal year 2020.

Other revenue from contracts with customers only includes revenue from a regulatory service agreement for product authorisations in the USA. The related services are mainly provided by subcontractors, which are subsequently charged to the customer by the Group.

4.2 Contract balances

	2020	2019
	KEUR	KEUR
Trade receivables	17 605	27 686
Contract liabilities	2 524	1 064

Trade receivables are non-interest bearing and are usually settled within 10 to 120 days. The decrease in trade receivables corresponds to the decrease in revenue resulting from the impact of the Covid-19 pandemic.

The contract liabilities consist of the advance payments of two large customers. The performance obligation shall be fulfilled by the Group in the fiscal year 2021 and shall result in revenue from contracts with customers in this fiscal year.

5. Capital management

The primary objective of capital management is to finance the growth strategy of the Group.

The management and adjustment of the capital structure of the Group is carried out in accordance with changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or resolve shareholder's contributions. The Group monitors its capital primarily using the indices free liquidity and equity ratio. According to the internal guidelines of the Group, the following minimum requirements exist for the two ratios:

- Free liquidity > KEUR 5,000
- Equity ratio > 35%

The free liquidity is calculated as the sum of the available or not yet utilised credit lines plus cash and short-term deposits.

The equity ratio is determined on the basis of equity in relation to the balance sheet total.

As of the reporting date 31 December 2020, the free liquidity amounted to KEUR 28,242 (2019: KEUR 7,735), the equity ratio amounted to 42.47% (2019: 47.68%).

The Group monitors the free liquidity and its development on a weekly basis, whilst the equity ratio is monitored monthly. Both indices are compared with the budget. The Group initiates measures, e.g. cost savings programmes, if there are deviations from the minimum requirements between the actual and the scheduled key figures and an improvement of the key figures is not expected in the short or medium term.

As part of the overall objectives of capital management mentioned above, the Group ensures, among others, that the requirements of the interest-bearing loans and borrowings, which relate to the capital structure, are complied with. The financial covenants agreed for the individual financings are explained in more detail below in note 15.2.

No changes were made to the capital management objectives, policies, and procedures as of 31 December 2020 and 2019 respectively.

6. Group information

Subsidiaries

The following subsidiaries are included in the consolidated financial statements:

		Equity interest (in %)	
Name	Headquarters	2020	2019
Bey Pharma GmbH (AT20)	Austria	100.0%	100.0%
Croma Austria Holding GmbH (AT40)	Austria	100.0%	100.0%
Croma GmbH (AT50)	Austria	100.0%	100.0%
Croma International Holding GmbH (AT60)	Austria	100.0%	100.0%
Croma Pharma Produtos Medicos Ltda (BR10)	Brazil	74.9%	74.9%
Croma Schweiz GmbH (CH30)	Switzerland	100.0%	100.0%
Croma Deutschland GmbH (DE50)	Germany	100.0%	100.0%
Laboratorios Croma Estetica, SL (ES30)	Spain	100.0%	100.0%
Orlicom Srl. (IT30)	Italy	70.0%	70.0%
Croma France SASU (FR30)	France	100.0%	100.0%
Croma Nederland B.V. (NL30)	The Netherlands	100.0%	100.0%
Croma-Pharma Sp. z o.o. (PL30)	Poland	100.0%	100.0%
Croma Portugal – Comercio de Produtos Farmaceuticos (PT30)	Portugal	100.0%	100.0%
Croma Pharma Romania SRL (RO30)	Romania	100.0%	100.0%
CROMA-PHARMA LIMITED (UK30)	United Kingdom	100.0%	100.0%
Croma USA Inc. (US20)	USA	100.0%	100.0%

No new subsidiaries were founded or acquired in 2020. In the fiscal year as of 31 December 2019, the subsidiary CROMA-PHARMA LIMITED was founded in the United Kingdom. The purpose of the company is to sell the Group's portfolio of products authorised in the United Kingdom.

The holding company (owner)

The immediate and ultimate holding companies are:
- Olin Holding GmbH (49.1%)
- PMJ GmbH (49.1%)
- Prinz Holding GmbH (1.8%)

7. Business combinations and acquisition of non-controlling interests

Acquisitions in 2020

No acquisitions took place in 2020.

Acquisitions in 2019

On 6 September 2019, Croma-Pharma GmbH acquired 70% of the shares in the Italian distribution company Orlicom Srl.

The purchase price amounted to KEUR 350 and was mainly paid for the acquired distribution network. The objective of the acquisition of Orlicom Srl is to distribute as many authorised products from the Group's product portfolio as possible in Italy.

The ultimate fair values of the net identifiable assets of Orlicom Srl recognised on acquisition are as follows:

	Fair value recognised on acquisition Orlicom Srl.
	2019
Assets	KEUR
Inventories as well as cash and bank deposits (current)	453
Property, plant and equipment and other assets (non-current)	4
Total identifiable assets at fair value	457
Liabilities	
Trade and other payables (current)	223
Provisions	24
Total identifiable liabilities at fair value	247
Total identifiable net assets at fair value	210
Thereof attributable to:	
Equity holders of the parent	147
Non-controlling interests	63
Goodwill	290
Equity holders of the parent	203
Non-controlling interests	87
Consideration	
Cash outflow	350
Total consideration	350

From the date of acquisition until 31 December 2019, Orlicom Srl contributed a negative result for the period of KEUR 10 to the consolidated profit/loss. From the acquisition date until 31 December 2019, Orlicom Srl generated revenue of KEUR 441. For the full fiscal year 2019, Orlicom Srl generated revenue of KEUR 1,698. The goodwill recognised amounting to KEUR 203 results mainly from expected synergy effects in connection with the acquired distribution network.

The transaction costs of KEUR 77 related to the acquisition were recognised in the statement of profit or loss within other operating expenses and in the cash flow statement within cash flow from operating activities.

8. Partly-owned subsidiaries

The table below shows summarised financial information before intercompany eliminations for each subsidiary with significant non-controlling interests:

Name	Headquarters	2020	2019
Croma Pharma Produtos Medicos Ltda (BR10)	Brazil	25.1%	25.1%
Orlicom Srl. (IT30)	Italy	30.0%	30.0%

Croma Pharma Produtos Medicos Ltda (BR10):

Summarised statement of financial position:	2020	201960
	KEUR	KEUR
Inventories as well as cash and bank deposits (current)	2 551	2 635
Property, plant and equipment and other assets (non-current)	180	225
Trade and other payables (current)	1 354	948
Other financial liabilities	30	70
Total equity	1 348	1 842

	2020	2019
	KEUR	KEUR
Proportionate profit of non-controlling interests	216	298
Dividends to non-controlling interests	191	102
Carrying amount of non-controlling interests	540	516

Orlicom Srl. (IT30):

Summarised statement of financial position:	2020	2019
	KEUR	KEUR
Inventories as well as cash and bank deposits (current)	567	401
Property, plant and equipment and other assets (non-current)	10	7
Other assets (current)	3	5
Trade and other payables (current)	167	183
Interest-bearing loans and borrowings and provisions (non-current)	191	30
Total equity	221	199

	2020	2019
	KEUR	KEUR
Proportionate profit of non-controlling interests	6	-3
Dividends to non-controlling interests	0	0
Carrying amount of non-controlling interests	67	60

9. Fair value measurement

The following table shows the fair value measurement of the Group's assets and liabilities by hierarchy level.

	Measurement date	Prices quoted on active markets (Level 1)	Significant identifiable input factors (Level 2)	Significant non-identifiable inputs (Level 3)
Securities	31 December 2020		2 886	
Securities	31 December 2019		2 827	
Investments (Hugel America Inc.)	31 December 2020			33 808
Investments (Hugel America Inc., Suncro)	31 December 2019			34 328

The fair value of the investments as of 31 December 2020 represents the best estimate of the Management and is determined using the discounted cash flow method. It represents a level 3 fair value. The significant input factors for the determination of the fair value of the contingent consideration are as follows:

- Range of expected earnings before interest, taxes, depreciation and amortisation (EBIT) for the fiscal years 2021 to 2025: KEUR -43,600 up to KEUR 49,400
- Thereafter transition to perpetuity with a growth factor of 1%
- Discount rate: 12.28%

The development of the fair values of level 3 is as follows:

	2020	2019
	KEUR	KEUR
Carrying amount as of 01/01	34 328	34 333
Additions	0	123
Changes in value recognised directly in equity	-520	0
Disposals	0	0
Exchange rate differences recognised directly in equity	0	-128
Carrying amount as of 31/12	33 808	34 328
Dividends recognised through profit or loss	0	0

10. Other income/expenses

10.1 Other operating income

	2020	2019
	KEUR	KEUR
Income from grants	811	1 305
Other	554	4 743
Total other operating income	1 365	6 048

The income from grants for 2020 includes the allowance to overheads of KEUR 1,574, which was applied for in the course of the Covid-19 pandemic. In addition, the income from grants also includes the research premium. Due to a tax audit and an report of the Austrian Research Promotion Agency, government grants recognised in the years 2014 to 2019 had to be reduced in the current fiscal year, which resulted in the recognition of a negative income from government grants in the amount of KEUR -916 in the statement of profit or loss in 2020.

10.2 Employee benefits expenses

	2020	2019
	KEUR	KEUR
Wages	-2 784	-3 534
Salaries	-22 046	-20 172
Expenses for severance payments	-441	-380
Expenses for pensions	-6	-23
Expenses for mandatory social security and other payroll expenses	-5 523	-5 078
Other benefits	-341	-409
Total employee benefits expenses	-31 141	-29 596

The variable remuneration of the managing directors of Croma-Pharma GmbH is based on cooperation agreements concluded. The ratio of fixed to variable components of the total remuneration of the Management Board is approximately 97% to 3% (previous year: approximately 72% to 28%). The total remuneration of the Management Board amounted to KEUR 1,727 in the fiscal year (previous year: KEUR 2,320).

Supervisory Board

The Supervisory Board of Croma-Pharma GmbH was appointed for the first time by shareholders' resolution dated 9 September 2020. No remuneration was paid to the Supervisory Board of Croma-Pharma GmbH in 2020.

Employees

Number of employees (FTE):

	2020	2019
Average	461	418
As of 31/12	474	436

Average number of employees in Austria:

	2020	2019
Blue-collar employees	90	85
White-collar employees	258	225
Apprentices	2	2
Total	350	312

10.3 Other operating expenses

	2020 KEUR	2019 KEUR
Research, studies	-15 561	-18 587
Legal and consulting fees	-6 349	-5 946
Marketing expenses	-3 319	-5 896
Maintenance	-2 445	-2 185
IT expenses	-1 492	-1 197
Other employee benefits expense	-1 195	-1 019
Losses from the disposal of fixed assets	-778	-731
Transport expenses	-932	-1 261
Royalties	-877	-1 087
Expenses for monetary transactions	-777	-660
Electricity/gas/water charges	-636	-687
Vehicle expenses	-661	-812
Fees, charges, membership dues	-630	-477
Travelling expenses	-549	-1 920
Other	-2 524	-3 034
Total other operating expenses	-38 725	-45 499

The decrease in other operating expenses is due to the significant reduction in travel due to the Covid-19 pandemic. In addition, marketing expenses decreased due to the lack of in-person events.

10.4 Finance costs

	2020	2019
	KEUR	KEUR
Interest expenses loans (current and non-current)	-1 291	-892
Cash discount loss (net method)	-45	-13
Other interest and finance costs	-4	-187
Total finance costs	-1 340	-1 092

The interest expenses rose sharply compared to the previous year due to the issue of promissory note loans in the amount of KEUR 40,000 in the fiscal year 2020.

10.5 Finance income

	2020	2019
	KEUR	KEUR
Income from Investments	0	-12
Income from securities	26	31
Profit from the disposal of financial assets	0	33
Interest income from bank deposits	9	0
Other interest and similar income	45	70
Total finance income	80	122

10.6 Research and development costs

In the area of research and development, the Group primarily works on future technologies in the field of minimally invasive aesthetic medicine. The costs incurred are capitalised as an intangible asset on that date, when the requirements of IAS 38.57 are met for a specific development project. Further information on the capitalisation of development costs can be found in note 2.3 l). All research and development costs that are not eligible for capitalisation are expensed in the period incurred (2020: KEUR 1,277; 2019: KEUR 1,448).

11. Income tax

The major components of the income tax expense are:

	2020	2019
	KEUR	KEUR
Current income tax charge	-569	-594
Income tax expense from previous periods	-160	0
Deferred tax	871	2 448
Income tax expense	142	1 854

Reconciliation between income tax expense and the product of profit/(loss) for the period and the tax rate applicable by the Group in Austria:

	2020	2019
	KEUR	KEUR
Profit/(loss) before tax	-8 498	2 645
Income tax rate of 25%	2 125	-661
Adjustments of previously unrecognised tax losses	-1 779	-5
Tax expense/income from previous periods	-160	0
Deviating foreign tax rates	-46	-139
Effect of changes in tax rates	2	0
Use of tax losses	0	2 660
Effective income tax expense	142	1 854
Effective income tax rate in%	-1.67%	-70.10%

For the determination of the effective income tax rate, the income tax is compared to the profit/loss before tax. The resulting tax rate is compared with the Austrian standard tax rate of 25% and the main differences are analysed.
The nominal income tax rates applicable to the foreign Group companies in the fiscal year range from 10.18% to 34.0% (previous year: between 10.18% and 34.0%)

Croma-Pharma GmbH forms a tax group in accordance with Section 9 of the Austrian Corporation Tax Law 1988, in which the taxable result as well as any losses from the Austrian and significant foreign subsidiaries are combined.

The development of deferred taxes is analysed in the following table:

	2020	2019
	KEUR	KEUR
Deferred taxes as of 1 January	5 550	7 997
Deferred taxes as of 31 December	4 678	5 550
Change in deferred taxes	871	2 448

The deferred tax assets and liabilities recognised on temporary differences between the tax bases and the carrying amounts are attributable to the following items:

	Consolidated statement of financial position 2020	2019
	KEUR	KEUR
Intangible assets	-13 184	-12 624
Right-of-use assets	-8 673	-9 794
Disposal of investments	515	405
Employee provisions	43	43
Lease liabilities	8 794	9 573
Tax losses carried forward	7 827	6 896
Other temporary differences	0	-49
Deferred tax liabilities, net	-4 678	-5 550

Deferred taxes mainly result from different valuation rules, depreciation and tax losses. All deferred tax assets were recognised.

Deferred tax assets on tax losses carried forward were capitalised in full, as it is assumed on the basis of a 3-year plan that future taxable profits will be available against which unused tax losses can be used.

The following tax losses carried forward exist as of the balance sheet date:

31 December 2020

(in KEUR)	Austria	Switzerland	United Kingdom	Romania	Total
Loss carried forward	29 802	1 076	507	174	31 560
Total	29 802	1 076	507	174	31 560

31 December 2019

(in KEUR)	Austria	Switzerland	United Kingdom	Romania	Total
Loss carried forward	18 503	1 109	0	187	19 799
Total	18 503	1 109	0	187	19 799

The tax losses in the tax group amount to KEUR 29,802 in 2020 (KEUR 18,503 in 2019).

12.Property, plant and equipment and right-of-use assets

	Land, land rights, similar rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other property, plant and equipment	Assets under construction
	KEUR	KEUR	KEUR	KEUR
Costs				
1 January 2019	4 624	5 526	2 012	962
Additions	0	1 069	541	289
Disposals	-4	-294	-200	-652
Transfers	0	287	12	-322
Exchange differences	0	0	0	0
As of 31 December 2019	4 621	6 587	2 365	278
Additions	73	66	552	92
Disposals	0	-29	-67	-11
Transfers	0	52	0	-260
Exchange differences	-1	0	-10	0
As of 31 December 2020	4 693	6 676	2 840	98

	Right-of-use assets buildings and land	Right-of-use assets machinery	Right-of-use assets vehicles	Total
	KEUR	KEUR	KEUR	KEUR
Costs				
1 January 2019	0	19 744	0	32 869
Additions	29 662	4 024	1 133	36 717
Disposals	0	-198	-7	-1 391
Transfers	0	0	0	-23
Exchange differences	0	0	0	0
As of 31 December 2019	29 662	23 569	1 126	68 207
Additions	296	0	466	1 546
Disposals	-90	0	-40	-236
Transfers	0	0	0	-209
Exchange differences	-35	0	-33	-80
As of 31 December 2020	29 833	23 569	1 519	69 228

The additions in 2019 to right-of-use assets are mainly related to the recognition of existing leases due to the first-time application of IFRS 16 as of 1 January 2019.

	Land, land rights, similar rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other property, plant and equipment	Assets under construction
	KEUR	KEUR	KEUR	KEUR
Depreciation and impairment				
1 January 2019	2 050	4 489	966	0
Depreciation for the year	177	317	371	0
Depreciation on disposals	-3	-293	-190	0
Exchange differences	0	0	1	0
As of 31 December 2019	2 224	4 512	1 148	0
Depreciation for the year	170	351	650	0
Depreciation on disposals	0	-29	-57	0
Exchange differences	0	0	-5	0
As of 31 December 2020	2 394	4 834	1 736	0
Net carrying amount				
As of 31 December 2020	2 299	1 843	1 104	98
As of 31 December 2019	2 397	2 075	1 217	278

	Right-of-use assets buildings and land	Right-of-use assets machinery	Right-of-use assets vehicles	Total
	KEUR	KEUR	KEUR	KEUR
Depreciation and impairment				
1 January 2019	0	1 438	0	8 943
Depreciation for the year	1 647	2 672	359	5 542
Depreciation on disposals	0	-233	-7	-726
Exchange differences	0	0	0	1
As of 31 December 2019	1 647	3 877	352	13 760
Depreciation for the year	1 731	2 970	414	6 287
Depreciation on disposals	-90	-278	-40	-493
Exchange differences	-14	0	-16	-36
As of 31 December 2020	3 275	6 534	710	19 517

Net carrying amount				
As of 31 December 2020	26 558	17 000	809	49 711
As of 31 December 2019	28 015	19 693	774	54 448

13. Intangible assets

	Product development	Product authorisations	Patents	Data processing programs	Other intangible assets
	KEUR	KEUR	KEUR	KEUR	KEUR
Cost					
1 January 2019	2 750	3 201	351	2 298	2 730
Additions	4 906	875	30	168	347
Disposals	0	-101	0	-93	-2
Transfers	0	0	0	23	0
Exchange rate differences	0	-2	0	0	12
As of 31 December 2019	7 656	3 972	381	2 396	3 086
Additions	42	2 117	114	502	2 908
Disposals	105	-674	-353	-117	-639
Transfers	1 053	1 050	155	198	10
Exchange rate differences	0	-54	0	-1	-64
As of 31 December 2020	8 856	6 412	297	2 979	5 301

	CIP - Product development	CIP - Product authorisations	CIP - Patents	Goodwill	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Cost					
1 January 2019	1 590	30 444	282	1 518	45 163
Additions	2 545	1 604	156	203	10 835
Disposals	0	0	0	-1 514	-1 711
Transfers	0	0	0	0	23
Exchange rate differences	0	0	0	0	9
As of 31 December 2019	4 135	32 049	438	207	54 319
Additions	1 691	1 075	130	0	8 578
Disposals	-44	-207	-206	0	-2 135
Transfers	-442	-1 662	-155	0	209
Exchange rate differences	0	0	0	0	-119
As of 31 December 2020	5 340	31 254	207	207	60 852

	Product developments	Product authorisations	Patents	Data processing programs	Other intangible assets
	KEUR	KEUR	KEUR	KEUR	KEUR
Depreciations and impairments					
1 January 2019	479	970	107	1 506	1 199
Depreciation for the year	792	387	18	315	406
Depreciation on disposals	0	-33	0	-93	-2
Exchange rate differences	0	-1	0	0	8
As of 31 December 2019	1 271	1 324	125	1 727	1 611
Depreciations of the fiscal year	716	258	17	381	501
Depreciation on disposals	-28	-342	-115	-90	-191
Adjustments - Depreciation	211	-211	0	0	0
Exchange rate differences	0	-16	0	0	-54
As of 31 December 2020	2 170	1 013	27	2 018	1 868
Net carrying amount					
As of 31 December 2020	6 686	5 399	269	961	3 433
As of 31 December 2019	6 385	2 649	256	668	1 475

	CIP - Product develop-ments	CIP - Product authorisa-tions	CIP - Patents	Goodwill	Total
	KEUR	KEUR	KEUR	KEUR	KEUR
Depreciation and impairments					
1 January 2019	0	0	0	1 514	5 774
Depreciations of the fis-cal year	0	0	0	0	1 918
Depreciation on dispos-als	0	0	0	-1 514	-1 642
Exchange rate differ-ences	0	0	0	0	7
As of 31 December 2019	0	0	0	0	6 058
Depreciations of the fis-cal year	0	0	0	0	1 874
Depreciation on dispos-als	0	0	0	0	-767
Adjustments - Depreci-ations and amortisa-tions	0	0	0	0	0
Exchange rate differ-ences	0	0	0	0	-70
As of 31 December 2020	0	0	0	0	7 095
Net carrying amount					
As of 31 December 2020	5 340	31 254	207	207	53 757
As of 31 December 2019	4 135	32 049	438	207	48 261

The liquidation of the subsidiary Xcelense SA was completed in 2019. With the derecognition of the shares, the goodwill was also derecognised.

The additions in the fiscal year 2020 comprise KEUR 3,659 (2019: KEUR 887) of acquired intangible assets and KEUR 4,919 (2019: KEUR 9,948) of internally generated intangible assets (mainly product developments and authorisations)

14. Goodwill and intangible assets with indefinite useful life

Croma Pharma GmbH recognises goodwill from the business combination of Orlicom Srl totalling KEUR 207. Orlicom Srl thus represents the only CGU with goodwill of Croma-Pharma GmbH.

	2020	2019
	KEUR	KEUR
CGU Orlicom Srl	207	207

The recoverable amount in the fiscal year 2020 of the CGU Orlicom Srl with goodwill is determined on the basis of the value in use. The planning of future cash flows is based on the current corporate planning for the years 2021-2025. The following individual assumptions from the most recently prepared impairment tests were used in the annual test:

Impairment test assumptions for the largest CGU with goodwill

	2020	2019
CGU Orlicom Srl		
Average operating margin in the planning period p.a.	9.87%	9.37%
Non-current perpetuity growth rate	1.00%	1.00%
Discount rate (WACC) after taxes	7.14%	7.14%

The detailed planning period for the CGU Orlicom Srl amounts to five years. The average sales growth in the detailed planning period is 39% p.a. (2019: 11% p.a.).

The estimate made of the fair value less costs of disposal of the CGU Orlicom Srl exceeds the carrying amount by KEUR 4,610 (2019: KEUR 2,463). The following table shows a sensitivity analysis of hypothetical scenarios of key assumptions and the possible change in value at the balance sheet date that would result in the recoverable amount being equal to the carrying amount of the CGU plus goodwill:

Sensitivity to changes of impairment test assumptions

	Value of the key assumptions	Change in value of the key assumptions resulting in the recoverable amount being higher than the goodwill
CGU Orlicom Srl		
Operating margin	9.87%	minus 7.5 percentage points
Long-term growth rate of the perpetual annuity	1.00%	minus 15 percentage points
Discount rate (WACC) after taxes	7.14%	plus 15 percentage points

At the end of the fiscal year 2020, intangible assets without scheduled amortisation included R&D projects not ready for use totalling KEUR 36,753 (previous year: KEUR 37,679). Concerning R&D projects, the period from which a capitalised asset is expected to generate an inflow of benefits to the company cannot be determined. They are therefore classified as assets with an indefinite useful life.

A cost of capital rate between 9.0% and 14.0% was used for the annual impairment tests. As in the previous year, no impairment losses nor allocations had to be recognised in the fiscal year. As part of a sensitivity analysis for the impairment test of the R&D projects, a reduction in future cash flows by 10% and an increase in the cost of capital rate by one percentage point were assumed. The sensitivity analysis led to the conclusion that there would be no need for impairment even in the event of a 10% reduction of cash flows and a simultaneous 1% increase of the cost of capital.

15. Financial assets and financial liabilities

15.1 Financial assets

The table below shows the financial assets:

	2020	2019
	KEUR	KEUR
Investments	33 808	34 328
Securities	2 886	2 827
Other non-current receivables	11 577	12 433
Trade receivables	17 605	27 686
Other current receivables	3 453	3 318
Government grants	3 653	3 127
Loan to a member of the Management Board	133	130
Financial assets	73 115	83 850
Total current	24 713	34 131
Total non-current	48 402	49 719

The Investments are as follows:

- Hugel America Inc.: the Group holds a 30% share in the company Hugel America Inc. The Group does not have significant influence to participate in the financial and operating policy decisions, therefore the investment is recognised as a financial asset in accordance with IFRS 9. More detailed disclosures are provided in the Notes under note 3 Significant accounting judgements, estimates and assumptions. In 2020 the investment amounts to KEUR 33,808.
- Sun Cro Aesthetic & Cosmetic International Co. Limited: the Group holds a 25.1% investment. In November 2020, it was resolved to dissolve the company. As no future cash flows can be expected from this company, the investment was written down to a carrying amount of EUR 1. The liquidation has not yet been completed as of 31 December 2020.
- Skinquiry LLC: the Group has an 11.25% investment in the company Skinquiry LLC. The carrying amount of the investment amounts to EUR 1 in the fiscal year as of 31 December 2020.
- APO Bank: The Group holds insignificant shares in Apotheker-Bank. In the fiscal year 2020, the investment has a carrying amount of EUR 7.

In the fiscal year 2015, a supplementary agreement to a lease was concluded with a leasing company. In this supplementary agreement, it was agreed that the Group must hold collateral in the form of pledged securities in order to comply with the agreed obligations. This obligation to pledge basically exists until the end of the relevant lease. Provided that the agreed lease payments are duly made throughout the term, an amount of KEUR 800 in 2024 and a further amount of KEUR 800 in 2028 shall be released ahead of schedule.

Other non-current receivables are mainly deposits for the office building and loans granted to related companies (see note 28).
Debt instruments measured at amortised cost include trade receivables and loans and borrowings granted to members of the Management Board.

15.2 Financial liabilities and interest-bearing loans and borrowings

The table below shows the financial liabilities and interest-bearing loans and borrowings:

	2020	2019
	KEUR	KEUR
Non-current interest-bearing loans and borrowings	45 437	19 183
Current interest-bearing loans and borrowings	9 970	12 214
Other non-current financial liabilities	1 313	42 922
Other current financial liabilities	43 503	5 709
Other non-current liabilities	1 197	718
Trade and other payables	10 384	16 736
	111 806	97 482
thereof non-current	47 947	62 823
thereof current	63 859	34 659

The other financial liabilities mainly comprise lease liabilities. Further information on leases can be found in note 24.

The table below shows the interest-bearing loans and borrowings of the Group:

Bank	Currency	Interest	Maturity	2020 KEUR	2019 KEUR
Erste Bank 293-281-448/60	EUR	Variable	Credit line	0	7 900
BA-CA 09793179400	EUR	Variable	Credit line	0	7 647
BA-CA 10019929289	EUR	Variable	31 December 2024	1 029	1 286
Bank Austria 10023 380 248	EUR	Variable	31 December 2024	3 200	4 000
Bank Austria 10025 789 263	EUR	Variable	31 December 2025	2 432	2 757
Bank Austria 10029 020 517	EUR	Variable	30 June 2028	4 545	5 000
Hypo NÖ 0615 5001 311	EUR	Variable	Credit line	0	2 811
RLB OÖ 2667806	EUR	Variable	Immediately	173	0
RLB OÖ 1173848	EUR	Variable	31 December 2026	3 840	0
Promissory note loan	EUR	Variable	27/2/2023, 27/2/2025, 27/2/2027	34 500	0
Promissory note loan	EUR	Fixed	27/2/2023, 27/2/2025, 27/2/2027	5 500	0
UBS (Covid-19 loan)	CHF	Variable	31 March 2025	93	0
Sabadell (Covid-19 loan)	EUR	Variable	31 March 2025	125	0
UBI Banca (Covid-19 loan)	EUR	Variable	22 October 2025	194	0
				55 631	31 401

Borrowing costs of KEUR 260 were incurred for raising the promissory note loan.

The raising of a promissory note loan in 2020 for an amount of KEUR 40,000 created additional flexibility and enables the long-term restructuring of the financing of the Croma Pharma Group. The promissory note loan is divided into three instalments maturing in 2023 to 2027 and is subject to a floating interest rate ranging between 1.0% and 1.5%.

The existing promissory note loan agreements and loan agreements contain contract arrangements to comply with financial covenants. These concern, among others, the compliance with a contract-specific equity ratio. Failure to comply with these financial key figures entitles the creditors to terminate and to declare due the corresponding financing. In addition, in individual cases there may be a change in the stipulated conditions (e.g. an increase in the interest rate).

As of 31 December 2020, the Group had not met the financial covenants for individual financing arrangements. Due to the resulting entitlement of the lenders to terminate the loans, loan liabilities totalling KEUR 8,385 were reclassified from non-current to current interest-bearing loans and borrowings in the consolidated statement of financial position as of 31 December 2020. Until the preparation date of the financial statements, termination waivers were agreed with the relevant lenders for all covenant infringements, whereby termination waivers are partly linked to certain conditions. In addition, a guarantee was issued by the owners of the Parent in July 2021 to

retroactively ensure the fulfilment of the waiver conditions and the compliance with the financial covenants.

The Group also entered into various leases for non-current assets with several lessors, some of which require compliance with contract-specific financial key figures. In the event of non-compliance with the financial covenants, the lessor can terminate the lease extraordinarily, in which case the Group must pay to the lessor the lease payments still outstanding for the basic lease term in accordance with the contract provisions. As of 31 December 2020, the Group has infringed the financial covenants for certain leases. Due to the resulting entitlement by the lessors to terminate the leases, other non-current financial liabilities in the amount of KEUR 42,831 were reclassified to other current interest-bearing liabilities in the consolidated statement of financial position as of 31 December 2020. Until the preparation date of the financial statements, termination waivers were agreed with the relevant lessors for all covenant infringements, whereby these termination waivers are partly linked to certain conditions. In addition, a guarantee was issued by the owners of the Parent in July 2021 to retroactively ensure the fulfilment of the waiver conditions and the compliance with the financial covenants.

15.3 Fair values

The Management assessed that the fair values of cash and short-term deposits, trade receivables, prepayments, government grants, trade payables, contract payables, and other current payables and receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current receivables and of the loan to a member of the Management Board correspond to the amortised cost as of 31 December 2020.

Liabilities include variable and fixed-interest-bearing loans. The fair value of the interest-bearing loans and borrowings is calculated based on significant observable parameters (level 2). As of 31 December 2020 and 2019, the carrying amount approximates the fair value as there have been no significant changes concerning the relevant interest rates since the conclusion of these loan agreements.

15.4 Financial instruments risk management objectives and policies

The principal financial liabilities include loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The principal financial assets are trade receivables as well as cash and short-term deposits that derive directly from its operations.

The Group is exposed to a number of financial risks in the course of its business operations. The management of the Group oversees the management of these risks. The Management is supported by the internal specialist departments and coordinates the risk strategy for the entire Group. As in the previous year, there were no derivative financial instruments as of 31 December 2020.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the debt financing is concluded by the Parent. The Group's interest rate risk consists of three components: the relevant value of the average term of all financings, whether a fixed or variable interest rate was stipulated and whether the credit rating of the company or the Group changes over the term of all financings. Concerning fixed interest rates, the risk consists of falling interest rates and, concerning variable interest rates, of rising interest rates. The majority of the financing agreements of the Group were concluded at variable interest rates. Due to the economic situation and the negative base interest rate (EURIBOR) being in place for several years, it is not expected that there shall be – for one thing - an increase in the base interest rate and that this – for another thing - shall lead to an effective increase of the Group's interest expense. If there will be interest rate increases, they will be taken into account in the financial planning.

The following interest rate sensitivity analysis was prepared assuming that interest rates would have been 100 basis points higher or lower in all currencies for variable interest rates and for short-term fixed interest rates (cash advances) during the reporting period. This represents the assessment of the Management Board with regard to a justified, possible change in interest rates.

As a basis, the interest rate risk exposure of financial instruments was determined as of the balance sheet date and it was assumed that the outstanding liabilities or receivables were outstanding for the entire year as of the balance sheet date.

If interest rates had been 100 basis points higher with all other variables held constant then the interest income would have been higher by KEUR 987 (previous year: KEUR 580). If interest rates had been 100 basis points lower with all other variables held constant then the interest result would have been better by KEUR 987 (previous year: KEUR 580). The interest rate fluctuations under review have no direct effect on equity. With regard to the liabilities reported in the statement of financial position, the Group does not currently assume to be exposed to any significant interest rate risk. Therefore, no risk mitigation measures were taken.

FOREIGN CURRENCY RISK

The Group is exposed to foreign currency risks from individual transactions. These risks result from purchases and sales of an operating unit in a currency other than the functional currency of that unit. The main foreign currency risks result from changes in the USD/EUR as well as the GBP/EUR exchange rates.

The balance of realised exchange gains and losses was negative and amounted to KEUR 169 in the fiscal year 2020 (previous year: KEUR 144). The change in currency translation from consolidation measures resulted in a reduction of equity by KEUR 599 from 2019 to 2020 (previous year: KEUR 495), which is essentially due to the devaluation of the Brazilian real.

In addition, it must be taken into account that a weak Euro in relation to the foreign currency has a positive effect from the perspective of procurement of the distribution subsidiaries, and also concerning the operating result of the Group. On the contrary, a weak Euro has a negative impact on the operating result of the Group, if the Parent has to pay invoices for goods and services in a foreign currency. These effects offset each other to a certain extent, which can reduce the risk inherent to the currency mix. Overall, the foreign currency risk in the current situation is considered to be low, mainly due to the purchasing volume outside the Euro zone and the overall currency portfolio. Therefore, no risk mitigation measures were taken.

FOREIGN CURRENCY SENSITIVITY

Based on the transactions made in foreign currency and the resulting calculation, the following effect on profit/loss before taxwould arise, if all transactions carried out were translated using either the lowest exchange rate or the highest exchange rate of 2020:

	Effects on profit/loss before tax
Lowest exchange rate 2020	KEUR -114
Highest exchange rate 2020	KEUR +43

The foreign currency risk at the subsidiaries equally only has a minor effect on the profit/loss before tax, due to purchases made in EUR:

	Effects on profit or loss/before tax
Lowest exchange rate 2020	KEUR +13
Highest exchange rate 2020	KEUR 4

COMMODITY PRICE RISK

The volatility of certain commodity prices has an impact on the Group. Its operations continuously require the purchase and the manufacturing of products for minimally invasive aesthetic medicine, ophthalmology and orthopaedics. Thus, the Group is exposed to the risk of price fluctuations.

Standard plastics: In the year 2020, producer prices for rubber and plastic products in Switzerland decreased by 1.6 percent as compared to the previous year. At present, there is no comparable data available for Austria.

In the course of the pandemic, there was an increase concerning force majeure declarations from plastics manufacturers towards the end of 2020. Especially, the supply situation for polyolefins and PVC significantly deteriorated. Manufacturing companies are finding it increasingly difficult to maintain their production. The supply situation for PP, HDPE, LDPE, and PA is also assessed as poor to very poor at the end of 2020. The shortage is tightened by an increasing demand from food retail and e-commerce. Therefore, a difficult supply situation is to be expected in 2021.

Paper: The sales prices in the wholesale trade of paper, cardboard, stationery and office supplies decreased by around 0.7 percent in Germany in December 2020 as compared to the same month in the previous year. As compared to the previous month, November 2020, prices dropped by 0.3 percent. In the course of 2020, wholesale sales prices for paper were stable or slightly negative. The producer price for paper and paper products in Switzerland decreased by 4.1% in 2020 as compared to 2019. At present, there is no comparable data available for Austria. For 2021, a satisfactory supply situation and a stabilisation of the price level is expected despite the pandemic and the increasing demand for packaging.

The Company expects raw material costs to increase by 2% based on the commodity-purchase volumes in 2020.

COMMODITY PRICE SENSITIVITY

The Group usually enters supplier agreements for 3, 5 or 10 years, which provide for fixed prices or indexed price adjustments. The three largest suppliers of the Group account for 70% of the total order volume and they range between 1.5% and 6.0%. Based on the calculations of the individual suppliers in the relevant fluctuation ranges, the effect on profit/loss before tax would be as follows:

	Effect on profit/loss before tax
Lowest increase 2021	KEUR -242
Highest increase 2021	EUR -327

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract or order transaction, resulting in a financial loss. The Group is exposed to credit risks from its operating activities (primarily trade receivables). Depending on the type and amount of the relevant service, credit information is obtained or historical data from the previous business relationship is used, in particular payment history, to avoid bad debts in order to minimise the default risk. For this purpose, the Group has set up an accounts receivable management system to monitor receivables on an ongoing basis. The following provisions were included in customer contracts in order to minimise the risk of default:

- The customer can be switched to prepayment as soon as an invoice has not been paid in due time.
- The obligation to deliver to the customer may be suspended as long as overdue invoices have not been paid.

Insofar as default risks are nevertheless identifiable for individual financial assets, these risks are recognised by provisions.

From 2010 to 2020, export receivables write-offs averaged KEUR 92, while in 2019 and 2020 export receivables write-offs decreased to an average of KEUR 15. The Group assesses the concentration of risk concerning trade receivables and contract assets as very low, as its customers are located in different countries and actual defaults were insignificant in recent years.

The balance sheet amount of the financial assets indicates, irrespective of existing collateral, the maximum credit risk, if counterparties cannot meet their contractual payment obligations.

Set out below is the information about the credit risk exposure of the Group's trade receivables using a provision matrix:

31 December 2020	Not due	1 to 60 days overdue	61 to 120 days overdue	121 to 180 days overdue	181 to 240 days overdue	241 to 300 days overdue	More than 300 days overdue
Estimated total gross carrying amount in case of late payment	10 301	4 690	850	48	10	38	2 002
Expected credit loss	0	0	43	16	0	21	254

31 December 2019	Not due	1 to 60 days overdue	61 to 120 days overdue	121 to 180 days overdue	181 to 240 days overdue	241 to 300 days overdue	More than 300 days overdue
Estimated total gross carrying amount in case of late payment	11 009	12 163	2 332	1 543	458	195	276
Expected credit loss	0	0	42	21	30	13	184

LIQUIDITY RISK

The preservation of liquidity and the securing of a healthy financial basis are the main focus of the corporate strategy of the Group. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of credit facilities, bank loans and lease contracts. The management of the liquidity is carried out, among others, through ongoing liquidity planning by the Management and the corresponding quarterly monitoring of the free liquidity. The liquidity risk is minimised by continuously securing liquidity reserves between EUR 5 million and EUR 30 million.

As of 31 December 2020 and 31 December 2019, the financial liabilities of the Group have the following maturities. The figures are based on the contractual undiscounted payments.

31/12/2020:

	≤ 1 year	1-5 years	> 5 years
Interest-bearing loans and borrowings	9 970	30 953	14 484
Other financial liabilities	43 503	1 152	162
Trade payables	10 384	0	0
Other non-current liabilities	8	33	1 156

31/12/2019:

	≤ 1 year	1-5 years	> 5 years
Interest-bearing loans and borrowings	12 214	7 950	11 232
Other financial liabilities	5 709	18 548	24 374
Trade payables	16 736	0	0
Other non-current liabilities	6	33	679

Further disclosures to the Group's financial liabilities, in particular the financial covenants associated with the financing, can be found in note 15.2 - Financial liabilities and interest-bearing loans and borrowings.

15.5 Disclosures to the statement of cash flows

The statement of cash flows shows the origin and use of cash flows, divided into net cash flow from operating, investing and financing activities.

The cash and cash equivalents in the consolidated statement of cash flows comprise all cash and cash equivalents shown in the statement of financial position, i.e. cash and deposits, provided they are available within six months after the date of deposit.

The net cash flows from investing and financing activities are determined on the basis of payments, while the net cash flow from operating activities is derived indirectly from the profit/(loss) before tax. The interest payments are allocated to the operating activities. The repayment of lease liabilities is recognised in net cash flows from financing activities under the item "Repayment of financial liabilities".

The following table shows the financing liabilities including liabilities from leases of the Group, divided into their cash and non-cash components:

	1 January 2020	Cash flows	New leases	Other	31 December 2020
	KEUR	KEUR	KEUR	KEUR	KEUR
Current interest-bearing loans and borrowings	12 214	-2 244			9 970
Current lease liabilities	5 709	-24		37 818	43 503
Non-current interest-bearing loans and borrowings	19 182	26 255			45 437
Non-current lease liabilities	42 922	-4 818	341	-37 132	1 313
Total liabilities from financing activities	80 028	19 169	341	686	100 223

	1 January 2019	Cash flows	New leases	Other	31 December 2019
	KEUR	KEUR	KEUR	KEUR	KEUR
Current interest-bearing loans and borrowings	3 828	8 385			12 214
Current lease liabilities	31	-31	24	5 685	5 709
Non-current interest-bearing loans and borrowings	15 942	3 245		-5	19 182
Non-current lease liabilities	18 180	-4 958	34 691	-4 991	42 922
Total liabilities from financing activities	37 981	6 641	34 715	689	80 028

The item “Other” includes the effects from the reclassification of the non-current component of the lease liabilities to current lease liabilities due to the passage of time.

16. Inventories

The following table shows the inventories recognised:

	2020	2019
	KEUR	KEUR
Raw materials, consumables and supplies	4 709	6 113
Work in progress	7 121	4 527
Finished goods	7 804	6 741
Services not yet chargeable	264	0
Goods in transit	362	649
Total inventories	20 260	18 030

The services not yet chargeable are related to a development and service agreement concluded at the end of the fiscal year 2019.

In the fiscal year 2020, as in the previous year (adjusted), no amounts from inventories recognised at net realisable value were recognised as expense.

17. Trade receivables and other receivables

	2020	2019
	KEUR	KEUR
Receivables from third-party customers	17 905	26 801
Receivables from other related parties	32	1 175
	17 937	27 976
Allowance for expected credit losses	-332	-291
	17 605	27 686

Trade receivables are non-interest bearing and are generally due within 10 to 120 days. The Group has not capitalised any initiation costs.

The following table shows the change in the allowance for expected credit losses from trade receivables and contract assets:

	2020	2019
	KEUR	KEUR
As of 1 January	291	280
Release allowance for expected credit losses	-302	-317
Allowance for expected credit losses	451	424
Write-off	-107	-96
As of 31 December	332	291

The Management assumes that there shall be no significant increase in credit losses despite the Covid-19 pandemic.

The following table shows the other non-current receivables:

	2020	2019
	KEUR	KEUR
Other non-current receivables	1 013	1 382
Long-term deposits	10 564	11 051
	11 577	12 433

The long-term deposits mainly consist of a deposit in connection with a lease for the building whereto the Parent moved in 2017. Other non-current receivables mainly include loans granted to related companies, which are disclosed in note 27.

The table below shows the current other receivables:

	2020	2019
	KEUR	KEUR
Deposits	502	510
Taxes	1 776	779
Withholding tax	257	257
Advance payments of corporate income tax	51	112
Other current receivables	867	1 660
	3 453	3 318

18. Cash and short-term deposits

	2020	2019
	KEUR	KEUR
Cash at banks and on hand	11 842	3 193
Short-term deposits	3 500	0
	15 342	3 193

Cash at banks earns interest at floating rates for balances that can be called on a daily basis. Short-term deposits are held for varying periods of between one day to six months, depending on the immediate cash requirements of the Group. Short-term deposits earn interest at the respective short-term deposit rates.

As of 31 December 2020, the Group had available KEUR 12,900 (2019: KEUR 4,541) of undrawn committed borrowing facilities.

Interest is paid both quarterly and semi-annually.

19. Equity

	2020	2019
	KEUR	KEUR
Issued capital	36	36
Retained earnings without other comprehensive result	90 810	99 835
Foreign currency translation reserve	-928	-369
Equity attributable to the equity holders of the parent	89 919	99 502
Non-controlling interests	607	576
Total equity	90 525	100 078

The issued capital of Croma-Pharma GmbH amounts to KEUR 36 as of 31 December 2020 (previous year: KEUR 36).

OTHER EQUITY COMPONENTS

Other equity components include changes in equity not affecting results as remeasurements according to IAS 19, currency translation differences and results from the subsequent valuation and remeasurement of financial instruments.

The individual components of other comprehensive income are reconciled with the other equity components as follows:

in KEUR	Other equity components	Exchange differences	Actuarial gains and losses according to IAS 19	Equity instruments at fair value through other comprehensive income
As of 1 January 2019	92	125	0	-34
Unrealised gains/losses from currency translation	-495	-495		
Actuarial gains and losses according to IAS 19	-55		-55	
Result from the remeasurement of financial instruments at fair value through other comprehensive income	285			285
As of 31 December 2019	-173	-370	-55	252
Unrealised gains/losses from currency translation	-559	-559		
Actuarial gains and losses according to IAS 19	23		23	
Result from the remeasurement of financial instruments at fair value through other comprehensive income	-478			-478
As of 31 December 2020	-1 187	-929	-32	-226

20. Distributions made and proposed

	2020	2019
	KEUR	KEUR
Dividends	191	302

In the fiscal year 2020, the Brazilian subsidiary (Croma Pharma Produtos Medicos Ltda) distributed a dividend of KEUR 191 to non-controlling interests. No distributions were made by the Parent to the equity holders in the fiscal year 2020.

The basis of the proposal for the appropriation of profits is the individual financial statements of the Company prepared in accordance with the provisions of the Austrian Company Code (UGB).
At the date of the preparation of the financial statements, there is not yet a proposal for the appropriation of profits for the fiscal year 2020.

21. Provisions

The table below shows the development of the Group's provisions:

	Severance payments	Long-service benefits	Corporate income tax
	KEUR	KEUR	KEUR
1 January 2020	531	399	1 263
Transfers	-96	0	0
Adjusted 1 January 2020	435	399	1 263
Allocation	39	88	700
Utilised	0	0	0
Release	-23	0	-1 576
Exchange differences	0	0	15
Transfers	0	0	0
31 December 2020	452	487	402
thereof current			402
thereof non-current	452	487	

	Legal and consulting fees	Premiums and commissions	Other	Total
	KEUR	KEUR	KEUR	KEUR
1 January 2020	65	1 810	193	4 261
Transfers	0	0	96	0
Adjusted 1 January 2020	65	1 810	288	4 261
Allocation	45	687	216	1 776
Utilised	-59	-426	-167	-652
Release	0	-788	-17	-2 404
Exchange differences	0	-8	-20	-14
Transfers	0	0	0	0
31 December 2020	51	1 274	300	2 967
thereof current	51	1 274	300	2 028
thereof non-current				939

The following table shows the expected use of provisions:

	≤ 1 year	1 - 5 years	> 5 years
Use	2 028		939

Essentially, other provisions include provisions for the fee of a speaker and the provision for the equalisation tax.

	Severance payments	Long-service benefits	Corporate income tax
1 January 2019	453	373	1 467
Allocation	196	26	218
Utilised	-118	0	-426
Release	0	0	0
Exchange differences	0	0	4
Transfers	0	0	0
31 December 2019	531	399	1 263
thereof current			1 263
thereof non-current	531	399	

	Legal and consulting fees	Premiums and commissions	Other	Total
1 January 2019	56	1 110	518	3 977
Allocation	56	1 514	224	2 234
Utilised	-47	-609	-534	-1 734
Release	0	-206	-14	-220
Exchange differences	0	0	-1	4
Transfers	0	0	0	0
31 December 2019	65	1 810	193	4 261
thereof current	65	1 810	193	3 331
thereof non-current				931

21.1 Obligations for pensions and similar obligations

Provision for severance payments

The obligations of the Group from provisions for severance payments mainly refer to employees in Austria. Smaller severance payment obligations are also recognised for the Group companies in France and Italy.

Obligations for severance payments for employees in Austria, who started an employment before 1 January 2003, are covered by defined benefit schemes. This involves onetime severance payments that must be paid to employees due to labour law regulations when employees are dismissed and regularly when employees retire. The amount depends on the number of service years and the amount of remuneration.

Obligations for severance payments for employees of foreign subsidiaries also represent onetime severance payments due to labour law regulations, which must be paid upon termination of the employment relationship. The amount of the entitlement depends on the service years and the amount of remuneration.

The table below contains details of severance payments made by the Parent:

	2020	2019
	KEUR	KEUR
Present value of obligations for severance payments	416	405

The following table shows the development of the present value of the defined benefit obligations:

	2020	2019
	KEUR	KEUR
Present value of obligations as of 1 January	435	360
Current service cost	35	16
Interest expense on the obligation	4	4
Expected obligation as of 31 December	474	380
Actual obligation as of 31 December	452	435
Remeasurement of the period (other comprehensive income)	-22	55
thereof due to financial assumptions	12	22
thereof experience adjustments	-34	33

The following table discloses the calculation of expenses for severance payments:

	2020	2019
	KEUR	KEUR
Current service cost	35	16
Net interest expense	4	4
Expenses from defined benefit plans in the statement of profit or loss	39	20
Remeasurement of the period (other comprehensive income)	-22	55
thereof due to financial assumptions	12	22
thereof experience adjustments	-34	33
Expenses from defined benefit plans in the statement of comprehensive income	17	75

The service cost is recognised in the consolidated statement of profit or loss within employee benefits expense; the interest cost is recognised under finance costs.

The following assumptions were made for the calculation of the severance payment expenses and the expected defined benefit obligation:

	2020	2019
Discount rate	0.50%	1.00%
Future increase of salaries and wages	3.00%	3.00%
Biometric actuarial bases	General Agreement 2018-P for white-collar employees	

Sensitivity analysis for severance payments - percentage change:

	2020	
Discount rate	-0.50%	1.50%
Future increase of salaries and wages	2.50%	3.50%

Sensitivity analysis for severance payments - absolute change:

	2020			
	Capital market interest rate		Future increase of salaries and wages	
	-0.50%	1.50%	2.50%	3.50%
Severance payments in KEUR	27	-24	-12	13

The average maturity profile is disclosed below:

	2020		
	1 year	2-5 years	6-10 years
Severance payments in KEUR	32	326	58

The sensitivity analysis is based on the change of one assumption with all other assumptions held constant. In reality, however, it is rather unlikely that these influencing variables are not correlated.

For employees in Austria who started an employment on or after 1 January 2003, contributions of 1.53% are paid to an external employee severance fund. The payments for this defined contribution plan were recognised within employee benefits expenses.

Provision for long-service benefits

The main actuarial parameters applied to the long-service benefit obligations are as follows:

	2020	2019
Capital market interest rate	0.5%	1.0%
Future increase of salaries and wages	3.0%	3.0%
Fluctuation discounts	Age-dependent between 8.7% and 0.15%	

All expenses related to the long-service benefits provision are recognised under employee benefits expense.

	2020	2019
Recognised under employee benefits expense	88	26
Current service cost	66	66
Actuarial losses	18	-46
Net interest expense	4	6

The following table shows the development of the provision for long-service benefits:

	2020	2019
As of 1 January	399	373
Current service cost	66	66
Net interest	4	6
Actuarial changes arising from changes		
in demographic assumptions	0	-103
in financial assumptions	38	42
Experience adjustments	-20	13
Expenses and income recognised in the consolidated statement of profit or loss	88	26
As of 31 December	487	399

22. Government grants

	2020	2019
	KEUR	KEUR
Research grant	2 079	3 127
Allowance to overheads	1 574	0
Government grants	3 653	3 127

The government grants include, on the one hand, the tax research grants for the fiscal years 2019 and 2020, and, on the other hand, the allowances to overheads I and II due to the Covid-19 pandemic. The allowances to overheads I and II concerning the fiscal year 2020 were applied for at the relevant authority in the fiscal year 2021. At the time of the preparation of the statement of financial position, the applications submitted is still under review and no payments have yet been made. The income from the allowances to overheads was recognised in the statement of profit or loss within the item "other operating income".

23. Trade and other payables

	2020	2019
	KEUR	KEUR
Trade payables	4 639	9 704
Tax liabilities	1 097	1 175
Social security liabilities	691	670
Other payables	3 956	5 187
	10 384	16 736

Trade payables mainly comprise outstanding amounts for the supply of trade goods as well as current costs. Trade and other payables are non-interest bearing and are generally due between 10 and 90 days. Part of the trade payables are investment liabilities with an amount of KEUR 70 (previous year: KEUR 17).

24. Leases

The Group has non-current lease contracts for real estate, technical equipment and vehicles that it uses during its business operations.

The terms and conditions of the substantial lease contracts can be summarised as follows:

- Real estate: Lease contracts for real estate usually have a term of between 2 and 18 years.
- Machinery and technical equipment: For technical equipment, the term is between 5 and 10 years.
- Vehicles: The term for vehicles is usually between 3 and 5 years.

The obligations of the Group under its lease contracts are secured by the ownership of the leased assets by the lessor. The transfer and sub-leasing of the leased assets by the Group is prohibited. In addition, some agreements require the Group to comply with certain financial covenants.

The following table shows the carrying amounts of the recognised right-of-use assets and the changes during the reporting period:

	Real estate	Machinery	Vehicles	Total
	KEUR	KEUR	KEUR	KEUR
As of 1 January 2019	0	18 305	0	18 305
Additions	29 662	4 024	1 133	34 818
Disposals	0	-198	-7	-206
Depreciation expense	-1 647	-2 438	-352	-4 438
As of 31 December 2019	28 015	19 692	774	48 480
Additions	296	0	466	762
Disposals	-90	0	-40	-129
Exchange differences	-35	0	-33	-68
Depreciation expense	-1 628	-2 692	-358	-4 678
As of 31 December 2020	26 558	17 000	809	44 367

The following table shows the carrying amounts of the lease liabilities and the change during the reporting period:

	2020	2019
	KEUR	KEUR
As of 1 January	48 631	18 211
Additions	341	34 715
Interest accrual	686	694
Payments	-4 842	-4 989
As of 31 December	44 816	48 631
thereof current	43 503	5 709
thereof non-current	1 313	42 922

The following table shows the maturity analysis of lease liabilities in KEUR:

	≤ 1 year	1-5 years	> 5 years
Lease liabilities	43 503	1 152	162

Previous year:

	≤ 1 year	1-5 years	> 5 years
Lease liabilities	5 709	18 548	24 374

The following amounts were recognised through profit or loss in the reporting period:

	2020	2019
	KEUR	KEUR
Depreciation expense for right-of-use assets	4 678	4 438
Interest expenses for lease liabilities	686	694
Current lease expenses	62	235
Total amount recognised through profit or loss	5 364	5 132

The difference between the total amount recognised through profit or loss in the 2020 and fiscal year 2019s is related to a correction of errors, which are explained in note 2.5.

The Group's cash outflows for lease liabilities amounted to KEUR 4,841 in 2020 (2019: KEUR 4,989).

25. Auditor's fees

The fees paid for services of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Vienna, can be broken down as follows:

	2020
	KEUR
Audit of the financial statements	54
Tax consultancy services	50
Total	104

Due to the enhanced audit effort and the additional costs incurred as a result, there will be a subsequent settlement after the completion of the audit d.

In 2019, the financial statements were audited by the company: STEIRER MIKA & COMP. Wirtschaftstreuhandges.m.b.H. The fees for services provided by STEIRER MIKA & COMP. Wirtschaftstreuhandges.m.b.H. for the year 2019 are as follows:

	2019 KEUR
Audit of the financial statements	52
Tax consultancy services	50
Total	102

26. Commitments and contingencies

COMMITMENTS
As guarantor Croma-Pharma GmbH is liable jointly with the lessee towards the lessor for all obligations of the lessee arising from the real estate lease contract concluded between IBA Immobilien GmbH and a leasing company. IBA Immobilien GmbH has outstanding payment obligations pursuant to the real estate lease contract in the amount of KEUR 24,037.

LEGAL CLAIMS
As of 31 December 2020, there were no pending legal claims within the Group.

GUARANTEES
The Group has not issued any guarantees as of the balance sheet date of 31 December 2020.

27. Related party disclosures

In the normal course of business, there are also trade relationships with related parties. Contractual agreements exist. The fee is settled at market prices. Business relationships between parent and subsidiaries are subject to the intra-group transfer pricing guideline.

Related parties of Croma-Pharma GmbH specifically include the companies IBA Immobilien GmbH and H&P Ambulatorien Betriebsgesellschaft m.b.H, including their corporate bodies, as well as the close family of the members of the corporate bodies. (see note 28 for more details)

The companies IBA Immobilien GmbH and H&P Ambulatorien GmbH are related parties. The beneficial owners of Croma-Pharma GmbH correspond to the beneficial owners of IBA Immobilien GmbH. A managing director of Croma-Pharma GmbH is married to the managing director of H&P Ambulatorien Betriebsgesellschaft m.b.H.

The following table shows the total amount of transactions with related parties in the relevant fiscal year:

		Sales to related parties	Purchases from related parties	Finance income	Receivables	Liabilities
		KEUR	KEUR	KEUR	KEUR	KEUR
H&P Ambulatorien Betriebsgesellschaft m.b.H.	2020	17	709	7	457	0
	2019	48	636	8	569	0
IBA Immobilien GmbH	2020	0	1,824	15	847	0
	2019	0	1,731	19	947	0
Member of the Management Board	2020	0	28	2	133	0
	2019	0	27	0	130	0

A general agreement for the provision of various services was agreed between the Parent and H&P Ambulatorien Betriebsgesellschaft m.b.H. On the basis of this general agreement, H&P Ambulatorien Betriebsgesellschaft m.b.H. mainly carried out marketing-related studies in the fiscal year and charged them to the Group.

Conversely, H&P Ambulatorien Betriebsgesellschaft m.b.H. also purchased products from the Parent.

A lease contract for the use of a property was agreed between a member of the Management Board and the Parent.

The Group entered into a lease contract with IBA Immobilien GmbH for the headquarters of Croma-Pharma GmbH (land and office real estate). The contract has no fixed term and can be terminated at the end of each quarter with a notice period of six months. However, the Group waived the right to terminate the agreement until mid-2037. The amounts shown within liabilities in the table above correspond to the lease liabilities recognised as of the corresponding reporting date. Purchases from related parties include payments made under the lease in the corresponding fiscal year.

The following table shows the total amount of receivables from loans and borrowings and the interest income with related parties in the relevant fiscal year:
31/12/2020:

	Loan and borrowing	Interest
	KEUR	KEUR
IBA Immobilien GmbH	832	15
H&P Ambulatorien Betriebsgesellschaft m.b.H.	450	7
Member of the Management Board	133	2

31/12/2019:

	Loan and borrowing	Interest
	KEUR	KEUR
IBA Immobilien GmbH	928	19
	550	8
H&P Ambulatorien Betriebsgesellschaft m.b.H. Member of the Management Board	130	0

In the fiscal year 2017, the Parent granted three loans to H&P Ambulatorien Betriebsgesellschaft m.b.H. totalling KEUR 550. The loan shall be repaid in 10 semi-annual instalments amounting to KEUR 55 each. As of 31 December 2020, the borrower defaulted with KEUR 65. This backlog was cleared until the preparation of the statement of financial position. This loan is unsecured. Interest is paid at a fixed rate of 1.45% p.a.

Furthermore, the Parent concluded a loan agreement with IBA Immobilien GmbH in the amount of KEUR 1,690 in the fiscal year 2013. The loan shall be repaid in 180 monthly instalments of KEUR 8 each. The outstanding loan amount as of 31 December 2020 corresponds to the contractually agreed payment schedule. This loan is unsecured. Interest is paid at a fixed rate of 2% p.a.

The Parent granted a loan in the amount of KEUR 529 to a member of the Management Board in the fiscal year 2015, which is being repaid on an ongoing basis. It is scheduled that the repayment of the outstanding loan balance shall be offset against the severance payment entitlement at retirement. This loan is unsecured. Interest is paid on a EURIBOR basis plus 1.25% p.a.

Loans to related parties are recognised within other non-current receivables in the statement of financial position.

Relationships with members of the Management Board and members of the Supervisory Board of Croma-Pharma GmbH.

The remuneration paid to the key management members, which consist of the active members of the Management Board of Croma-Pharma GmbH, within the scope of their positions, is summarised as follows:

	2020	2019
Remuneration of the Management Board		
Basic salary	1 654	1 652
Benefits in kind and other benefits	15	12
Current variable performance bonus	58	658
Benefits due in the short term	1 721	2 321
Remuneration of the Management Board	1 721	2 321
Remuneration of the Supervisory Board	0	0
Total	1 721	2 321

In the fiscal year, as in the previous year, no expenses were incurred for members of the Supervisory Board.

28. Corporate bodies

Members of the Management Board:
- Mag. Gerhard Prinz
- Mag. Martin Prinz
- Mag.pharm Andreas Prinz
- Mag. Martin Schöller

Members of the Supervisory Board:
- Mag. Iris Burgstaller (chairperson)
- Mag. Stefan Schmuckenschlager (deputy)
- Dr Jürgen Kittel

29. Events after the reporting period

The following events occurred between the balance sheet date of 31 December 2020 and the preparation of the financial statements on 30 July 2021:

APPLICATION FOR AN ALLOWANCE TO OVERHEADS

Due to the Covid-19 pandemic, the Parent was able to apply for an allowance to overheads in Austria. At the time of the preparation of the consolidated statement of financial position, the application is still under review by the competent authority.

INVESTMENT SUN CRO AESTHETIC & COSMETIC INTERNATIONAL CO. LIMITED (HONGKONG)

The Group holds a 25.1% investment in the company Sun Cro Aesthetic & Cosmetic International Co. Limited. In November 2020, it was resolved that this company would be liquidated and thereby, the investment was depreciated to EUR 1.00 in 2020. The liquidation had not been completed at the preparation date of the consolidated financial statements.

INVESTMENT INTERNATIONAL AESTHETIC BIOTECH LTD (HONGKONG)

A distribution agreement was concluded with a Chinese partner in July 2020 within a sales cooperation, including the foundation of the joint venture. The foundation and registration of the joint venture was completed in March 2021 and the share capital was paid in April 2021. Croma Pharma holds a 20% of the shares in the joint venture.

Leobendorf, July 30, 2021

Croma-Pharma GmbH

Management Board

Mag.pharm Gerhard Prinz mp

Mag.pharm Martin Prinz mp

Mag.pharm Andreas Prinz mp

Mag. Martin Schöller mp

TRANSLATION

AUDITOR'S REPORT *)

Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of

Croma-Pharma GmbH, Leobendorf,

and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of December 31, 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section, the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present, with this qualification, fairly, in all material respects, the assets and the financial position of the Group as of December 31, 2020 and cashflows and its financial performance for the year then ended in accordance with the International Financial Reportings Standards (IFRSs) as adopted by EU, and the additional requirements under Section 245a Austrian Company Code UGB.

Basis for Qualified Opinion

By shareholders' resolution dated July 17, 2020, we were appointed as auditors of Croma-Pharma GmbH as of December 31, 2020 for the first time. Therefore, it was not possible for us to participate observationally in the inventory stock taking as of December 31, 2019. In addition, we were unable to obtain sufficient audit assurance on the recognition, valuation and presentation of inventories as of December 31, 2019 through alternative audit procedures. Since the opening balance values of the inventories affect the financial performance, we are not able to determine whether this would have necessitated corrections in the statement of profit or loss for the financial year 2020. We are therefore not in the position to express a final audit opinion on the financial performance of the Company for the financial year 2020.

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for our opinion by this date.

Emphasis of Matters

Without further qualifying the audit opinion, we draw attention to the fact that the existing financing and leasing agreements of Croma-Pharma GmbH contain financial covenants that were not met as of December 31, 2020. Non-compliance with the financial covenants entitles the financing and leasing providers to terminate the respective agreement. Hence, covenant waivers were agreed with the financing and leasing providers in 2021 in order to prevent the termination of the agreements. However, individual covenant waivers were only granted, provided that certain conditions must be met by September 30, 2021. In this respect, a guarantee letter was therefore issued by the owners of the parent company in July 2021 to guarantee the fulfilment of the waiver conditions as well as compliance with the financial covenants. In this context, we refer to the explanations in chapter "15.2 Financial liabilities and interest-bearing loans" in the notes.

Furthermore, we draw attention to the fact that the recoverability of significant balance sheet items (intangible assets, non-current financial assets) depends on the achievement of the planning assumptions made by the Executive Management in the short- to medium-term budget planning of the Company. If the Company does not succeed in achieving the planning targets, then this could raise significant doubts about the recoverability of these assets and necessitate corresponding impairments. In this context, we refer to chapter 14 "Goodwill and Intangible assets with indefinite useful life" and chapter 15 "Financial assets and financial liabilities" in the notes.

In addition, during our audit of the consolidated financial statements as of December 31, 2020, we have identified material errors and misstatements in the audited consolidated financial statements as of December 31, 2019. These errors and misstatements were corrected in the financial year 2020 in accordance with IAS 8. In this context, we refer to chapter "2.5 Corrections of errors" in the notes.

Other Matter

Furthermore, we draw attention to the fact that the consolidated financial statements of Croma-Pharma GmbH for the financial year ended December 31, 2019 were audited by another auditor, who expressed an unmodified audit opinion on those consolidated financial statements on April 8, 2020.

Responsibilities of Management and of the Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU, and the additional requirements under Section 245a Austrian Company Code UGB for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Austrian Standards on Auditing, which require the application of ISA, always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated 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 Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board 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.

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the management report for the Group was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report for the Group in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the management report for the Group.

Opinion

In our opinion, the management report for the Group was prepared in accordance with the valid legal requirements and is consistent with the consolidated financial statements.

TRANSLATION

Statement

Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the management report for the Group came to our attention.

Vienna, on July 30, 2021

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher mp
Wirtschaftsprüfer / Certified Public Accountant

ppa Mag. Gerald Steckbauer mp
Wirtschaftsprüfer / Certified Public Accountant

*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the consolidated financial statements together with our auditor's opinion is only allowed if the consolidated financial statements and the management report for the Group are identical with the German audited version. This audit opinion is only applicable to the German and complete consolidated financial statements with the management report for the Group. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.