
Liva Healthcare A/S

Danneskiold-Samsøes Allé 41, DK-1434 Copenhagen

Annual Report for 1 July 2021 - 30 June 2022

CVR No 38 73 73 68

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
13/01 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 Annual Report of Liva Healthcare A/S for the financial year 1 July 2021 - 30 June 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 30 June 2022 of the Company and of the results of the Company operations for 2021/22.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 13 January 2023

Executive Board

Martin Møller Paarse
Executive Officer

Shahram Sharif
CEO

Board of Directors

Rune Nygaard Bech Pedersen
Chairman

Ivan Sandqvist

Joachim Snebang Vanggaard
Jensen

Carl Joakim Brandt

Søren Hein

Guido Dominik Hegener

Boris Bernstein

Independent Auditor's Report

To the Shareholder of Liva Healthcare A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2022 and of the results of the Company's operations for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Liva Healthcare A/S for the financial year 1 July 2021 - 30 June 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 Financials 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 misstate-

Independent Auditor's Report

ment, 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.

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.

Independent Auditor's Report

- 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, 13 January 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden
statsautoriseret revisor
mne32209

Mads Blichfeldt Fjord
statsautoriseret revisor
mne46065

Company Information

The Company

Liva Healthcare A/S
Danneskiold-Samsøes Allé 41
DK-1434 Copenhagen

CVR No: 38 73 73 68
Financial period: 1 July - 30 June
Municipality of reg. office: Copenhagen

Board of Directors

Rune Nygaard Bech Pedersen, Chairman
Ivan Sandqvist
Joachim Snebang Vanggaard Jensen
Carl Joakim Brandt
Søren Hein
Guido Dominik Hegener
Boris Bernstein

Executive Board

Martin Møller Paarse
Shahram Sharif

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-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 2021/22 shows a loss of DKK 27,776,915, and at 30 June 2022 the balance sheet of the Company shows negative equity of DKK 53,851,496.

Capital resources

Liva Healthcare Holding ApS has confirmed in a letter of support, that they will support Liva Healthcare A/S financially in the form of a loan to the extent necessary to finance its operating activities and to settle its financial obligations. The letter of financial support is effective until 30 June 2023.

Subsequent events

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

Income Statement 1 July 2021 - 30 June 2022

	Note	2021/22 DKK	2020/21 DKK
Gross profit/loss		4.022.011	4.435.421
Staff expenses	2	-30.858.054	-21.498.458
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-4.587	-9.955
Profit/loss before financial income and expenses		-26.840.630	-17.072.992
Income from investments in subsidiaries		0	-185.905
Financial income	3	252.064	295.223
Financial expenses	4	-1.188.349	-696.918
Profit/loss before tax		-27.776.915	-17.660.592
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-27.776.915	-17.660.592

Distribution of profit

Proposed distribution of profit

Retained earnings		-27.776.915	-17.660.592
		-27.776.915	-17.660.592

Balance Sheet 30 June 2022

Assets

	Note	2022 DKK	2021 DKK
Other fixtures and fittings, tools and equipment		5.513	10.100
Property, plant and equipment		5.513	10.100
Investments in subsidiaries	5	0	0
Deposits		150.083	195.909
Fixed asset investments		150.083	195.909
Fixed assets		155.596	206.009
Trade receivables		9.430	737.038
Receivables from group enterprises		18.984.018	12.502.086
Other receivables		10.259	0
Corporation tax		0	544.832
Prepayments		170.825	85.677
Receivables		19.174.532	13.869.633
Cash at bank and in hand		2.953.209	2.424.145
Currents assets		22.127.741	16.293.778
Assets		22.283.337	16.499.787

Balance Sheet 30 June 2022

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		13.000.000	13.000.000
Retained earnings		-66.851.496	-39.074.581
Equity		-53.851.496	-26.074.581
Other payables		1.725.630	1.700.128
Long-term debt	6	1.725.630	1.700.128
Prepayments received from customers		2.055.461	2.383.189
Trade payables		892.959	1.266.098
Payables to group enterprises		68.513.496	29.305.044
Other payables	6	2.947.287	7.919.909
Short-term debt		74.409.203	40.874.240
Debt		76.134.833	42.574.368
Liabilities and equity		22.283.337	16.499.787
Going concern	1		
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 July 2021	13.000.000	-39.074.581	-26.074.581
Net profit/loss for the year	0	-27.776.915	-27.776.915
Equity at 30 June 2022	13.000.000	-66.851.496	-53.851.496

Notes to the Financial Statements

1 Going concern

As of 30 June 2022 the Company had current liabilities of DKK 74,409k including a short term debt to the parent Company Liva Healthcare Holding ApS of DKK 68,513k against current assets of 22,128k including a short term receivable with the wholly owned subsidiary Liva Healthcare UK of DKK 18,984k.

The parent Company has confirmed in a letter of support, that they will support Liva Healthcare A/S financially in the form of a loan to the extent necessary to finance its operating activities and to settle its financial obligations. The letter of financial support is effective until 30. June 2022. The current funding available is expected to last until Q3 2023.

Based on the letter of support received Management has prepared the financial statements on the going concern assumption.

With the available funds Management can support and make further investments in the UK market to capitalise on the current tailwinds and performance. As disclosed in note 5, the subsidiary Liva Healthcare UK has negative net assets as the Company is in a scale up phase. The receivable of DKK 18,984k with Liva Healthcare UK is recognised under the assumption that the Company has the funds needed to continue its operations and that the profitability of the Company will improve and that further funding will be obtained in Q3 2023.

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
2 Staff expenses		
Wages and salaries	25.737.424	19.277.130
Pensions	2.064.459	1.536.210
Other social security expenses	378.519	230.310
Other staff expenses	<u>2.677.652</u>	<u>454.808</u>
	<u>30.858.054</u>	<u>21.498.458</u>
Average number of employees	<u>45</u>	<u>35</u>
3 Financial income		
Interest received from group enterprises	252.064	173.481
Exchange gains	<u>0</u>	<u>121.742</u>
	<u>252.064</u>	<u>295.223</u>

Notes to the Financial Statements

	2021/22	2020/21
	DKK	DKK
4 Financial expenses		
Interest paid to group enterprises	733.121	229.105
Other financial expenses	207.885	467.813
Exchange loss	247.343	0
	1.188.349	696.918
5 Investments in subsidiaries		
Cost at 1 July 2021	185.914	9
Additions for the year	0	185.905
Cost at 30 June 2022	185.914	185.914
Value adjustments at 1 July 2021	-185.914	-9
Net profit/loss for the year	0	-185.905
Value adjustments at 30 June 2022	-185.914	-185.914
Carrying amount at 30 June 2022	0	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
	65 Woodbridge Road, Surrey, England	1 £	100%	0	0
Liva Healthcare UK Limited	Am Oxer 7, 24955 Harrislee	185.905 DKK	100%	0	0

Notes to the Financial Statements

6 Long-term debt

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

The debt falls due for payment as specified below:

	<u>2022</u> DKK	<u>2021</u> DKK
Other payables		
Between 1 and 5 years	<u>1.725.630</u>	<u>1.700.128</u>
Long-term part	1.725.630	1.700.128
Other short-term payables	<u>2.947.287</u>	<u>7.919.909</u>
	<u>4.672.917</u>	<u>9.620.037</u>

Notes to the Financial Statements

	<u>2022</u> DKK	<u>2021</u> DKK
7 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	<u>76.491</u>	<u>116.100</u>
	<u>76.491</u>	<u>116.100</u>
Other contingent liabilities		

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Liva Healthcare Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

There are no security and contingent liabilities at 30 June 2022.

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Liva Healthcare A/S for 2021/22 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 Financial Statements for 2021/22 are presented in DKK.

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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

8 Accounting Policies (continued)

Income Statement

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Direct costs

Direct costs comprises procured external services from third party.

Other external expenses

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

Gross profit/loss

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Financial income and expenses

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

Notes to the Financial Statements

8 Accounting Policies (continued)

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

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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 with deduction or addition of unrealised intercompany profits or losses.

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

Notes to the Financial Statements

8 Accounting Policies (continued)

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.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Prepayments

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

Current tax receivables and liabilities

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

Financial debts

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

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

Notes to the Financial Statements

8 Accounting Policies (continued)

Deferred income

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