HALF-YEAR REPORT 2024

European Healthcare
Acquisition & Growth
Company B.V.

european healthcare
acquisition & growth company

CONTENTS

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 2024 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.

As set out in the Prospectus, a Business Combination must be completed within the 24-month period as from 18 November 2021, the first day of trading, being 17 November 2023 (the "**Original Business Combination Deadline**"). On 15 November 2023, the general meeting adopted a resolution to extend the Original Business Combination Deadline with one (1) year following the Original Business Combination Deadline, i.e. until 17 November 2024 (the "**Extended Business Combination Deadline**").

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 at 30 June 2024, the Board has not yet selected a specific target company that could be proposed to the Business Combination EGM (as defined below). The Board will continue its search for a Business Combination to be completed before the end of the Extended Business Combination Deadline.

If the Company selects a target and 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 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.

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**" or the "**Founders**") which are affiliates of the Company's current directors , Dr Thomas Rudolph, Dr Axel Herberg, Dr Stefan Oschmann, Mr Peer M. Schatz and Mr Stefan Winners, respectively, and the Company's former director Dr Cornelius Baur.

1.2.2. Capital structure

At 30 June 2024, the Company's issued share capital consisted of:

a. 1,238,962 class A ordinary shares with a nominal value of €0.01 per share (the "**Class A Ordinary Shares**", "**Public Shares**" or "**redeemable Ordinary Shares**"), and a holder of one or more Class A Ordinary Shares, a "**Class A Ordinary Shareholder**");

a. 168,761,038 Class A Ordinary Shares held by the Company (the "**Treasury Shares**"); and

b. 6,666,666 convertible class B shares with a nominal value of €0.01 per share (the "**Founder Shares**") held by the Founders.

1.3. The Board

The Company maintains a one-tier board consisting of an executive director (the "**Executive Director**") and non-executive directors (the "**Non-Executive Directors**", and together with the Executive Director, the "**Directors**"). The Executive Director is responsible for the day-to-day management of the Company. The Non-Executive Directors supervise and advise the Executive Director. The Board as a whole is responsible for the strategy and the management of the Company. Until the resignation of Dr Cornelius Baur on 30 April 2024, the Board comprised two Executive Directors and four Non-Executive Directors. Since the resignation of Dr Cornelius Baur, the Board comprises one Executive Director and four Non-Executive Directors.

Following Dr Cornelius Baur's resignation on 30 April 2024, the Board appointed Dr Thomas Rudolph as CEO and compliance officer on 7 May 2024. Dr Thomas Rudolph already was 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.

The Board is composed 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.

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 2024 up to and including 30 June 2024 (the "**Period**"), the Company has been focusing on searching for a potential target company to enter into a Business Combination with and pursuing a sound investment for its shareholders. The Board is currently in discussions with potential target companies and regularly has informal meetings regarding potential target companies and the approach of these companies. 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 2024

Escrow Account plus bank account balance	€13,862k
Shareholders' equity	€1,575k
Trading price Class A Ordinary Shares (closing price at 28 June 2024, last trading day of the Period)	€10.50

4. COSTS

After the Admission, the Sponsors have provided €11.6 million to the Company through the purchase of the Founder Shares, the Founder Warrants 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 that was used, inter alia, to cover remuneration costs during the first 12 months after Settlement; (ii) subscribed for 5,128,000 Founder Warrants at a price of €1.50 per warrant, for an aggregate amount of €7,692,000, in a separate private placement that occurred on the Settlement Date (the "**Sponsors Capital At-Risk**") which Sponsors Capital At-Risk was 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 would, if and when due and payable, be paid from the Escrow Account (as defined below); 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 were used to cover the negative interest over the Escrow Account in 2021 and 2022, and the remainder was released for operating purposes of the Company.

In September 2022, the Sponsors paid an aggregate purchase price of €1,205,000 for the Founder Warrants subscribed for under the Sponsors Capital At-Risk (the "**Additional Sponsors Capital**

At-Risk"). The payment of the Additional Sponsors Capital At-Risk did not result in the issuance of any additional Founder Warrants. The proceeds of the Additional Sponsors Capital At-Risk were used to pay remuneration of the Directors and for operational purposes of the Company.

The Founder Warrants expired worthless on 17 November 2023.

For any excess portion of the Additional Sponsor Subscription remaining after completion a Business Combination and the redemption of the remainder of the Class A Ordinary Shares, the Sponsors may elect to either request repayment of the remaining cash portion of the Additional Sponsor Subscription, in which case the Company may keep the remaining cash portion of the Additional Sponsor Subscription for discretionary use.

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 3.89% on 1 January 2024. The interest rate applicable to the Escrow Account decreased during the Period to 3.64% on 12 June 2024. On 30 June 2024, the amount on the Escrow Account amounted to €12.8 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 14-23 of the Company's annual report for its financial year ending on 31 December 2023 (the "**Annual Report 2023**") 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 2023 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, the Company expects a low likelihood and a high financial impact.

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 (i) the Prospectus and (ii) the report of the Board as included in the Annual Report 2023, except for the likelihood of the following risks (on pages 14-18 of this report), which should be qualified as 'High' instead of 'Medium':

- "After the cancellation of the Proposed Croma Business Combination, the Company has had several discussions with potential target companies but has not yet identified a specific target company to complete the Business Combination, prospective investors have no basis to evaluate the possible merits or risks of a target company's or business' operations";
- "After the cancellation of the Proposed Croma Business Combination, the time and funds available for a Business Combination are limited";
- "The Company may face significant competition for Business Combination opportunities"; and
- "There is no assurance that the Company will identify suitable Business Combination opportunities by the Extended Business Combination Deadline".

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 did not enter into the any related party transactions.

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.

18 September 2024

Stefan Winners, Non-Executive Director and Chairman of the Board
Dr Thomas Rudolph, Executive Director and Chief Executive Officer
Dr Axel Herberg, Non-Executive Director
Dr Stefan Oschmann, Non-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 2024

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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

	Notes	2024 Unaudited €000	2023 Unaudited €000
Personnel expenses		(267)	(550)
Deferred underwriting fee		0	6,000
Other operating expenses		(64)	(1,461)
Operating income / (loss)		(331)	3,989
Fair value adjustments of warrants	7.3, 7.4	0	20,917
Effective interest on ordinary shares subject to redemption	7.1	(245)	(3,174)
Interest income		250	2,694
Interest expenses		0	(2,004)
Finance income / (costs), net		5	18,433
Income tax		0	0
Income / (loss) for the period		(326)	22,422
Other comprehensive income		0	0
Total comprehensive income / (loss) for the period, net of tax		(326)	22,422
Earnings per share			
Basic earnings per share		(0.05)	3.36
Diluted earnings per share		(0.05)	0.56

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

	Notes	30 June 2024 Unaudited €000	31 December 2023 Audited €000
Assets			
Current assets			
Other receivables		1,631	1,812
Deferred cost		86	169
Cash and cash equivalents	5	13,862	13,903
		15,579	15,884
Total assets		15,579	15,884
Equity and liabilities			
Equity			
Issued capital		67	67
Share premium		7,971	7,971
Accumulated deficit		(6,463)	(6,137)
Total equity		1,575	1,901
Current liabilities			
Redeemable ordinary shares	7.1	12,903	12,658
Trade and other payables		1,101	1,325
		14,004	13,983
Total liabilities		14,004	13,983
Total equity and liabilities		15,579	15,884

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 2024

	Issued capital (Note 7.2)	**Share premium** (Note 7.2)	**Accumulated deficit**	**Total equity**
	€000	**€000**	**€000**	**€000**
At 1 January 2023	**67**	**7,971**	**(32,621)**	**(24,583)**
Profit for the period	0	0	26,484	**26,484**
Other comprehensive income	0	0	0	**0**
Total comprehensive income	0	0	26,484	**26,484**
At 31 December 2023	**67**	**7,971**	**(6,137)**	**1,901**
At 1 January 2024	**67**	**7,971**	**(6,137)**	**1,901**
Loss for the period	0	0	(326)	**(326)**
Other comprehensive income	0	0	0	**0**
Total comprehensive income	0	0	(326)	**(326)**
At 30 June 2024 (unaudited)	**67**	**7,971**	**(6,463)**	**1,575**

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

	Notes	2024 Unaudited €000	2023 Unaudited €000
Operating activities			
Profit / (Loss) for the period		(326)	22,422
Adjustments to reconcile net loss to cash flows:			
Fair value adjustments of warrants	7.3, 7.4	0	(20,917)
Effective interest on ordinary shares subject to redemption		245	3,174
Interest paid / (received), net	7.1	(250)	(690)
Working capital adjustments:			
Decrease (+) / increase (-) in deferred costs		83	134
Decrease (-) / Increase (+) in deferred underwriting fee		0	(6,000)
Decrease (+) / increase (-) in other working capital		(43)	236
Net cash flows from operating activities		(291)	(1,641)
Financing activities			
Interest received / (paid), net		250	1,581
Net cash flows from financing activities		250	1,581
Net decrease / increase in cash and cash equivalents		(41)	(60)
Cash and cash equivalents at 1 January		13,903	204,316
Cash and cash equivalents at 31 December		13,862	204,256

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

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

European Healthcare Acquisition & Growth Company B.V. (the "**Company**" or "**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 2024 up to and including 30 June 2024 were authorised for issue in accordance with a resolution of the Board on 18 September 2024.

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

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**").

EHC was admitted to listing and trading on the regulated market of Euronext Amsterdam on 18 November 2021 pursuant to a private placement (the "**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 was issued on 16 November 2021 (the "**Prospectus**").

As at 30 June 2023, the Company had 20,000,000 redeemable Ordinary class A shares ("**Public Shares**") issued and outstanding, which traded on the regulated market of Euronext Amsterdam under the symbol "EHCS". Likewise, the Company's 6,666,666 class A warrants (the "**Public Warrants**" or "**Market Warrants**") were also traded on the regulated market of Euronext Amsterdam under the symbol "EHCW" as at 30 June 2023.

In addition, as at 30 June 2023, the following securities were issued: (a) 6,666,666 class B ordinary shares (the "**Founder Shares**") and (b) 6,768,000 class B warrants (the "**Founder Warrants**" and together with the Public Warrants, the "**Warrants**").

As part of a repurchase offer , the Company repurchased 18,761,038 Public Shares. Settlement of the repurchase offer took place on 9 November 2024.

On 17 November 2023, the Warrants expired worthless on the original business combination deadline, being 17 November 2023, based on a previously approved change of the terms and condition of the Warrants.

Therefore, 1,238,962 Public Shares were issued and outstanding as at 31 December 2023 and as at 30 June 2024, which are traded on the regulated market of Euronext Amsterdam under the symbol "EHCS". The Company's Public Warrants are no longer traded on the regulated market of Euronext Amsterdam since they expired worthless.

On 15 November 2023, the general meeting adopted a resolution to extend the original business combination deadline with one (1) year, i.e. until 17 November 2024 (the "**Extended Business Combination Deadline**").

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 2024 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 2023 for the period from 1 January 2023 to 31 December 2023 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. On 15 November 2023, the general meeting adopted a resolution to extend the original business combination deadline with one (1) year, until the Extended Business Combination Deadline. 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 Warrants and the Additional Sponsor Subscription. However, the Company cannot assure any investors in the Company that this expectation is accurate. Any investor in the Company should always consider the risk factors set out in the Prospectus and in this Annual Report.

If the Company does not complete a Business Combination before 17 November 2024, the Company shall be liquidated. 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. If a Business Combination fails to close, this would then indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern.

The (financial) risk for shareholders is largely mitigated by the fact that the Company holds €12.8 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 the Founder Warrants. The cash balance as at 30 June 2024 together with the other assets capitalised are sufficient to cover working capital and other running costs and expenses.

2.3. Basis of measurement

The accounting policies adopted are consistent with those applied in the Annual Report 2023.

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, among other things, driven by the invasion of Russia in Ukraine.

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 2023 and the Prospectus.

5. CASH AND CASH EQUIVALENTS

The amount of cash and cash equivalents was €13,862k as at 30 June 2024 and included €1,015k (31 Dec. 2023: €1,210k) of cash balance held by the Company for operating purposes and cash balances held in escrow of €12,847k (31 Dec. 2023: €12,693k). The use of the cash balances held in escrow is restricted as outlined in the Prospectus.

The Company originally transferred all of the gross proceeds from the Private Placement of the Public Shares and Public Warrants (€200,000k) and the Additional Sponsor Subscription (€2,460k) into the Escrow Account with Deutsche Bank Aktiengesellschaft. In case of a Business Combination, the amounts held in the Escrow Account would have been paid out in a specific order of priority as disclosed in the Prospectus.

Following the redemption process in 2023, the redemption amount including the net interest received as well as the remaining amount of the Additional Sponsor Subscription has been released from the Escrow Account. However, the gross proceeds from the remaining public shareholders are still allocated to the Escrow Account.

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 2024, 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 is recognised in the statement of profit or loss and other comprehensive income and amount to €245k for the six months ended 30 June 2024 (30 June 2023: €3,174).

7.2. Founder Shares

The total value of the package of Founder Shares, Founder Warrants and Additional Sponsor Subscription issued at settlement of the Private Placement (“**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 Founders 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 to the capital at risk and are subordinated to the redeemable Ordinary Shares in the event of liquidation. This means that the Founders 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 tranche 2 and onwards is 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 Founders, the dividend rights of the Founders 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 2024.

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.

The pricing of the Market Warrants on Euronext Amsterdam did not provide a reliable indication of the fair value of the Market Warrants 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 had been recorded as income in 2023.

Due to their expiry as of 17 November 2023 the Market Warrants have been derecognised as at 31 December 2023 and their valuation as at 31 December 2023 and as at 30 June 2024 is, therefore, nil.

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 the Company concludes 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 were, therefore, classified as financial liability.

Since the Founder Warrants were not publicly traded and there were 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 and the Additional Sponsor Subscription was estimated to be €0.212, resulting in a fair value adjustment of warrants of €11,437k which had been recorded as income in 2023.

Due to their expiry of as 17 November 2023 the Founder Warrants have been derecognised and their valuation as at 31 December 2023 and as at 30 June 2024 is, therefore, nil.

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

8. COMMITMENTS AND CONTINGENCIES

As disclosed in the Prospectus the underwriters were 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 at 31

December 2023, the Business Combination underwriting fee was considered a contingent liability under IAS 37, amounting to maximum of €6 million. However, EHC agreed with the involved banks on 18 March 2024 that any deferred Private Placement bank fees that become payable after the Business Combination will be waived. Therefore, a contingent liability does no longer exist as at 30 June 2024.

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 2024 were:

- fixed fees for the CEO and CIO of nil (30 June 2023: €470k); and
- fixed fees for the Non-Executive Directors of nil (30 June 2023: €180k).

10. EVENTS AFTER THE REPORTING PERIOD

No events after the reporting period have been noted.