
Liva Healthcare Holding ApS

Danneskiold-Samsøes Allé 41, DK-1434 København K

Annual Report for 1 July 2022 - 31 December 2022

CVR No. 30 53 98 93

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 14/7 2023

Rune Nygaard Bech
Pedersen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Liva Healthcare Holding ApS for the financial year 1 July - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

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

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

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

København K, 14 July 2023

Executive Board

Shahram Sharif
CEO

Martin Møller Paarse
Manager

Board of Directors

Rune Nygaard Bech Pedersen
Chairman

Carl Joakim Brandt

Joachim Snebang Vanggaard Jensen

Søren Hein

Guido Dominik Hegener

Boris Bernstein

Independent Auditor's report

To the shareholders of Liva Healthcare Holding ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 July - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Liva Healthcare Holding ApS for the financial year 1 July - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 14 July 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden

State Authorised Public Accountant

mne32209

Mads Blichfeldt Fjord

State Authorised Public Accountant

mne46065

Company information

The Company	Liva Healthcare Holding ApS Danneskiold-Samsøes Allé 41 DK-1434 København K CVR No: 30 53 98 93 Financial period: 1 July - 31 December Incorporated: 14 April 2008 Financial year: 14th financial year Municipality of reg. office: København
Board of Directors	Rune Nygaard Bech Pedersen, chairman Carl Joakim Brandt Joachim Snebang Vanggaard Jensen Søren Hein Guido Dominik Hegener Boris Bernstein
Executive Board	Shahram Sharif Martin Møller Paarse
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's review

Key activities

The purpose of the Company is directly and/or through the holding of shares in other companies, to conduct business within healthcare technological development, production and trade to improve lives through digital health coaching.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 14,764,927, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 33,431,781.

Subsequent events

On 24 January 2023 the Company completed a cash capital increase of DKK 36.7 million. The cash capital increase is expected to allow the Company and its subsidiary Liva Healthcare A/S to execute the growth strategy and to continue the operations until February 2024 before additional funding is expected. Reference is made to note 1 in the financial statements.

Income statement 1 July - 31 December

	Note	2022 DKK 6 months	2021/22 DKK 12 months
Gross loss		-2,163,368	-2,624,365
Staff expenses	2	-1,292,444	-2,757,693
Amortisation and impairment losses of intangible assets		-1,136,281	-3,187,449
Profit/loss before financial income and expenses		-4,592,093	-8,569,507
Income from investments in subsidiaries		-10,815,798	-27,615,361
Financial income	3	691,038	853,094
Financial expenses		-48,074	-430,648
Profit/loss before tax		-14,764,927	-35,762,422
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-14,764,927	-35,762,422

Distribution of profit

	2022 DKK	2021/22 DKK
Proposed distribution of profit		
Retained earnings	-14,764,927	-35,762,422
	-14,764,927	-35,762,422

Balance sheet 31 December

Assets

	Note	2022 DKK	2021/22 DKK
Completed development projects		1,383,828	2,520,110
Intangible assets	4	1,383,828	2,520,110
Investments in subsidiaries	5	0	0
Fixed asset investments		0	0
Fixed assets		1,383,828	2,520,110
Receivables from group enterprises		28,892,694	18,164,491
Other receivables		280,188	349,715
Prepayments		0	17,154
Receivables		29,172,882	18,531,360
Cash at bank and in hand		4,000,612	27,884,319
Current assets		33,173,494	46,415,679
Assets		34,557,322	48,935,789

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021/22
		DKK	DKK
Share capital		553,560	553,560
Reserve for development costs		1,965,686	1,965,686
Retained earnings		30,912,535	45,677,462
Equity		33,431,781	48,196,708
Trade payables		0	95,774
Other payables		1,125,541	643,307
Short-term debt		1,125,541	739,081
Debt		1,125,541	739,081
Liabilities and equity		34,557,322	48,935,789
Going concern	1		
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	553,560	1,965,686	45,677,462	48,196,708
Net profit/loss for the year	0	0	-14,764,927	-14,764,927
Equity at 31 December	553,560	1,965,686	30,912,535	33,431,781

Notes to the Financial Statements

1. Going concern

The group is in a growth phase which requires continuous investments in products and markets until the Group reach break even.

After the balance sheet date the Company has obtained additional funding via a cash capital increase of DKK 36,875k which will secure sufficient funding to support the future growth in the Liva Group until February 2024. The Company can furthermore adjust the cost base connected to several strategic choices, such as geographical reach and focus, products offered etc.

Management expects a positive outcome of the planned fundraising in Q3 2023 which is expected to provide sufficient cash for the Company to continue its operations until break even is expected in 2025.

Management's expectations on successful fundraising are based on the current performance on ongoing contracts where the Company during 2023 has experienced significant improvements in both unit economics and onboarding of new users. Based on the expected successful funding round, Management has prepared the financial statements under the going concern assumption.

Liva Healthcare Holding ApS has issued a letter of support to Liva Healthcare A/S so the subsidiary can continue its operating activities. Receivables towards Liva Healthcare A/S are impaired with an amount equal to the negative equity in the subsidiary under the equity method.

2. Staff Expenses

	2022	2021/22
	DKK	DKK
Wages and salaries	1,210,757	2,507,661
Pensions	75,091	230,199
Other social security expenses	6,596	12,926
Other staff expenses	0	6,907
	<u>1,292,444</u>	<u>2,757,693</u>
Average number of employees	<u>2</u>	<u>2</u>

3. Financial income

	2022	2021/22
	DKK	DKK
Interest received from group enterprises	668,098	852,291
Other financial income	22,940	530
Exchange gains	0	273
	<u>691,038</u>	<u>853,094</u>

Notes to the Financial Statements

4. Intangible fixed assets

	Completed development projects
	DKK
Cost at 1 July	<u>21,239,210</u>
Cost at 31 December	<u>21,239,210</u>
Impairment losses and amortisation at 1 July	18,719,100
Amortisation for the year	<u>1,136,282</u>
Impairment losses and amortisation at 31 December	<u>19,855,382</u>
Carrying amount at 31 December	<u>1,383,828</u>
Amortised over	<u>5 years</u>

Development projects concern the development of new versions of the company's existing software products.

The Company is no longer capitalising development costs related to the Liva Healthcare app as the platform has reached the stage where the subsequent costs mainly relates to operation, maintenance and bugfix of the app.

Notes to the Financial Statements

	2022 DKK	2021/22 DKK
5. Investments in subsidiaries		
Cost at 1 July	13,411,145	13,411,145
Cost at 31 December	13,411,145	13,411,145
Value adjustments at 1 July	-67,582,905	-39,967,544
Net profit/loss for the year	-10,977,353	-27,776,915
Change in intercompany profit	161,554	161,554
Value adjustments at 31 December	-78,398,704	-67,582,905
Equity investments with negative net asset value amortised over receivables	64,987,559	54,171,760
Carrying amount at 31 December	0	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Liva Healthcare A/S	Copenhagen	13.000.000	100%

6. Contingent assets, liabilities and other financial obligations

Contingent liabilities

The company has issued a letter of support to the subsidiary Liva Healthcare A/S and agrees to provide the company with sufficient liquidity, to ensure operations can continue without loss for Liva Healthcare A/S's other creditors.

Notes to the Financial Statements

7. Accounting policies

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

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Consolidated financial statements

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

Recognition and measurement

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

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

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

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

Income statement

Net sales

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

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross loss

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Notes to the Financial Statements

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

Balance sheet

Intangible fixed assets

Costs of development projects comprise salaries and other expenses directly or indirectly attributable to the Company’s development activities. The costs for development projects are all internally generated.

Development projects that are clearly defined and identifiable, in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales activities and administrative expenses involved as well as the development costs. Development projects that do not meet the criteria for recognition in the balance sheet are recognized as expenses in the income statement as incurred.

Capitalized development costs are measured at cost less accumulated amortization and impairment losses or a lower recoverable amount.

Development costs that do not meet the criteria above are recognized as an expense in the income statement as incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. As of the date of completion, capitalized development costs are amortized on a straight-line basis over the period of the expected economic benefit from the development work.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

Notes to the Financial Statements

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

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

Current tax receivables and liabilities

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

Financial debts

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