

HALF-YEAR REPORT 2023

European Healthcare
Acquisition & Growth
Company B.V.



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INTERIM BOARD REPORT

This half-year report of European Healthcare Acquisition & Growth Company B.V. (the “**Company**”) for the first six months of its financial year 2023 consists of the interim report of the board of directors of the Company (the “**Board**” and such report the “**Interim Board Report**”), including the responsibility statement, other mandatory statements by the Board, the unaudited interim condensed financial statements of the Company (the “**Interim Financial Statements**”) and the accompanying notes (the “**Half-Year Report**”).

1. ABOUT EUROPEAN HEALTHCARE ACQUISITION & GROWTH COMPANY B.V.

1.1. General

European Healthcare Acquisition & Growth Company B.V. was incorporated on 9 July 2021 in Amsterdam, the Netherlands, as a Dutch operators-led special purpose acquisition company incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with its business address in Munich, Germany.

The Company's Class A Ordinary Shares (as defined below) were admitted to listing and trading on Euronext Amsterdam (the “**Admission**”), the regulated market operated by Euronext Amsterdam N.V. (“**Euronext Amsterdam**”) on 18 November 2021 pursuant to a private placement (the “**Private Placement**”) in which it raised €200 million in gross proceeds (the “**Proceeds**”) in accordance with the terms and conditions set out in the Company's prospectus which was issued on 16 November 2021 (the “**Prospectus**”). Payment for the Class A Ordinary Shares and the Public Warrants (as defined below) (“**Settlement**”) took place on 22 November 2021 (the “**Settlement Date**”).

The Company has been established for the purpose of entering into a business combination with an operating business in the form of a merger, share exchange, asset acquisition, share purchase, reorganisation or similar business combination with, or acquisition of, one or more target companies or businesses with the purpose of creating a single business (a “**Business Combination**”). The Company intends to focus on companies or businesses with principal 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 (the “**Specific Healthcare Sectors**”). The Company intends to acquire the shares in one or more target companies and subsequently provide management services to the target(s) for remuneration.

Pursuant to the Prospectus, EHC has until 17 November 2023 to complete a business combination (the “**Business Combination Deadline**”).

If the Company intends to complete a Business Combination, it will convene a general meeting and propose the Business Combination for consideration and approval by the Class A Ordinary Shareholders (as defined below) and the holders of Founder Shares (as defined below) (the “**Business Combination EGM**”). The resolution to effect a Business Combination will require the prior approval by a majority of at least (i) a simple majority of the votes cast or (ii) in the event that the Business Combination is structured as a merger, a two-thirds majority of the votes cast if less than half of the issued share capital is present or represented at the Business Combination EGM.

Since the Private Placement, the Board has been focusing on finding the right target company for the Company. The Board has had early-stage as well as more advanced discussions with a number of potential target companies. As disclosed on 22 December 2022, the Company entered into a business combination agreement with Croma-Pharma GmbH ("**Croma**") and the Croma shareholders (the "**Business Combination Agreement**"). EHC decided to remove the voting items on the agenda of the general meeting of 27 June 2023 relating to the entering into and approval of the business combination with Croma. This decision was based on the results of the redemption period and secured private investments in public equity ("**PIPE**") proceeds as well as further discussions with potential investors, EHC's shareholders, Croma and the Croma shareholders. Such discussions did not result in sufficient PIPE proceeds or a further amendment of the minimum cash condition. Eventually, EHC, Croma and the Croma shareholders decided on 7 August 2023 to terminate the Business Combination Agreement and their discussions due to differing views on the valuation of Croma at that moment. At the date of this Half-Year Report, the Company has not yet selected a new target company that could be proposed to the Business Combination EGM.

On 20 September 2023 the Board announced that it intends to convene an extraordinary general meeting to request EHC's shareholders to extend the Business Combination Deadline. The Board furthermore announced that it will launch a redemption offer for the Class A Ordinary Shares and seek the approval of the holders of the Public Warrants (as defined below) to have the Public Warrants expire worthless immediately following the initial Business Combination Deadline, i.e. 17 November 2023. Upon expiry of the Public Warrants the Sponsors (as defined below) will forfeit their Sponsor Warrants (as defined below).

1.2. Company structure

1.2.1. Sponsors

The founders of the Company are BAUR I&C GmbH, RNRI GmbH, CCC Investment GmbH, SO I GmbH, PS Capital Management GmbH and Winners & Co. GmbH (the "**Sponsors**") which are affiliates of the Company's directors, Dr Cornelius Baur, Dr Thomas Rudolph, Dr Axel Herberg, Dr Stefan Oschmann, Mr Peer M. Schatz and Mr Stefan Winners, respectively.

1.2.2. Capital structure

The Sponsors hold 6,666,666 convertible class B shares in the share capital of the Company, at a nominal value of €0.01 per share (the "**Founder Shares**"). The Founder Shares represent 25% of the Company's voting rights (not taking into account any Treasury Shares (as defined below)).

The Company has completed its Private Placement for the issuance of 20,000,000 public units (the "**Public Units**" and each a "**Public Unit**") at a price per Public Unit of €10.00. Each Public Unit consists of: (i) one class A ordinary share in the share capital of the Company with a nominal value of €0.01 per share (the "**Class A Ordinary Shares**", and each a "**Class A Ordinary Share**", also referred to as the "**Public Shares**" or the "**redeemable Ordinary Shares**", and a holder of one or more Class A Ordinary Shares, a "**Class A Ordinary Shareholder**"); and (ii) one-third ($\frac{1}{3}$) of a redeemable class A warrant (each whole warrant a "**Public Warrant**" and together the "**Public Warrants**", also referred to as the "**Market Warrants**").

Class A Ordinary Shareholders may redeem all or a portion of their Class A Ordinary Shares upon the completion of the Business Combination, subject to complying with applicable law and satisfaction of certain conditions. The gross repurchase price of a Class A Ordinary Share in connection with a Business Combination is equal to its pro rata share of funds in the Escrow Account

(as defined below) determined two trading days prior to the Business Combination EGM, which is anticipated to be €10.00 per Class A Ordinary Share.

At 30 June 2023, the issued share capital of the Company consisted of 170,000,000 Class A Ordinary Shares, of which the Company holds 150,000,000 Class A Ordinary Shares (the “**Treasury Shares**”), representing approximately 96.23% of the aggregate issued share capital, and 6,666,666 Founder Shares, representing approximately 3.77% of the aggregate issued share capital.

1.3. The Board

The Company maintains a one-tier board consisting of executive and non-executive directors. The executive directors are responsible for the day-to-day management of the Company. The non-executive directors supervise and advise the executive directors. The Board as a whole is responsible for the strategy and the management of the Company. Since the Admission, the Board has comprised two executive directors (the “**Executive Directors**”) and four non-executive directors (the “**Non-Executive Directors**”, and together with the Executive Directors, the “**Directors**”).

The Board is comprised of professionals with experience in management, venture capital, healthcare and capital markets. The Company intends to leverage the Directors’ extensive operational capabilities, significant investment experience and global networks to both identify a pipeline of opportunities and drive value in the Business Combination.

Dr Cornelius Baur is the Chief Executive Officer of the Company (“**CEO**”) and is also the Company’s compliance officer. Dr Thomas Rudolph is the Chief Investment Officer of the Company (“**CIO**”) and the company secretary. Mr Stefan Winners is a Non-Executive Director and the chairman of the Board (“**Chairman**”). Mr Peer M. Schatz, Dr Axel Herberg and Dr Stefan Oschmann are the other Non-Executive Directors.

More information about the Company, including the Prospectus, can be found on the Company’s website, www.ehc-company.com, in the ‘Investor Relations’ section.

2. OVERVIEW

During the period from 1 January 2023 up to and including 30 June 2023 (the “**Period**”), the Company has been focusing on the preparation of the envisaged completion of the Business Combination with Croma and an amendment of the terms of the Business Combination, which process was terminated on 7 August 2023. The Company has until the Business Combination Deadline to complete a Business Combination, unless the time to consummate a Business Combination will be extended as announced in the Prospectus and the press release of 20 September 2023. During the Period no important events have happened in relation to the Company with a significant impact on the half-year figures that should be reported pursuant to the applicable legislation.

3. FINANCIAL HIGHLIGHTS AS AT 30 JUNE 2023

| | |
|---|-------------------|
| Escrow Account balance | €203.6 million |
| Bank Account balance: | €616 thousand |
| Shareholders’ equity | - €2,161 thousand |
| Class A Ordinary Share price (Euronext) | €9.95 |

Warrant price (Euronext) (based on December 2021 trade) €0.25

4. COSTS

The Sponsors have provided €12.8 million to the Company through the purchase of the Founder Shares, the Founder Warrants (as defined below) and the Additional Sponsor Subscription (as defined below).

At Settlement, the Sponsors: (i) paid an additional purchase price for the Founder Shares in the aggregate amount of €1,400,000, to, inter alia, cover remuneration costs during the first 12 months after the Settlement; (ii) subscribed for 5,128,000 class B warrants at a price of €1.50 per warrant (the “**Founder Warrants**”) (up to €7,692,000 in the aggregate) in a separate private placement that occurred on the Settlement Date (the “**Sponsors Capital At-Risk**”) which Sponsors Capital At-Risk are and will be used to finance the Company’s working capital requirements and other running costs and expenses, except for some commissions as further detailed in the Prospectus that are and will be, if and when due and payable, paid from the Escrow Account (as defined below), until the completion of the Business Combination; and (iii) subscribed to 1,640,000 Founder Warrants which were issued to the Sponsors at Settlement at a price of €1.50 per Founder Warrant, for an aggregate purchase price of €2,460,000 (the “**Additional Sponsor Subscription**”). The proceeds of the Additional Sponsor Subscription are, and will be, used to cover any negative interest, up to an amount equal to the proceeds from the Additional Sponsor Subscription to allow, in case of a liquidation of the Company after expiry of the Business Combination Deadline or in case of redemptions of Class A Ordinary Shares in the context of a Business Combination, for a redemption of up to €10.00 per Class A Ordinary Share. As the Company did not consummate a Business Combination within the first 12 months, the Sponsors paid an additional purchase price for the existing Founder Warrants amounting to €1,205k that was used to pay the Company’s remuneration costs becoming payable after the first 12 months. The payment of the additional purchase price did not result in the issuance of any additional Founder Warrants.

The operating expenses incurred by the Company during the Period include amongst others personnel costs and other operating expenses and amounted to €2.0 million. The operating profit for the Period was €3.99 million.

Due to the announcement of EHC on 26 June 2023 not to have the general meeting resolve upon the Business Combination with Croma, the Directors waived their annual fee for the period from 1 July, 2023 until the earlier of (i) the completion of a Business Combination or (ii) a resolution of the general meeting resolving upon the liquidation of the Company, in each case by mid November 2023 (the “**Waiver**”). If the general meeting of the Company will resolve to extend the Business Combination Deadline, the Directors will extend the Waiver until the end of the extended Business Combination Deadline, in order to reduce costs in this period. Reassessment of the Waiver may take place in the event of extensive discussions with one or more potential target companies.

5. ESCROW

The Proceeds are held on an escrow account held at Deutsche Bank Aktiengesellschaft (the “**Escrow Account**”). The Escrow Account was subject to a positive interest rate of 1.89% on 1 January 2023. The interest rate applicable to the Escrow Account increased during the Period to

2.39% on 8 February 2023, to 2.89% on 22 March 2023, to 3.14% on 10 May 2023 and to 3.39% on 21 June 2023. On 30 June 2023, the amount on the Escrow Account amounted to €203.6 million.

6. AUDITOR'S INVOLVEMENT

The Interim Financial Statements for the Period have not been audited or reviewed by the Company's statutory auditor. Accordingly, all information included in this Half-Year Report has not been audited or reviewed by an external auditor.

7. RISKS AND UNCERTAINTIES

7.1 RISKS AND UNCERTAINTIES

Please refer to pages 12-23 of the Company's annual report for its financial year ending on 31 December 2022 (the "**Annual Report 2022**") for the Company's principal risks and uncertainties, and to pages 45 and 46 of the Prospectus for a cautionary note regarding forward-looking statements.

Although the risks and uncertainties as reported in the Annual Report 2022 remain applicable, inflation rates, interest rates and the volatility of the financial markets have increased significantly, and financing conditions have tightened. It cannot be ruled out that these developments lead to a further deterioration of financial markets, which might have negative effects on the Euro currency and on financial institutions (including banks in the eurozone). These developments may have an adverse impact on the Company's ability to proceed with a Business Combination, and the potential impact of such further deterioration is high. Regarding the risk that financial institutions would be so significantly affected by the current developments that this might have a negative impact on the Company's assets, we expect a low likelihood and a high financial impact.

In addition, the envisaged extension of the Business Combination Deadline is subject to shareholder approval. Consequently, there will be uncertainty whether this approval will be obtained until the relevant general meeting. If the general meeting will not approve the extension of the Business Combination Deadline, the Company will be liquidated.

Additional risks not known to us, or currently believed not to be material, could later turn out to have a material impact on our business, revenue, assets, liquidity, capital resources or net income. The Company's risk management objectives and policies are consistent with those disclosed in the Prospectus.

8. RELATED PARTY TRANSACTIONS

The Company has a related party transactions policy providing for procedures for directors to notify a potential related party transaction (the "**Related Party Transactions Policy**"). Potential related party transactions shall be subject to review by and prior approval of the Non-Executive Directors in accordance with Dutch law. The Non-Executive Directors may approve the related party transaction only if they determine that it is in the interests of the Company and its stakeholders.

Related party transactions include transactions between the Group and "related parties" as defined in the Related Party Transactions Policy, including one or more shareholders representing 10% of the issued share capital in the Company, a director and any parties qualifying as such in accordance with IFRS.

During the Period, the Company entered into the following related party transactions:

- fixed fees for the Executive Directors (€470k); and
- fixed fees for the Non-Executive Directors (€180k).

The Executive Directors and the Non-Executive Directors have signed the Waiver relating to their annual fees (please refer to paragraph 4).

9. RESPONSIBILITY STATEMENT

The Board confirms, in accordance with section 5:25d, paragraph 2, sub c, of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*; the “**Dutch FSA**”) that, to the best of its knowledge:

- the Interim Financial Statements, which have been prepared in accordance with IAS 34 (Interim Financial Reporting), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Interim Board Report gives a fair review of the information required pursuant to section 5:25d, paragraph 8 and 9, Dutch FSA.

On behalf of the Board of
European Healthcare Acquisition & Growth Company B.V.

27 September 2023

Stefan Winners, Non-Executive Director and Chairman of the Board
Dr Cornelius Baur, Executive Director and Chief Executive Officer
Dr Axel Herberg, Non-Executive Director
Dr Stefan Oschmann, Non-Executive Director
Dr Thomas Rudolph, Executive Director
Peer Schatz, Non-Executive Director

EUROPEAN HEALTHCARE ACQUISITION & GROWTH COMPANY B.V.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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European Healthcare Acquisition & Growth Company B.V.

**Interim condensed statement of profit or loss and other comprehensive income
for the six months ended 30 June**

| | | <u>2023</u> | <u>2022</u> |
|---|--------------|----------------------|-----------------------|
| | | Unaudited | Unaudited |
| | | €000 | €000 |
| | Notes | | |
| Personnel expenses | | (550) | (620) |
| Deferred underwriting fee | | 6,000 | 0 |
| Other operating expenses | | <u>(1,461)</u> | <u>(760)</u> |
| Operating profit / (loss) | | 3,989 | (1,380) |
| Fair value adjustments of warrants | 7.3, 7.4 | 20,917 | 480 |
| Effective interest on ordinary shares subject to redemption | 7.1 | (3,174) | (2,985) |
| Interest income | | 2,694 | 0 |
| Interest expenses | | <u>(2,004)</u> | <u>(624)</u> |
| Finance income / (costs), net | | 18,433 | (3,129) |
| Profit / (loss) for the period | | <u>22,422</u> | <u>(4,509)</u> |
| Other comprehensive income | | <u>0</u> | <u>0</u> |
| Total comprehensive income / (loss) for the period, net of tax | | <u>22,422</u> | <u>(4,509)</u> |
| Earnings per share | | | |
| Basic and diluted earnings per share | | 3.36 | (0.68) |

The accompanying notes form an integral part of these interim condensed financial statements.

European Healthcare Acquisition & Growth Company B.V.

Interim condensed statement of financial position

as at

| | | <u>30 June 2023</u> | <u>31 December 2022</u> |
|-------------------------------------|--------------|-----------------------|-------------------------|
| | | Unaudited | Audited |
| | | €000 | €000 |
| | Notes | | |
| Assets | | | |
| Current assets | | | |
| Other receivables | | 1,367 | 290 |
| Deferred cost | | 115 | 249 |
| Cash and cash equivalents | 5 | 204,256 | 204,316 |
| | | <u>205,738</u> | <u>204,855</u> |
| Total assets | | <u><u>205,738</u></u> | <u><u>204,855</u></u> |
| Equity and liabilities | | | |
| Equity | | | |
| Issued capital | | 67 | 67 |
| Share premium | 7.5 | 7,971 | 7,971 |
| Accumulated deficit | | <u>(10,199)</u> | <u>(32,621)</u> |
| Total equity | | <u>(2,161)</u> | <u>(24,583)</u> |
| Current liabilities | | | |
| Redeemable ordinary shares | 7.1 | 197,677 | 194,503 |
| Market warrants | 7.3 | 4,747 | 14,227 |
| Founder warrants | 7.4 | 1,435 | 12,872 |
| Trade and other payables | | 2,036 | 1,836 |
| Deferred underwriting fee | | 0 | 6,000 |
| Interest payable | 5 | 2,004 | 0 |
| | | <u>207,899</u> | <u>229,438</u> |
| Total liabilities | | <u>207,899</u> | <u>229,438</u> |
| Total equity and liabilities | | <u><u>205,738</u></u> | <u><u>204,855</u></u> |

The accompanying notes form an integral part of these interim condensed financial statements.

European Healthcare Acquisition & Growth Company B.V.

Interim condensed statement of changes in equity
for the six months ended 30 June 2023

| | Issued capital (Note 7.5) €000 | Share premium (Note 7.5) €000 | Accumulated deficit (Note 7.5) €000 | Total equity €000 |
|--|---|--|--|-------------------------|
| At 1 January 2022 | 67 | 6,767 | (2,526) | 4,308 |
| Loss for the period | 0 | 0 | (30,095) | (30,095) |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total comprehensive loss | 0 | 0 | (30,095) | (30,095) |
| Additional share premium | 0 | 1,205 | 0 | 1,205 |
| At 31 December 2022 | 67 | 7,971 | (32,621) | (24,583) |
| Income for the period | 0 | 0 | 22,422 | 22,422 |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total comprehensive loss | 0 | 0 | 22,422 | 22,422 |
| At 30 June 2023 (unaudited) | 67 | 7,971 | (10,199) | (2,161) |

The accompanying notes form an integral part of these interim condensed financial statements.

European Healthcare Acquisition & Growth Company B.V.

Interim condensed statement of cash flows

for the six months ended 30 June

| | | <u>2023</u> | <u>2022</u> |
|--|--------------|------------------|------------------|
| | | <u>Unaudited</u> | <u>Unaudited</u> |
| | | €000 | €000 |
| | Notes | | |
| Operating activities | | | |
| Income / (Loss) for the period | | 22,422 | (4,509) |
| Adjustments to reconcile net loss to cash flows: | | | |
| Fair value adjustments of warrants | 7.3, 7.4 | (20,917) | (480) |
| Effective interest on ordinary shares subject to redemption | 7.1 | 3,174 | 2,985 |
| Interest expense / (income), net | | (690) | 624 |
| Working capital adjustments: | | | |
| Decrease (+) / increase (-) in deferred costs | | 134 | 140 |
| Decrease (-) in deferred underwriting fees | | (6,000) | 0 |
| Decrease (+) / increase (-) in other working capital | | 236 | (244) |
| Net cash flows from operating activities | | <u>(1,641)</u> | <u>(1,484)</u> |
| Financing activities | | | |
| Transaction costs related to issuance of ordinary shares | | 0 | (1,430) |
| Transaction costs related to issuance of founder shares | | 0 | (2) |
| Interest received / (paid), net | | 1,581 | (651) |
| Net cash flows from financing activities | | <u>1,581</u> | <u>(2,083)</u> |
| Net decrease / increase in cash and cash equivalents | | (60) | (3,567) |
| Cash and cash equivalents at 1 January | | <u>204,316</u> | <u>207,892</u> |
| Cash and cash equivalents at 30 June | | <u>204,256</u> | <u>204,325</u> |

The accompanying notes form an integral part of these interim condensed financial statements.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

EHC was incorporated on 9 July 2021 in Amsterdam, the Netherlands, as a Dutch operators-led special purpose acquisition company incorporated under the laws of the Netherlands as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with its business address in Munich, Germany. These unaudited interim condensed financial statements of the Company for the period from 1 January 2023 up to and including 30 June 2023 were authorised for issue in accordance with a resolution of the Board on 27 September 2023.

The Company is registered with the Netherlands Chamber of Commerce under the number 83366180 since 9 July 2021. The registered office of the Company is located at Theresienhoehe 28, 80339 Munich, Germany.

EHC was admitted to listing and trading on the regulated market of Euronext Amsterdam on 18 November 2021 pursuant to a private placement in which it raised €200 million in gross proceeds in accordance with the terms and conditions set out in the Company's Prospectus which has been issued on 16 November 2021.

The Company has 20,000,000 redeemable Ordinary Shares issued and outstanding as at 30 June 2023 which are traded on the regulated market of Euronext Amsterdam under the symbol "EHCS" since 18 November 2021. Likewise, the Company's 6,666,666 Market Warrants are also traded on the regulated market of Euronext Amsterdam under the symbol "EHCW".

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The unaudited interim condensed financial statements as at and for the period ended on 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all the information for a complete set of IFRS financial statements and should be read in conjunction with the Annual Report 2022 for the period from 1 January 2022 to 31 December 2022 and the Prospectus. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in EHC's financial position and performance since the last financial statements.

In accordance with the articles of association the reporting year is the calendar year.

Following the Business Combination, the Company intends to provide management services to the target(s) for remuneration. The Company's operations are not affected by significant seasonal or cyclical patterns.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.2. Going concern

These unaudited interim condensed financial statements have been prepared on a going concern basis. The Company has a 24-month period to complete a Business Combination absent an extension thereof. The costs relating to the search for a target company and the completion of a

Business Combination are expected to be covered by the proceeds from the issuance of the Founder Shares and Founder Warrants and the Additional Sponsor Subscription. However, the Company cannot assure any investor in the Company that this expectation is accurate. Any investor in the Company should always consider the risk factors set out in the Prospectus.

If the Company does not complete a business combination within the Business Combination Deadline, the Company shall, within no more than three months after such 24-month period, convene a general meeting for the purpose of adopting a resolution to dissolve and liquidate the Company and to delist the redeemable Ordinary Shares and Market Warrants, unless the Business Combination Deadline is extended. In the event of a liquidation, the distribution of the Company's assets and the allocation of the liquidation surplus shall be completed, after payment of the Company's creditors and settlement of its liabilities, in accordance with the rights of the Founder Shares and the redeemable Ordinary Shares and in accordance with a pre-determined order of priority. There will be no distribution of proceeds or otherwise with respect to any of the Market Warrants or the Founder Warrants, and all such Market Warrants and Founder Warrants will automatically expire without value upon occurrence of such a liquidation.

The (financial) risk for our shareholders is largely mitigated by the fact that the Company holds €203.6 million in the Escrow Account, which can only be released upon meeting strict requirements. The Company has raised proceeds from the sale of the Founder Shares and Founder Warrants amounting to €12.8 million, which is considered to be sufficient to cover working capital, payments to creditors and other running costs and expenses.

As outlined under the events after the reporting period section in these notes to the interim financial statements the Board of the Company intends to convene an extraordinary general meeting shortly, to be held on or before 17 November 2023, to have the general meeting resolve on the extension of the Business Combination Deadline by twelve months or such earlier date as announced by the Company. If the extension of the Business Combination Deadline is not approved, the Company will be liquidated. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

2.3. Basis of measurement

The accounting policies adopted are consistent with those applied in the Annual Report 2022.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the unaudited interim condensed financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results and outcomes may differ from management's estimates and assumptions due to risks and uncertainties, including uncertainty in the current economic environment due to the current economic uncertainties, among other things, driven by the invasion of Russia in Ukraine and the development of the coronavirus.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty mainly relate to the accounting treatment and valuation for redeemable Ordinary Shares, Founder Shares, Market Warrants and Founder Warrants.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the Annual Report 2022 and the Prospectus.

5. CASH AND CASH EQUIVALENTS

The Company has transferred all of the gross proceeds from the Private Placement of the units (€200 million) and the Additional Sponsor Subscription (€2,460,000) into the Escrow Account with Deutsche Bank Aktiengesellschaft. In case of a Business Combination, the amounts held in the Escrow Account will be paid out in a specific order of priority as disclosed in the Prospectus. As at 30 June 2023, the total escrow amount was €203.6 million (30 June 2022: €202.0 million).

If the Company does not consummate a Business Combination by the relevant deadline, the Company will redeem the redeemable Ordinary Shares whereby the amount standing to the credit of the Escrow Account will be paid, after deduction of the unused portion of the proceeds from the Additional Sponsor Subscription, first to the holders of the Public Shares (at €10 plus net positive interest per Public Share) and then the remainder to the Company.

The Company recorded an interest payable as liability as of 30 June 2023 for estimated future interest payments to the Class A Ordinary Shareholders based on the estimated net interest income received by the Company. Since certain withholding taxes will probably be received after the redemption of the Class A Ordinary Shareholders these withholding taxes are not included in this calculated interest payable.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

7. ACCOUNTING TREATMENT OF SHARES AND WARRANTS

The Company has issued redeemable Ordinary Shares, Founder Shares, Market Warrants and Founder Warrants. As of 30 June 2023, the following accounting policies are applied for those instruments:

7.1. Redeemable Ordinary Shares

The Board assessed the classification of redeemable Ordinary Shares in accordance with IAS 32 and concluded that the redeemable Ordinary Shares do not meet the criteria for equity treatment and must be recorded as liabilities. The redeemable Ordinary Shares have certain redemption features that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, the Company classifies the redeemable Ordinary Shares as financial liabilities at amortised cost in accordance with IFRS 9. The transaction costs directly attributable to the issuance of the redeemable Ordinary Shares were deducted from the initial fair value and are therefore part of the effective interest rate. Effective interest on redeemable Ordinary Shares subject to redemption are recognised in the statement of profit or loss and other comprehensive income and amount to €3,174k for the six months ended 30 June 2023 (30 June 2022: €2,985k).

7.2. Founder Shares

The total value of the package of Founder Shares, Founder Warrants and Additional Sponsor Subscription issued at Settlement are intertwined and entered into in contemplation of each other, therefore these instruments were assessed together. The price paid for each instrument cannot be assessed in isolation. However, the total package does reflect a market transaction which should reflect fair value. As such, for the Founder Shares issued at Settlement the total consideration paid for the package of Founder Shares, Founder Warrants and Additional Sponsor Subscription is considered as one transaction.

The rights and interests of the Founder Shareholders differ from those of the Class A Ordinary Shareholders. The Founder Shares carry risks that the redeemable Ordinary Shares do not, namely the Founder Shares contribute the capital at risk and are subordinated to the redeemable Ordinary Shares in the event of Liquidation. This means that the Founder Shareholders carry a greater risk of losing their investment and therefore have a higher incentive to successfully complete the Business Combination.

For the classification assessment in accordance with IAS 32, each tranche is considered a separate unit. As such the fixed-for-fixed requirements are met. If the share price hurdle in tranches 2 onwards

are never met, or the time runs out for tranche 4, then these Founder Shares will not convert. However, they are still entitled to voting rights and dividend rights. Each tranche is a separate unit in accordance with IFRS 9, as the redeemable Ordinary Shares obtained through each tranche can be transferred separately. Furthermore, the different tranches are not linked economically as each tranche will be exercised separately.

Any conversion of Founder Shares into redeemable Ordinary Shares does not require the holder to make any payment. Therefore, there is no contractual obligation for the Company to repay the holders of the Founder Shares. While the Company may pay dividends to Founder Shareholders, the dividend rights of the Sponsors are the same as those of the Class A Ordinary Shareholders and the granting of dividends is at the discretion of the Company. Thus, the Company is not contractually obligated to pay dividends.

The Founder Shares are, therefore, classified as equity instruments per IAS 32. Consequently, no expense or income has been recognised for the six months ended 30 June 2023.

7.3. Market Warrants

The Board assessed the classification of Market Warrants in accordance with IAS 32 under which the Market Warrants do not meet the criteria for equity treatment and must be recorded as financial liabilities. Accordingly, the Company classifies the Market Warrants as liabilities at their fair value through profit and loss.

From 18 November 2021, the redeemable Ordinary Shares and Market Warrants have been separately listed and traded on Euronext Amsterdam. However, due to a lack of liquidity in the Market Warrants [during the period leading up to 31 December 2022 and afterwards, there was no recent quoted price at which trading in the Market Warrants took place and as such the pricing of these Market Warrants did not provide a reliable indication of the fair value of the Market Warrants at the year end and as at 30 June 2023. Therefore, a binomial option pricing model valuation was used, applying a volatility of 40% and adjusting for a 25% probability of a successful Business Combination, to determine the fair value of the Warrants at €0.712 as at 30 June 2023. Consequently, for the six months ended 30 June 2023 a fair value adjustment for Market Warrants of €9,480k (30 June 2022: €467k) has been recorded as income.

The probability of a successful Business Combination has been reduced to 25% based on the status of the negotiations with potential targets, which are further outlined in the events after the reporting period section.

As the lowest level significant input in this valuation is unobservable, this is a Level 3 valuation.

7.4. Founder Warrants

The Sponsors subscribed for 5,128,000 Founder Warrants at a price of €1.50 per warrant in a separate private placement (the Sponsors Capital At-Risk). The Sponsors Capital At-Risk will be used to finance the Company's working capital requirements (including due diligence costs in connection with the Business Combination) and other running costs and Private Placement and Admission expenses, except for the fixed deferred listing commission and the discretionary deferred listing commissions (together, the Deferred Listing Commissions), that will, if and when due and payable, be paid from the Escrow Account, until the completion of the Business Combination.

Management evaluated the terms of the Founder Warrants in the context of this potential scope exclusion from IAS 32. The total value of the package of Founder Shares, Founder Warrants and Additional Sponsor Subscription issued at Settlement are intertwined and are assessed together. The fair value of the Founder Warrants at issue was less than the issue price of €1.50 per Founder Warrant. However, the overpayment of the Founder Warrants is reallocated to the Founder Shares. As such we conclude that the fair value of the Founder Warrants at issue was equal to their allocated price.

The subscription rights are derivatives which, from the issuer's perspective, represent written call options on its own shares. As such, they are contracts within the scope of IAS 32.13 that give rise to a financial asset for the holders and a financial liability or equity instrument for the issuer. As financial instruments, they fall within the scope of IAS 32.

Upon a cashless exercise of the subscription right, EHC is obliged to deliver a number of shares that is calculated on the basis of the quotient of (i) the fair market value of the shares minus the exercise price (ii) divided by the fair market value of the shares. Hence, the number of shares to be delivered is not fixed, but variable.

Founder Warrants are, therefore, classified as financial liability.

Since the Founder Warrants are not publicly traded and there are no comparable quoted financial instruments, alternative valuation techniques were used to determine their fair value at the year end. Using an option pricing model whilst after applying a 50% discount for the lock-up period, a volatility of 40% and a 25% probability of a successful Business Combination, as at 30 June 2023 the fair value of the Founder Warrants was estimated to be €0.212, resulting in a fair value adjustment of warrants of €8,666k (30 June 2022: €10k) which has been recorded as income.

As the lowest level significant input in this valuation is unobservable, this is a Level 3 valuation.

In addition, the Sponsors subscribed for 1,640,000 Founder Warrants at a price of €1.50 per Founder Warrant, for an aggregate purchase price of €2,460k (the Additional Sponsor Subscription). The proceeds of the Additional Sponsor Subscription will be used to cover any net negative interest on the funds held in the Escrow Account, up to an amount equal to the proceeds from the Additional Sponsor Subscription to allow, in case of a liquidation of the Company after expiry of the Business Combination Deadline or in case of redemptions of redeemable Ordinary Shares in the context of a Business Combination, for a redemption at €10.00 per Ordinary Share. For any excess portion of the Additional Sponsor Subscription remaining after completion of the Business Combination and the redemption of redeemable Ordinary 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 Founder Warrants subscribed for under the Additional Sponsor Subscription, or (ii) to keep the Founder Warrants subscribed for under the Additional Sponsor Subscription in which case the Company may keep the remaining cash portion of the Additional Sponsor Subscription for discretionary use. Founder Warrants will have substantially the same terms as the Market Warrants, except that they will not be redeemable, may be exercised on a cashless basis, and are subject to certain lock-up arrangements.

The total value of the package of Founder Shares, Founder Warrants and Additional Sponsor Subscription issued at Settlement are intertwined and are assessed together. The fair value of the Additional Sponsor Subscription at issue was less than the issue price of €1.50 per Founder Warrant. However, the overpayment of the Founder Warrant was reallocated to the Founder Shares.

The Additional Sponsor Subscription are derivatives which, from the issuer's perspective, represent written call options on its own shares. As such, they are contracts within the scope of IAS 32.13 that give rise to a financial asset for the holders and a financial liability or equity instrument for the issuer. As financial instruments, they fall within the scope of IAS 32. The Additional Sponsor Subscription is classified as financial liability and shown under Founder Warrants in the statement of financial position.

Based on the same methodology outlined for the Founder Warrants a valuation of €0.212 as at 30 June 2023 was estimated, resulting in a fair value adjustment of warrants of €2,771k (30 June 2022: €3k) which has been recorded as income.

The following table presents the changes in level 3 items for the period ended 30 June 2023:

| | Market Warrants €000 | Founder Warrants €000 | Total €000 |
|--|-------------------------------------|--------------------------------------|-----------------------|
| Opening balance 31 December 2022 | 14,227 | 12,872 | 27,099 |
| Issuance of instruments | 0 | 0 | 0 |
| (Gains)/losses recognised in statement of profit or loss | (9,480) | (11,437) | (20,917) |
| Closing balance 30 June 2023 | <u>4,747</u> | <u>1,435</u> | <u>6,182</u> |

All gains in the table above are unrealised and non-cash and relate to the Market Warrants and Founder Warrants held at 30 June 2023. Gains/losses are recorded in the line item "Fair value adjustments of warrants" in the statement of profit or loss and other comprehensive income.

7.5. Receivables from shareholders

If the Company does not consummate a Business Combination within the first 12 months, the Sponsors will pay an additional sum as additional purchase price for the Founder Warrants subscribed that will be used to pay the Company's remuneration costs becoming payable after the first 12 months until the completion of the Business Combination or the Business Combination Deadline. The maximum additional sum in this respect was €1,400,000 in the aggregate. In 2022, an additional purchase price of €1,205k has been paid.

8. COMMITMENTS AND CONTINGENCIES

As disclosed in the Prospectus the underwriters are potentially entitled to a Business Combination underwriting fee. This fee is only payable upon completion of the Business Combination and will not be paid out of the costs cover, but from the funds held in the Escrow Account. As of 30 June 2023, the Business Combination underwriting fee is considered a contingent liability under IAS 37, amounting to an estimate of €6 million. As of 31 December 2022 a liability of €6 million was recorded since the probability of a successful Business Combination was estimated to be above 50% as of 31 December 2022.

As noted in Note 7.5 above, if the Company does not consummate a Business Combination within the first 12 months, the Sponsors will pay an additional sum as additional purchase price for the Founder Warrants subscribed that will be used to pay the Company's remuneration costs becoming payable after the first 12 months until the completion of the Business Combination or the Business Combination Deadline. As of 30 June 2023, the outstanding part of this additional sum amounting to a maximum of €0.2 million is no longer considered a contingent asset, since there will be no further remuneration costs for Board members as outlined in the board report.

9. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties also include key management personnel, i.e. the Board members, responsible for planning, directing and controlling the activities of the Company.

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless of whether anything has been charged.

Transactions with related parties for the six months ended 30 June 2023 were:

- fixed fees for the CEO and CIO of €470k (30 June 2022: €470k); and
- fixed fees for the Non-Executive Directors of €180k (30 June 2022: €180k).

10. EVENTS AFTER THE REPORTING PERIOD

On 7 August 2023 the Company announced that the Company, Croma-Pharma GmbH (Croma) and Croma's shareholders decided to terminate their business combination agreement and their discussions due to differing views on the valuation of Croma.

On 20 September 2023 the Company announced that:

- the Company intends to convene an extraordinary general meeting, to be held on or before 17 November 2023, to have the shareholders resolve on the extension of the Business Combination Deadline by twelve months or such earlier date as announced by the Company; and
- the Company will launch a redemption offer for the Public Shares under the same terms as in the event of a liquidation scenario.

In addition, the Company announced that the Board will seek approval from the Public Warrant holders to have the Public Warrants expire worthless immediately following the original Business Combination Deadline, as the warrants have proved to impede the chances of successfully completing a business combination. Accordingly, the Sponsors will forfeit their Sponsor Warrants upon expiry of the Public Warrants.