
Liva Healthcare A/S

Danneskiold-Samsøes Allé 41, DK-1434 Copenhagen

Annual Report for 2023

CVR No. 38 73 73 68

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 30/6 2024

Shahram Sharif
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Notes to the Financial Statements	11

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 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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, 30 June 2024

Executive Board

Shahram Sharif
CEO

Martin Møller Paarse
COO

Board of Directors

Michel Lussier
Chairman

Søren Hein

Kristoffer Møller Pedersen

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Liva Healthcare A/S for the financial year 1 January - 31 December 2023, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company is dependent on the successful outcome of the parent Company's planned fundraising in Q4 2024, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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.

Independent Auditor's report

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.
- 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.

Independent Auditor's report

Hellerup, 30 June 2024

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 A/S Danneskiold-Samsøes Allé 41 1434 Copenhagen CVR No: 38 73 73 68 Financial period: 1 January - 31 December Incorporated: 12 June 2017 Financial year: 6th financial year Municipality of reg. office: Copenhagen
Board of Directors	Michel Lussier, chairman Søren Hein Kristoffer Møller Pedersen Guido Dominik Hegener Boris Bernstein
Executive Board	Shahram Sharif Martin Møller Paarse
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 2023 shows a loss of DKK 21,910,668, and at 31 December 2023 the balance sheet of the Company shows a negative equity of DKK 86,739,399.

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 2024.

Reference is made to note 1.

Subsequent events

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

Income statement 1 January - 31 December

	Note	2023	2022
		DKK 12 months	DKK 6 months
Gross profit		1,534,779	2,880,039
Staff expenses	2	-22,681,404	-12,609,968
Depreciation and impairment losses of property, plant and equipment		-3,220	-2,294
Profit/loss before financial income and expenses		-21,149,845	-9,732,223
Financial income	3	855,328	164,803
Financial expenses	4	-1,616,151	-1,409,815
Profit/loss before tax		-21,910,668	-10,977,235
Tax on profit/loss for the year		0	0
Net profit/loss for the year		-21,910,668	-10,977,235
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Retained earnings		-21,910,668	-10,977,235
		-21,910,668	-10,977,235

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Other fixtures and fittings, tools and equipment		0	3,219
Property, plant and equipment		0	3,219
Investments in subsidiaries	5	0	0
Deposits		165,154	150,083
Fixed asset investments		165,154	150,083
Fixed assets		165,154	153,302
Trade receivables		2,092,159	4,638,730
Receivables from group enterprises		34,519,157	22,350,283
Other receivables		720,154	34,712
Prepayments		759,746	394,087
Receivables		38,091,216	27,417,812
Cash at bank and in hand		2,296,244	4,567,379
Current assets		40,387,460	31,985,191
Assets		40,552,614	32,138,493

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		13,000,000	13,000,000
Retained earnings		-99,739,399	-77,828,731
Equity		-86,739,399	-64,828,731
Other payables		1,614,088	1,506,339
Long-term debt	6	1,614,088	1,506,339
Prepayments received from customers		3,269,913	3,730,573
Trade payables		1,032,883	682,521
Payables to group enterprises		119,383,561	89,251,338
Other payables	6	1,991,568	1,796,453
Short-term debt		125,677,925	95,460,885
Debt		127,292,013	96,967,224
Liabilities and equity		40,552,614	32,138,493
Going concern and receivables from group company	1		
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK	DKK	DKK
Equity at 1 January	13,000,000	-77,828,731	-64,828,731
Net profit/loss for the year	0	-21,910,668	-21,910,668
Equity at 31 December	13,000,000	-99,739,399	-86,739,399

Notes to the Financial Statements

1. Going concern and receivables from group company

As of 31 December 2023 the Company had current liabilities of DKK 125,678k including a short term debt to the parent Company Liva Healthcare Holding ApS of DKK 119,384k against current assets of 40,387k including a short term receivable with the wholly owned subsidiary Liva Healthcare UK of DKK 34,519k. 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 2024. 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 the end of 2024 and that Liva Healthcare Holding ApS existence beyond this date is dependent on a successful outcome of the planned fund raising in Q4 2024. Based on the above Management has prepared the financial statements under the going concern assumption, however if this financing does not materialize, the Company has a runway till the end of 2024 and consequently there might be uncertainty in terms of going concern for the Company.

Within the current business case Management can support and make further investments in the UK market to capitalize on the current tailwinds and performance. The subsidiary Liva Healthcare UK has negative net assets as the UK Company is also in a scale up phase. The receivable of DKK 34,519k 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 Q4 2024 as mentioned above. Consequently there might also be uncertainty relating to the value of these receivables.

2. Staff Expenses

	2023 DKK 12 months	2022 DKK 6 months
Wages and salaries	18,364,920	10,179,017
Pensions	1,587,946	803,882
Other social security expenses	223,860	138,234
Other staff expenses	2,504,678	1,488,835
	22,681,404	12,609,968
Average number of employees	32	38

3. Financial income

	2023 DKK 12 months	2022 DKK 6 months
Interest received from group enterprises	449,722	164,803
Exchange gains	405,606	0
	855,328	164,803

Notes to the Financial Statements

	2023	2022
	DKK 12 months	DKK 6 months
4. Financial expenses		
Interest paid to group enterprises	1,605,688	608,513
Other financial expenses	985	91,032
Exchange loss	9,478	710,270
	<u>1,616,151</u>	<u>1,409,815</u>

	2023	2022
	DKK	DKK
5. Investments in subsidiaries		
Cost at 1 January	185,914	185,914
Cost at 31 December	<u>185,914</u>	<u>185,914</u>
Value adjustments at 1 January	-185,914	-185,914
Value adjustments at 31 December	<u>-185,914</u>	<u>-185,914</u>
Carrying amount at 31 December	<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 Ozer 7, 24955 Harrislee	185,905 DKK	100%

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
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:		
Other payables		
After 5 years	1,614,088	1,506,339
Long-term part	1,614,088	1,506,339
Other short-term payables	1,991,568	1,796,453
	<u>3,605,656</u>	<u>3,302,792</u>
	<u>2023</u>	<u>2022</u>
	DKK	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	86,113	83,605
	<u>86,113</u>	<u>83,605</u>

Notes to the Financial Statements

8. Accounting policies

The Annual Report of Liva Healthcare A/S for 2023 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 2023 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 transaction date rates are recognised in financial income and expenses in the income statement

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.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

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, expenses for raw materials and consumables 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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

Notes to the Financial Statements

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 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.

Financial liabilities

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