

---

# *Liva Healthcare A/S*

Danneskiold-Samsøes Allé 41, DK-1434 Copenhagen

## Annual Report for 1 July 2022 - 31 December 2022

---

CVR No. 38 73 73 68

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



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company information	4
Management's Review	5
<b>Financial Statements</b>	
Income Statement 1 July - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Liva Healthcare A/S 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.

Copenhagen, 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 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 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 A/S 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

<b>The Company</b>	Liva Healthcare A/S Danneskiold-Samsøes Allé 41 DK-1434 Copenhagen  CVR No: 38 73 73 68 Financial period: 1 July - 31 December Incorporated: 12 June 2017 Financial year: 5th financial year Municipality of reg. office: Copenhagen
<b>Board of Directors</b>	Rune Nygaard Bech Pedersen, chairman Carl Joakim Brandt Joachim Snebang Vanggaard Jensen Søren Hein Guido Dominik Hegener Boris Bernstein
<b>Executive Board</b>	Shahram Sharif Martin Møller Paarse
<b>Auditors</b>	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 10,977,235, and at 31 December 2022 the balance sheet of the Company shows negative equity of DKK 64,828,731.

## 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 31 December 2023.

## Subsequent events

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

## Income statement 1 July - 31 December

	Note	2022	2021/22
		DKK 6 months	DKK 12 months
<b>Gross profit</b>		<b>2,880,039</b>	<b>4,022,011</b>
Staff expenses	2	-12,609,968	-30,858,054
Depreciation and impairment losses of property, plant and equipment		-2,294	-4,587
<b>Profit/loss before financial income and expenses</b>		<b>-9,732,223</b>	<b>-26,840,630</b>
Financial income	3	164,803	252,064
Financial expenses	4	-1,409,815	-1,188,349
<b>Profit/loss before tax</b>		<b>-10,977,235</b>	<b>-27,776,915</b>
Tax on profit/loss for the year		0	0
<b>Net profit/loss for the year</b>		<b>-10,977,235</b>	<b>-27,776,915</b>

## Distribution of profit

	2022	2021/22
	DKK	DKK
<b>Proposed distribution of profit</b>		
Retained earnings	-10,977,235	-27,776,915
	<b>-10,977,235</b>	<b>-27,776,915</b>



## Balance sheet 31 December

### Assets

	Note	2022 DKK	2021/22 DKK
Other fixtures and fittings, tools and equipment		3,219	5,513
<b>Property, plant and equipment</b>		<b>3,219</b>	<b>5,513</b>
Investments in subsidiaries	5	0	0
Deposits		150,083	150,083
<b>Fixed asset investments</b>		<b>150,083</b>	<b>150,083</b>
<b>Fixed assets</b>		<b>153,302</b>	<b>155,596</b>
Trade receivables		4,638,730	9,430
Receivables from group enterprises		22,350,283	18,984,018
Other receivables		34,712	10,259
Prepayments		394,087	170,825
<b>Receivables</b>		<b>27,417,812</b>	<b>19,174,532</b>
<b>Cash at bank and in hand</b>		<b>4,567,379</b>	<b>2,953,209</b>
<b>Current assets</b>		<b>31,985,191</b>	<b>22,127,741</b>
<b>Assets</b>		<b>32,138,493</b>	<b>22,283,337</b>

# Balance sheet 31 December

## Liabilities and equity

	Note	2022	2021/22
		DKK	DKK
Share capital		13,000,000	13,000,000
Retained earnings		-77,828,731	-66,851,496
<b>Equity</b>		<b>-64,828,731</b>	<b>-53,851,496</b>
Other payables		1,506,339	1,725,630
<b>Long-term debt</b>	6	<b>1,506,339</b>	<b>1,725,630</b>
Prepayments received from customers		3,730,573	2,055,461
Trade payables		682,521	892,959
Payables to group enterprises		89,251,338	68,513,496
Other payables	6	1,796,453	2,947,287
<b>Short-term debt</b>		<b>95,460,885</b>	<b>74,409,203</b>
<b>Debt</b>		<b>96,967,224</b>	<b>76,134,833</b>
<b>Liabilities and equity</b>		<b>32,138,493</b>	<b>22,283,337</b>
Going concern	1		
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

## Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 July	13,000,000	-66,851,496	-53,851,496
Net profit/loss for the year	0	-10,977,235	-10,977,235
<b>Equity at 31 December</b>	<b>13,000,000</b>	<b>-77,828,731</b>	<b>-64,828,731</b>

# Notes to the Financial Statements

## 1. Going concern

As of 31 December 2022 the Company had current liabilities of DKK 94,210k including a short term debt to the parent Company Liva Healthcare Holding ApS of DKK 89,251k against current assets of 23,612k including a short term receivable with the wholly owned subsidiary Liva Healthcare UK of DKK 22,612k.

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 31 December 2023. We refer to note 1 in the Financial Statements for Liva Healthcare Holding ApS where it is stated that the current funding available for the group as a whole is expected to last until February 2024 and that Liva Healthcare Holding ApS existence beyond this date is dependent on a successful outcome of the planned fund raising in Q3 2023.

Based on the above Management has prepared the financial statements under the going concern assumption.

Within the current business case Management can support and make further investments in the UK market to capitalize on the current tailwinds and performance. As disclosed in note 5, the subsidiary Liva Healthcare UK has negative net assets as the UK Company is also in a scale up phase. The receivable of DKK 22,612k with Liva Healthcare UK is not impaired, which is based on the assumption that the UK Company will get the funds needed to continue its operations and that the profitability of the UK Company will improve and that further funding for the Group will be obtained in Q3 2023 as mentioned above.

	2022	2021/22
	DKK	DKK
<b>2. Staff Expenses</b>		
Wages and salaries	10,179,017	25,737,424
Pensions	803,882	2,064,459
Other social security expenses	138,234	378,519
Other staff expenses	1,488,835	2,677,652
	<b>12,609,968</b>	<b>30,858,054</b>
Average number of employees	<b>38</b>	<b>45</b>

	2022	2021/22
	DKK	DKK
<b>3. Financial income</b>		
Interest received from group enterprises	164,803	252,064
	<b>164,803</b>	<b>252,064</b>

## Notes to the Financial Statements

	2022	2021/22
	DKK	DKK
<b>4. Financial expenses</b>		
Interest paid to group enterprises	608,513	733,121
Other financial expenses	91,032	207,885
Exchange loss	710,270	247,343
	<u>1,409,815</u>	<u>1,188,349</u>

	2022	2021/22
	DKK	DKK
<b>5. Investments in subsidiaries</b>		
Cost at 1 July	185,914	185,914
Cost at 31 December	<u>185,914</u>	<u>185,914</u>
Value adjustments at 1 July	-185,914	-185,914
Value adjustments at 31 December	<u>-185,914</u>	<u>-185,914</u>
<b>Carrying amount at 31 December</b>	<u>0</u>	<u>0</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Liva Healthcare UK Limited	65 Woodbridge Road, Surrey, England	1 £	100%
Liva Healthcare GmbH	Am Oker 7, 24955 Harrislee	185.905 DKK	100%

# 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>	<u>2021/22</u>
	DKK	DKK
<b>Other payables</b>		
After 5 years	0	0
Between 1 and 5 years	<u>1,506,339</u>	<u>1,725,630</u>
Long-term part	1,506,339	1,725,630
Within 1 year	0	0
Other short-term payables	<u>1,796,453</u>	<u>2,947,287</u>
	<u><b>3,302,792</b></u>	<u><b>4,672,917</b></u>

## 7. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

	<u>2022</u>	<u>2021/22</u>
	DKK	DKK
Within 1 year	<u>83,605</u>	<u>76,491</u>
	<u><b>83,605</b></u>	<u><b>76,491</b></u>

# Notes to the Financial Statements

## 8. Accounting policies

The Annual Report of Liva Healthcare A/S 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.

### 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.

## Income statement

### Net sales

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 expenses

Direct expenses comprises procured external services from third party.

# Notes to the Financial Statements

## 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

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

## 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.

The Company is jointly taxed with Liva Healthcare Holding ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## 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
--	-----------

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

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



# Notes to the Financial Statements

## 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 and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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.

## Other fixed asset investments

Other fixed asset investments consist of deposits.

## 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.

## 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 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.