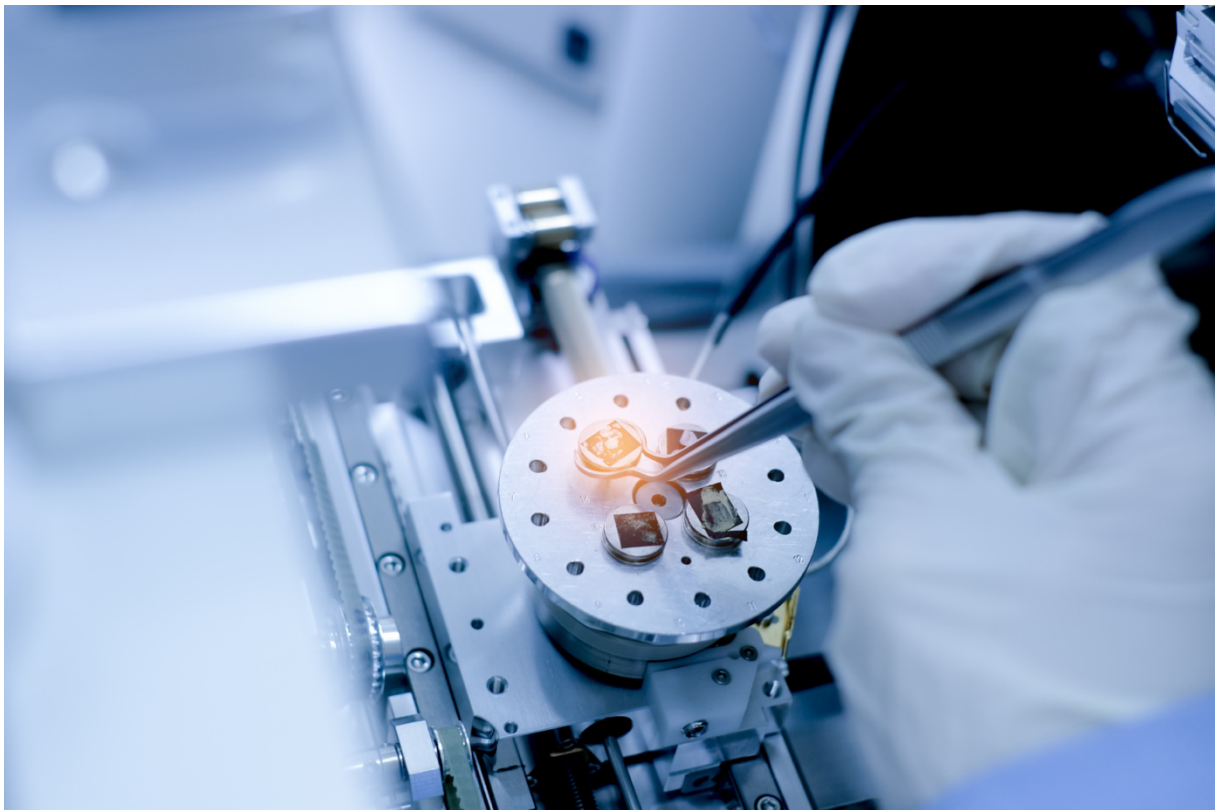


LIFECARE

Quarterly Report

Q4 2023



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CEO's Statement

STEADY COURSE

During the first three quarters of 2023, Lifecare reported on huge achievements both clinically and in the laboratory. The results from our first in human clinical study and longevity experiments in the laboratory (in-vivo) was important confirmation in our product development, perfectly aligned with our initiation of manufacturing preparations and enhanced focus on Quality Management. In the third quarter of 2023 the manufacturing preparations and Quality Management gained additional speed, while we throughout Q4 have been able to manifest the company's direction and goals.

COMPANY FUNDING

Implementation of the company's planned direction and goals is capital intensive, and the company therefore carried out a private placement in October 2023, raising MNOK 42.5 in gross proceeds. The company issued 17 million new shares at a price per share of NOK 2.5, representing a discount of less than 16% compared to the trading price at market closing the same day.

This equity increase was concluded in a very challenging capital market, and we were very happy to secure funding based on a low discount and at the same price per share as the previous private placement in 2022.

SUCCESSFUL ISO 13485 AUDIT

In accordance with the development roadmap introduced at the 2023 semiannual report, we announced in Q3 that Lifecare Laboratory (Mainz, Germany) was ready for ISO 13485 audit in November 2023. ISO 13485 is specific to medical devices and covers the entire life cycle of a device, from design and development to production, installation, and servicing. Focus on Quality Management with regulatory compliance is essential for our operations to succeed with our core mission to introduce an implantable device for medical use to the market.

The ISO-audit was conducted, according to our development roadmap, and finalized and concluded without any major findings. Consequently, the auditor recommended to issue the ISO 13485 certificate to Lifecare Laboratory and in January 2024 we received the official documentation for ISO 13485 certification.

PRODUCT DEVELOPMENT AGREEMENT WITH SANOFI

Lifecare is engaged with Sanofi in a Product Development Agreement related to Sencell Continuous Glucose Monitoring system. Under the terms of the agreement, Sanofi has committed to provide funding contributions, supporting the further development of Lifecare's technology. In return, Lifecare has granted Sanofi a right of first refusal to negotiate, allowing them the first right to negotiate an exclusive global license agreement for Lifecare's Sencell technology.

A couple of weeks into Q4 we finalized an additional phase end report under the Product Development Program and announced this accordingly. This event trigger release of development funding from Sanofi, while the Product Development Agreement continues.

In addition to the Sanofi reporting, Lifecare in Q4 also received the approval from Norwegian regulatory authorities to the start of our longevity study LFC-SEN-002. This is another important piece in the development of the Sencell sensor.

PLACING ORDER FOR AUTOMATED PRODUCTION

To establish automated production by end of Q2 2024 is set as a major Lifecare milestone. In order to accomplish this, the company placed a series of purchase orders for production equipment during Q4.

First out Lifecare concluded to implement customized Scanning Electron Microscopes (SEM) from Carl Zeiss IQS Deutschland GmbH (Zeiss) as the optimal cornerstone equipment for our automated

production. The SEM is a key component to manufacture Lifecare's unique sensor for Continuous Glucose Monitoring applying osmotic pressure as the sensing principle.

The purchase order for an adopted software from Zeiss was placed in October and in November 2023 Lifecare also placed the purchase order for the SEM Zeiss XB350. This Electron microscope is highly advanced and precise, and especially suitable for Lifecare's automated production.

In December 2023 Lifecare placed the final purchase order for further automated production components; a BioScaffolder ("BS 3.3) and a customized Nano-Plotter ("NP 2.1") from the German supplier GeSiM mbH. This equipment will be essential tools for the automated process of filling Lifecare's proprietary and patented glucose-reactive chemical solution in the nanosized chambers of the sensors, also applying the nano-porous membranes to seal the chambers after filling.

Our suppliers have confirmed the delivery of the equipment in Q2 2024.

OUTLOOK

The Lifecare organization is focused and dedicated to meet the goals to enable sensor pilot production in Q1 2024 and automated production in Q2 2024. Furthermore, the commercial goal of 2024 is to launch our CGM in the veterinary market. We expect to progress on the commercial preparations in the first half of 2024.

Preparing the organization for continued progress on the corporate and financial side, we have established two important new positions in the Group. March 1st, 2024, Torsten Ernst will start as Lifecare's Production Manager in Mainz, Germany. May 1st, 2024, Renete Kaarvik will start as Lifecare's Chief Financial Officer. In addition to these important appointments, the Board of Directors recently decided to initiate the process to prepare Lifecare for an uplisting to the main market at Oslo Stock Exchange. If all goes as planned, Lifecare hope to uplist to the main market for trading in October 2024.

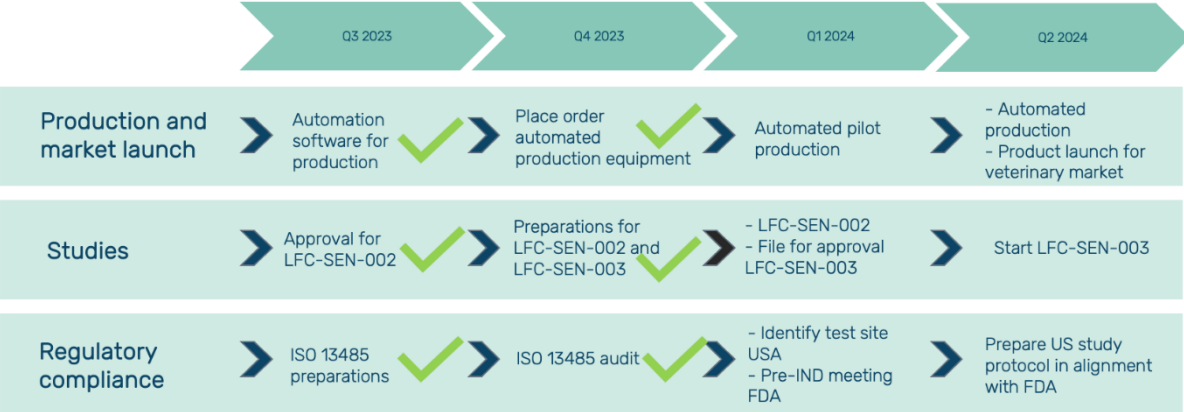
OUTLOOK SUMMARY

- Q1 Start LFC-SEN-002
- Q1 Submit study protocols (LFC-SEN-003) for regulatory approval
- Q1 Pilot production
- Q2 Conclude LFC-SEN-002
- Q2 Automated production



Joacim Holter
CEO

Trigger event overview



Financials - Summary

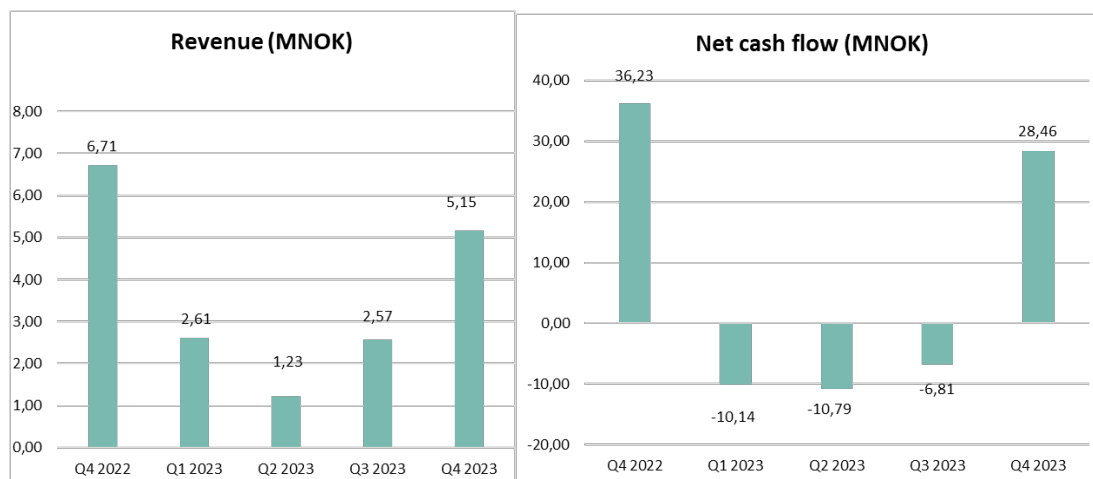
The Group's costs were slightly increased compared to previous quartal due to increased development activities, while we conclude a revenue in Q4 of 5,1 MNOK, including 3,4 MNOK calculated refund from "Skattefunn". The Q4 revenue represented an increase from 2,6 MNOK in Q1 and Q3 2023, and 1,2 MNOK in Q2 2023. Due to strategic priorities the third-party service capacity has been reduced to be able to allocate the Groups recourses to our main and internal development projects. Consequently, the revenue decreased compared to Q4 2022 (6,71 MNOK, included 1,6 MNOK from "Skattefunn").

Lifecare converted the accounting principles to IFRS in 2023 and on this basis the valuation of the Group employee share option plan had a large impact on the Q4 2023 numbers adding additional 3,7MNOK to the Salaries and personnel costs, compared to 0,9 MNOK for 2022. However, this cost does not have effect on the company's liquidity or total equity.

The Group's cash position and equity Q4 2023 was strengthened compared to Q4 2022

KEY FINANCIAL

Financial statement 31 December 2023 unaudited (MNOK),	Q4 2023	Q4 2022	YTD 2023	YTD 2022
Revenue	5,15	6,71	11,56	22,13
Salaries and personnel costs	-11,84	-5,67	-24,93	-12,18
Other operating costs	-8,63	-11,02	-22,52	-26,86
Sum operating result	-15,32	-9,99	-35,88	-16,90
Net finance	-0,01	0,15	-0,45	0,23
Sum	-15,33	-9,84	-36,33	-16,67
Equity	66,06	56,44	66,06	56,44
Total Assets	86,07	75,10	86,07	75,10
Earning per share	-0,108	-0,097	-0,269	-0,172



CONSOLIDATED FIGURES, LIFECARE GROUP (UNAUDITED FIGURES)

Q4 IFRS 2023	Q4 IFRS 2022	NOK	YTD IFRS 2023	YTD IFRS 2022
5 152 378	6 708 679	OPERATING INCOME	11 560 256	22 134 660
-11 838 798	-5 672 447	SALARIES AND OTHER PERSONNELL EXP.	6	-24 925 875
-287 742	-56 965	DEPRECIATION AND AMORTIZATION COSTS	2	-1 632 013
-486 105	-261 480	AMORTIZATION ROA	2	-1 243 270
-7 856 143	-10 703 130	OTHER OPERATING COSTS	-19 642 074	-24 577 876
-20 468 788	-16 694 023	OPERATING EXPENSES	-47 443 232	-39 038 898
-15 316 410	-9 985 344	OPERATING RESULT	-35 882 976	-16 904 238
899 549	298 667	FINANCE INCOME	1 001 444	554 096
-909 843	-150 089	FINANCE COSTS	-1 447 051	-323 572
-10 294	148 578	NET FINANCIAL ITEMS	-445 608	230 524
-15 326 704	-9 836 765	ORDINARY RESULT BEFORE TAXES	-36 328 584	-16 673 714
722 359	185 862	TAXES	275	-527 152
-14 604 345	-9 650 904	ORDINARY RESULT	-36 328 309	-17 200 866
-0,108	-0,097	Earnings per share (basic)	-0,269	-0,172

BALANCE SHEET, LIFECARE GROUP (UNAUDITED FIGURES)

Q4	Q4	NOK	YTD	YTD
IFRS	IFRS		IFRS	IFRS
5 301 855	6 234 193	LICENCES AND PATENTS	5 301 855	6 234 193
7 330 832	7 228 275	GOODWILL	7 330 832	7 228 275
12 632 688	13 462 468	INTANGIBLE ASSETS	2	12 632 688
3 813 552	2 989 532	MACHINERY AND EQUIPMENT	3 813 552	2 989 532
-	-	INVESTMENTS IN AFFILIATED COMPANIES	4	-
6 642 226	3 877 428	RIGHT-OF-USE ASSET	6 642 226	3 877 428
10 455 778	6 866 960	TOTAL FIXED ASSETS	2	10 455 778
4 084 524	1 321 634	RECEIVABLES	4 084 524	1 321 634
10 552 540	5 817 383	OTHER CURRENT FINANCIAL ASSETS	10 552 540	5 817 383
48 345 419	47 630 404	CASH AND CASH EQUIVALENTS	48 345 419	47 630 404
62 982 483	54 769 421	TOTAL CURRENT ASSETS	62 982 483	54 769 421
86 070 948	75 098 850	TOTAL ASSETS	86 070 948	75 098 850
132 976 632	89 850 666	PAID UP EQUITY	132 976 632	89 850 666
-66 921 163	-33 414 997	RETAINED EQUITY	-66 921 163	-33 414 997
66 055 470	56 435 669	TOTAL EQUITY	3,5,6	66 055 470
1 640 914	1 333 243	DEFERRED TAX	1 640 914	1 333 243
6 997 315	4 353 994	LONG-TERM NON INT.BEARING DEBT	6 997 315	4 353 994
4 745 443	3 088 366	FINANCIAL LEASE LONG TERM	4 745 443	3 088 366
13 383 672	8 775 603	TOTAL LONG-TERM DEBT	13 383 672	8 775 603
2 480 693	1 627 636	ACCOUNTS PAYABLE	2 480 693	1 627 636
420 658	1 546 957	GOVERNMENT TAXES	420 658	1 546 957
3 730 456	6 712 985	OTHER CURRENT LIABILITIES	3 730 456	6 712 985
6 631 807	9 887 578	TOTAL CURRENT LIABILITIES	6 631 807	9 887 578
86 070 949	75 098 850	TOTAL EQUITY AND LIABILITIES	86 070 949	75 098 850

CASH FLOW, LIFECARE GROUP

Q4 2023	Q4 NOK 2022		YTD 2023 (Unaudited)	YTD 2022 (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES:				
-15 326 704	-9 836 765	NET PROFIT BEFORE TAX	-36 328 584	-16 673 714
722 359	185 862	TAXES PAID	275	-527 152
287 742	56 965	DEPRECIATION	1 632 013	1 500 200
486 105	261 480	AMORTIZATION ROA	1 243 270	784 082
3 690 706	918 683	EMPLOYEE BENEFITS EXPENSE	3 690 706	918 683
-2 584 768	123 852	CHANGE IN RESERVABLES	-2 762 889	-1 182 938
-1 877 797	1 660 174	CHANGE IN ACCOUNTS PAYABLE	-853 057	-344 789
1 200 753	-4 078 817	CHANGES IN OTHER ACCRUED INCOME AND EXPENDITURE	-4 735 157	-2 680 345
-13 401 604	-10 708 566	NET CASH FLOW FROM OPERATING ACTIVITIES	-38 113 423	-18 205 973
CASH FLOW FROM INVESTMENT ACTIVITIES:				
		PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		-
-530 575	-1 579 911	PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	-824 020	-5 708 258
		PURCHASE OF INVESTMENT PROPERTY		-
		PURCHASE OF EQUITY INSTRUMENTS		-
		PURCHASE OF INTANGIBLE ASSETS		-
218 834	-191 191	PURCHASE OF OTHER FINANCIAL ASSETS	829 780	-3 490 315
		ACQUISITION OF SUBSIDIARY, NET OF CASH ACQUIRED		-
		RECEIPT OF GOVERNMENT GRANTS		-
-311 741	-1 771 102	<i>NET CASH FLOW USED IN INVESTING ACTIVITIES</i>	<i>5 761</i>	<i>-9 198 573</i>
CASH FLOW FROM FINANCING ACTIVITIES:				
45 523 337	47 396 084	PROCEEDS FROM ISSUE OF SHARE CAPITAL	43 125 967	48 259 636
-3 391 812	1 289 368	PROCEEDS FROM BORROWINGS	-4 608 069	5 374 770
		REPAYMENT OF BORROWINGS		-
46 795	34 198	PAYMENT OF PRINCIPAL PORTION OF LEASE LIABILITIES	187 180	136 793
		DIVIDEND PAID TO EQUITY HOLDERS OF THE PARENT		
		DIVIDEND PAID TO MINORITY INTERESTS	-	
42 178 321	48 719 651	NET CASH FLOW FROM FINANCING ACTIVITIES	38 705 077	53 771 199
		<i>NET CURRENCY TRANSLATION EFFECT</i>	<i>117 601</i>	<i>221 888</i>
28 464 976	36 239 983	NET IN CASH AND CASH EQUIVALENTS	597 415	26 366 653
19 880 443	11 390 420	CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	47 630 404	21 041 862
48 345 419	47 630 403	CASH AND CASH EQUIVALENTS AT END OF PERIOD	48 345 420	47 630 403

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT

1. Organization and basis of preparation

Organization:

Lifecare AS ("Company") is a Norwegian based clinical stage medical sensor company with subsidiaries in Bergen (Norway), Mainz, Reutlingen (Germany) and Bristol (UK) ("Lifecare Group"). Lifecare's main focus is to bring the next generation of Continuous Glucose Monitoring ("CGM") systems to market. The Company's sensor technology is suitable for identifying and monitoring the occurrence of a wide range of analytes and molecules in the human body.

Lifecare AS is listed on the Oslo Stock Exchange, Euronext Growth, with ticker LIFE.

Basis of presentation:

1st of January 2023 is the company's implementation date for conversion to International Financial Reporting Standards (IFRS) from NGAAP. More information on the opening balance as of January 1st, 2022, comparative balance as of 31 December 2022, and the effects of the transition to IFRS would be found note 7.

These condensed interim financial statements prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). For a complete set of financial statements, these condensed interim financial statements should be read in conjunction with the annual statement of 2022 (NGAAP).

The condensed interim financial statements are unaudited. The audit will be carried out in connection with the 2023 yearend closing.

Fair Value:

The condensed interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period.

Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, considering current and expected future market conditions.

2. Intangible assets, plant, equipment, and ROA

	Patents and licenses	Goodwill	Tangible assets	RIGHT OF USE ASSETS (IFRS 16)	Total
Cost 01.01.23	7 812 443	7 330 832	3 581 542	4 044 978	22 769 795
Purchased fixed assets			1 300 909		1 169 519
Asset consolidation				4 325 110	4 325 110
Cost 31.12.23	7 812 443	7 330 832	4 882 451	8 370 088	28 264 424
Acc. depreciation	2 510 588		668 302	1 727 862	4 906 752
Book value 31.12.23	5 301 855	7 330 832	3 813 552	6 642 226	23 088 466
Depreciation 2023	694 504		937 509	1 243 270	2 413 299

Lifecare Group has recognized tree of its office facilities as a leasing contract according to IFRS 16. Lease liabilities according to IFRS 16 is measured as the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

Office rent due within 12 months are classified as short-term.

The company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value ('low-value assets')

3. Equity

Equity Group	Share capital	Share premium reserve	Retained equity	Total equity
01.01.2023	47 146 297	40 306 997	-32 203 203	55 250 091
Effect of transition to IFRS			1 185 578	1 185 578
Share capital increase	6 800 000	35 700 000		42 500 000
Share-based payments		3 023 338		3 023 338
Currency conversion differences			424 772	424 772
Result 2023			-36 328 309	-36 328 309
Book value 31.12.2023	53 946 297	79 030 335	-53 271 159	66 055 470

4. Subsidiaries

Lifecare owns 100% of Lifecare Nanobiosensors GmbH. The subsidiary's unaudited result for 2023 was 0,310 MNOK and the equity was 0,562 MNOK. The company has been consolidated into the consolidated accounts with effect from 01.07.2021.

Lifecare owns 100% of Lifecare Laboratory GmbH. The subsidiary's unaudited result for 2023 was NOK -0,554 MNOK and the equity was 4,3 MNOK. The company is consolidated into the consolidated accounts with effect from 01.02.2022.

Lifecare owns 100% in Lifecare Chemistry Ltd. The subsidiary's unaudited result for 2023 was - 0,047 MNOK and the equity was 0,340 MNOK. The company was established 03.11.22 and was consolidated into the consolidated accounts with effect from 01.12.2022.

Lifecare owns 80% of the shares in Lifecare Veterinary AS. The subsidiary's unaudited result for 2023 was 0,053 MNOK and the equity was 0,088 MNOK. The company was consolidated into the Group accounts with effect from 01.06.2023.

5. Shareholders

The share capital of Lifecare AS 31.12.23 consists of 134,865,742 ordinary shares of NOK 0.40, in total NOK 53,946,297. The main shareholders per 31.12.23 was:

Shareholder	Shares	Stake
Teigland Eiendom As	24 691 829	18,31 %
Lacal As	21 387 712	15,86 %
Verdipapirfondet Nordea Avkastning	8 763 413	6,50 %
Tjelta AS	8 000 000	5,93 %
Spit Air As	3 087 735	2,29 %
Sandquist Patricia Rodrigues Da Costa	2 893 000	2,15 %
Nordnet Livsforsikring As	2 530 033	2,10 %
Lt Finans AS	2 500 000	1,85 %
Einarsen Even Harald	2 410 000	1,79 %
Bnp Paribas	1 812 600	1,34 %
Deutsche Bank Aktiengesellschaft	1 800 299	1,33 %
Nexus Marketing	1 752 024	1,30 %
Andreassen Kurt Normann	1 652 872	1,23 %
Westhawk AS	1 500 000	1,11 %
Max Invest AS	1 445 000	1,07 %
Other (Under 1% shares)	86 526 447	64,16 %
Total shareholders	134 865 742	100,00 %

Primary insiders and related holdings	2023	2022	Stake 2023
Hanibal Invest AS (primary insider Hans Hekland)	200 000	200 000	0,15 %
Cimter AS (primary insider Joacim Holter)	1 331 355	1 331 355	0,99 %
Joacim Holter	292 998	317 997	0,22 %
Islay Venture GmbH (primary insider Andreas Pfützner)	1 800 299	2 620 499	1,33 %
Total shareholders	3 624 652	4 469 851	2,69 %

The CEO directly/indirectly owns 1.2% of the shares in the company.

The CSO indirectly owns 1,3 % of the shares in the company.

6. Share based option plan

Lifecare AS has granted share options to selected employees in Lifecare Group. The option gives the holder right to acquire shares from the company at an exercise price defined in the individual option agreements.

Option is granted under the plan for no consideration and carry no dividend or votion rights before exercise of the options.

The value of the options is determined by applying to the Black-Scholes option pricing model. The Black-Scholes model considers the share price at the grant date, time until execution, exercise price, risk-free interest rate and volatility.

Movement during the year	Number of options 2023
As of 01.01.2023	2 469 173
Granted during the year	1 850 000
Exercised during the year	
Adjusted during the year	50 000
Expired during the year	
As of 31.12.2023	4 369 173

7. Transition to IFRS

Lifecare Group implements IFRS from 2023. Changes in accounting principles, including changes in the language of accounting, must as a general rule be made through a retrospective implementation, i.e. that previous years' accounts are restated so that they present the company's financial position as the new rules had always been applied.

In preparing the opening balance sheet the company has reviewed the balance sheet as of 1 January 2022 that was prepared in accordance with its old basis of accounting (NGAAP) as the basis for the transition to IFRS applying IFRS 1 (First-time Adoption of International Financial Reporting Standards). The transition entails certain changes in principles, but no equity adjustments have been considered necessary due to materiality. The exception is a restatement of deferred tax assets. When preparing the IFRS opening balance sheet as of 31 January 2022 an equity adjustment relating to long-term leasing (IFRS 16) was made in addition to the adjustment of deferred tax assets. The assessments that have been made are listed below.

Leases (A)

IFRS 16 regulates recognition, measurement, presentation and note requirements related to leases and requires that leases are capitalized in the accounts of the lessee in the form of a lease obligation (obligation to pay rent) and an asset that represents the tenant's right to use the underlying asset. Leases must be capitalized unless they qualify for the exceptions for low amounts or lease term of less than one year. On initial recognition, the liability is measured at the present value of future lease payments during the lease term. This amount is also recognized as a right of use asset determined measured at cost. Subsequently the right of use asset is depreciated, and interest costs are charged on the obligation and expensed under operating costs and financial costs, respectively. The recognized lease obligations are reduced by the rental payments ("installments").

Lifecare AS's office rental contract at Ytrebygdsvegen exceeds one year, and consequently the lease represents a change in the company's financial reporting relative to NGAAP. However, the lease was entered into in the second half of 2022, and therefore it is not adjusted for in the opening balance as of 1 January 2022.

Lifecare Laboratory GmbH's office rental contract at Haifa-Allee 20 also exceeds one year, and Consequently, the lease represents a change in the company's financial reporting relative to NGAAP.

Lifecare Group took over the lease obligations when Lifecare Laboratory was consolidated into the group meaning effective from 1 February 2022. Therefore, no adjustment is made as part of the transition to IFRS in the 1 January 2022 balance sheet.

As of 31 December 2022, this created a difference in the statement of profit or loss where in IFRS there is a recognition of the right-of-use assets' amortization as part of operating expenses (246 TNOK) and the interest expense on the lease liability is recognized as part of financial expenses (39 TNOK). In addition, in the balance sheet a lease liability (4 154TNOK) and a right-of-use asset (3 799 TNOK) was recognized as an IFRS – NGAAP adjustment. Rental payments that fall due within one year are reclassified to short-term (1 930 TNOK).

Entry of deferred tax asset (B)

When transitioning to IFRS the group can no longer apply the principle of small enterprises of not recognizing deferred tax assets on the balance sheets. In the financial statements prepared in accordance with NGAAP as of 31 December 2021 and 31 December 2022, a deferred tax asset was estimated at 20,2 MNOK and 24,4 MNOK, respectively. According to IAS 12 an entity should recognize deferred tax assets only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Lifecare Group has decided that, until commencement of sale/agreements has reached a profitable level, the group will not record any deferred tax assets related to its tax losses carried forward and other negative temporary differences. There is no time limitation in Norway for utilization of historical tax losses. In other words, this does not represent an adjustment to the balance sheet.

Goodwill (C)

According to IFRS, goodwill is not amortized. Instead, an impairment test is carried out at least once a year or more often if there are indications of impairment.

Property, plant and equipment (D)

Property, plant and equipment are valued at historical cost, but IFRS apply stricter requirements for decomposition and assessment of economic life. On the transition date, there are a limited amount of fixed assets in the accounts, and no changes is necessary in the opening balance as of 1 January 2022.

Research and development (E)

IAS 38 does not allow capitalization of expenses related to own research but allows that intangible assets arising from development costs are capitalized if certain conditions are met. IFRS thus differ between a research phase and a development phase.

Development costs which are expected to generate probable future economic benefits are capitalized as intangible assets if, and only if, all of the following have been demonstrated: the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

When defining Lifecare Groups' research phase the company concludes that the criteria above are not met and therefore there is no capitalization of the research and development expenditures yet. No adjustments to the equity are necessary in the financial statements presented.

Share based option plan (F)

Lifecare Group granted share options to selected employees in 2019. Options under a new program were granted in 2022. The options give the holder the right to acquire shares in the company at an exercise price set in the individual option agreements.

The value of the option is determined by applying the Black-Scholes option pricing model. The Black-Scholes model considers the share price at the grant date, the time until exercise, exercise price, risk-free interest rate and volatility.

The estimated costs are expensed over the vesting period. Until 1 January 2022 1.478.688 NOK had been expensed, and by the end of 2022 2.397.371 NOK. According to IFRS 2 this cost should be recognized in the income statement meaning that an adjustment between IFRS-NGAAP is needed.

RECONCILIATION OF FINANCIAL INCOME STATEMENT AS OF DECEMBER 2022 (UNAUDITED)

FINANCIAL STATEMENT		NGAAP 2022	Effect on transition to IFRS	IFRS 2022 (unaudited)
OPERATING INCOME AND OPERATING EXPENSES				
OPERATING INCOME:				
<i>REVENUE</i>				
OTHER INCOME		22 134 660		22 134 660
<i>TOTAL INCOME</i>		22 134 660		22 134 660
OPERATING EXPENSE:				
EMPLOYEE BENEFITS EXPENSE	F	11 258 057	918 683	12 176 740
DEPRECIATION AND AMORTISATION EXPENSE	C	2 748 466	-1 248 266	1 500 200
AMORTIZATION ROA	A		784 082	784 082
OTHER EXPENSES	A	25 445 303	-867 427	24 577 876
<i>TOTAL EXPENSES</i>		39 451 826	-412 928	39 038 898
OPERATING RESULT		-17 317 166	412 928	-16 904 238
FINANCIAL INCOME AND EXPENSES				
OTHER INTEREST INCOME		0		0
OTHER FINANCIAL INCOME		554 096		554 096
DEPRECIATION OF FINANCIAL CURRENT ASSETS		0		0
OTHER INTEREST EXPENSES		637		637
OTHER FINANCIAL EXPENSES	A	186 141	136 793	322 934
<i>NET FINANCIAL ITEMS</i>		367 318	-136 793	230 525
NET PROFIT BEFORE TAX		-16 949 848	276 135	-16 673 713
INCOME TAX EXPENSE	C	-527 152		-527 152
NET PROFIT OR LOSS		-17 477 000	276 135	-17 200 865

RECONCILIATION OF BALANCE STATEMENT AS OF DECEMBER 2022 (UNAUDITED)

BALANCE SHEET	NGAAP 2022	Effect on transition to IFRS	IFRS 2022 (unaudited)
ASSETS			
NON-CURRENT			
INTANGIBLE ASSETS			
CONCESSIONS, PATENTS, LICENCES, AND SIMILAR	6 234 193		6 234 193
GOODWILL	C	5 980 009	1 248 266
TOTAL INTANGIBLE ASSETS	12 214 202	1 248 266	13 462 468
PROPERTY, PLANT AND EQUIPMENT			
EQUIPMENT AND OTHER MOVABLES	D	2 989 532	2 989 532
RIGHT-OF-USE ASSET	A		3 877 428
TOTAL PROPERTY, PLANT AND EQUIPMENT	2 989 532	3 877 428	6 866 960
<i>NON-CURRENT FINANCIAL ASSETS</i>			
INVESTMENTS IN AFFILIATED COMPANIES	0		0
OTHER FIXED FINANCIAL ASSETS	0		0
TOTAL NON-CURRENT FINANCIAL ASSETS	0		0
TOTAL FIXED ASSETS	15 203 734	5 125 694	20 329 428
<i>CURRENTS ASSETS</i>			
RECEIVABLES			
RECEIVABLES	1 321 634		1 321 634
OTHER SHORT-TERM RECEIVABLES	5 817 383		5 817 383
TOTAL RECEIVABLES	7 139 017	0	7 139 017
CASH AND CASH EQUIVALENTS	47 630 404		47 630 404
TOTAL CURRENT ASSETS	54 769 421	0	54 769 421
TOTAL ASSETS	69 973 156	5 125 694	75 098 849

BALANCE SHEET		NGAAP 2022	Effect on transition to IFRS	IFRS 2022 (unaudited)
<i>EQUITY</i>				
INSERTED EQUITY FIGURE				
SHARE CAPITAL		47 146 297		47 146 297
PREMIUM RATE		40 306 997		40 306 997
OTHER CONTRIBUTED CAPITAL	F	0	2 397 372	2 397 372
TOTAL CONTRIBUTED EQUITY		87 453 294	2 397 372	89 850 666
<i>EARNED EQUITY</i>				
OTHER EQUITY				
UNCOVERED LOSS	A,C	-32 203 203	-1 202 554	-33 405 757
FUND FOR VALUATION DIFFERENCES		0	-9 240	-9 240
TOTAL RETAINED EARNINGS		-32 203 203	-1 211 794	-33 414 997
TOTAL EQUITY		55 250 090	1 185 578	56 435 668
<i>DEBT</i>				
PROVISION FOR LIABILITIES				
DEFERRED TAX		1 333 243	0	1 333 243
TOTAL PROVISION FOR LIABILITIES		1 333 243	0	1 333 243
<i>OTHER LONG-TERM DEBT</i>				
OTHER LONG-TERM DEBT		4 353 994		4 353 994
FINANCIAL LEASE LONG TERM	A		3 088 366	3 088 366
TOTAL OTHER LONG-TERM DEBT		4 353 994	3 088 366	7 442 360
<i>SHORT-TERM DEBT</i>				
ACCOUNTS PAYABLE		1 627 636		1 627 636
PAYABLE TAX		1 461 517		1 461 517
DUE PUBLIC FEES		85 440		85 440
DIVIDEND		0		0
FINANCIAL LEASE SHORT TERM	A	0	851 750	851 750
OTHER SHORT-TERM DEBT		5 861 235		5 861 235
TOTAL CURRENT LIABILITIES		9 035 828	851 750	9 887 578
TOTAL DEBT		14 723 065	3 940 116	18 663 181
TOTAL EQUITY AND DEBT		69 973 156	5 125 694	75 098 850

Progress – Trials and Operations

Status

- LFC-SEN-001 was finalized in 1H 2023. Data from the study confirm a solid clinical accuracy of our technology (Sencell). The mean average of absolute error (MARD) between Sencell and matched relative reference values in the study was 9,6%, meaning that our sensor technology is in line with the gold standard for glucose monitoring (range 5%-10%).
- The prototype sensors had reached an operational lifetime of more than 24 weeks (172 days), with a sensor chemistry shelf life of almost 27 weeks (187 days). This confirms both that our technology has a superior operational longevity compared to existing needle based CGM sensors.
- In November 2023 Lifecare Laboratory was successfully audited under the ISO 13485 standards.
- We have received approval to start LFC-SEN-002 from The Norwegian Food Safety Authority (NFSA). This study aims to investigate and document our technology longevity (in-vivo) and biocompatibility in-vivo. The study will be carried out in collaboration with The Norwegian University of Life Sciences (NMBU) located at Ås, Norway.
- The European Patent Office have communicated its intentions to issue a new patent to Lifecare.
- Additional important manufacturing preparations have been executed, including ordering of customized production equipment: Scanning Electron Microscope Zeiss XB350, from Carl Zeiss IQS Deutschland GmbH, as well as BioScaffolder ("BS 3.3) and Nano-Plotter ("NP 2.1") from the German supplier GeSiM mbH

Recent progress

- The final delivery from the sub-supplier responsible for the wireless communication from Lifecare's sensor to the read-out-device is as previously communicated delayed, affecting the start of study LFC-SEN-002.
- The manufacturing preparations continues according to plan. Alongside a strictly detailed internal operational focus, the ongoing core manufacturing preparations includes finalization of software customization and first external (Gesim mbH) testing of the BioScaffolder BS3.3 for use in the planned pilot production in Q1 2024.
- Lifecare have appointed Torsten Ernst as Production Manager effective 1st of March. The Production Manager will oversee the construction and operation of Lifecare's production facility in Mainz, managing a wide range of responsibilities such as daily activities of employees, preparations for serial production of Lifecare sensors, maintenance of machineries, qualification of supply, process improvements and daily reporting of KPIs and metrics across the organization.
- Lifecare have appointed Renete Kaarvik as Chief Financial Officer effective 1st of May 2024. Introducing the CFO position will strengthen the company's executive management and play an important role on forming the Groups financial strategies aligned with our growth strategy and strengthen the fundament for both the product and Group organization to the best of the shareholders' interests.

Prospects

- The longevity-study LFC-SEN-002 is planned to start end of Q1 2024. We do not expect that the postponed start will affect the planned progress towards automated production and market readiness by end of Q2 2024.
- Submission for regulatory approval for LFC-SEN-003 is planned for Q1 2024.
- Place purchase order for cleanroom for the automated pilot production. The cleanroom will ensure that the airborne particles are maintained at a very low concentration to not interfere with crucial functions of sensor components which operate with micro and nano scales and technologies.
- The BioScaffolder ("BS 3.3) is expected to be ready for on-site testing at Gesim mbH, while the equipment including the customized Nano-Plotter ("NP 2.1") has been confirmed to be delivered in Q2 2024.
- The scanning electron microscopes, Zeiss XB350, from Carl Zeiss IQS Deutschland GmbH (Zeiss) has been confirmed to be delivered in Q2 2024.
- Progress on commercial preparations towards the veterinary market is expected in first half of 2024.
- Timelines are depending on regulatory approvals and, internal and external manufacturing capabilities.

Financial calendar

FINANCIAL YEAR 2023:

27.02.2024 Q4 Report

09.04.2024 Annual Report

FINANCIAL YEAR 2024:

30.04.2024 Annual General Meeting

08.05.2024 Q1 Report

27.08.2024 Semi-annual Report 1H

13.11.2024 Q1 Report

Share capital increase history.

Historic overview capital increase

	2018	2021	2022	2023
Total	33 MNOK	26,3 MNOK	45 MNOK	42,5 MNOK
Share price	1,33 NOK	1,70 NOK	2,50 NOK	2,50 NOK

Shareholders as of 22.02.2024

	No.of shares	%
TEIGLAND EIENDOM AS	24 691 829	18,31 %
LACAL AS	21 387 712	15,86 %
VERDIPAPIRFONDET NORDEA AVKASTNING	8 755 413	6,49 %
TJELTA AS	8 000 000	5,93 %
SPIT AIR AS	3 087 735	2,29 %
SANDQUIST PATRICIA RODRIGUES DA COSTA	2 808 500	2,08 %
NORDNET LIVSFORSIKRING AS	2 719 939	2,02 %
LT FINANS AS	2 500 000	1,85 %
EINARSEN EVEN HARALD	2 434 000	1,80 %
BNP PARIBAS	1 812 600	1,34 %
DEUTSCHE BANK AKTIENGESELLSCHAFT	1 800 229	1,33 %
NEXUS MARKETING	1 752 024	1,30 %
ANDREASSEN KURT NORMANN	1 652 872	1,23 %
WESTHAWK AS	1 500 000	1,11 %
MAX INVEST AS	1 445 000	1,07 %
CIMTER AS	1 331 355	0,99 %
HEJMA AS	1 166 379	0,86 %
CLEARSTREAM BANKING S.A.	1 017 494	0,75 %
PROBE AS	905 012	0,67 %
NORDNET BANK AB	834 847	0,62 %
Sum	91 602 940	68 %
Remaining shareholders (2000+)	43 262 802	32 %
Shares	134 865 742	100 %

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Contact

CONTACT

Name Joacim Holter

Title CEO

Mobil +47 40059040

e-mail joacim.holter@lifecare.no

Name Asle Steiestøl Wingsternes

Title Head of Comm. & Public affairs

Mobil +47 41 61 42 52

e-mail asle.wingsternes@lifecare.no

VISITING ADDRESS

Ytrebygdsvegen 215

5258 Blomsterdalen

LINKEDIN

<https://www.linkedin.com/company/lifecare-as/>

About Lifecare

Lifecare develops biosensor-technology for medical use. The biosensors are miniaturized to the size of a grain of rice due to the company's capacity to manipulate pressure-sensing elements in the nanoscale.

Our proprietary technologies have the potential to improve medical products by adding sensing functionalities to devices in all medical indications.

We have a particular focus on diabetes and are dedicated to helping the more than 500 million people living with diabetes.