LIFECARE

2023

Annual Report

BOARD OF DIRECTORS REPORT
FINANCIAL REPORT

Content

CEO Statement

The technology development and company progress were fantastic in 2023. We expect nothing less in 2024, in our mission to make life easier for patients and pets with diabetes.

As we entered 2023, we communicated Lifecare's focus to continue the core product development, achieve ISO 9001 and ISO 13485 certifications and to initiate production preparations. Furthermore, we disclosed the intention to initiate new development projects.

The entire Lifecare organization has executed the core development focus and preparations in accordance with the communicated plan. Lifecare's solid share price development of +146.7% throughout the 2023 is a confirmation that this execution was well received by the market. In addition, Lifecares market cap increased with 276% to 600 MNOK throughout 2023. The share price increase positioned Lifecare as the best performing healthcare stock and the overall 5th best performing share at Oslo Stock Exchange in 2023.

Throughout 2023 Lifecare have continued to strengthen the organization with additional human resources, including key personnel for transformation of the company towards production and commercialization.

In October 2023 Lifecare successfully closed a capital increase of 42.5 MNOK ensuring financing to bring the company into the production and product ready phase. The capital increase led to a company market cap of 337.5 MNOK. In November 2023, Lifecare published a commissioned technology valuation report from the Danish Life Science Valuation company Xplico. The report concludes that Lifecare's technology have a risk-adjusted Net Present Value of 247 MEUR.

OUTLOOK

The main focus for 2024 is to continue the transformation towards marked readiness based on establishing automated production by end of Q2 2024. On this basis we aim to launch our first product in the veterinary market in 2024, as well as to initiate our longevity study in dogs (LFS-SEN-002) and our next clinical study (LFS-SEN-003).

The clinical study LFS-SEN-003 will be the first of a sequence of activities specifically aimed towards obtaining the CE mark for launch in the human market. In parallel with the production and product preparations we will intensify our efforts to take advantage of our technology's platform potential. We aim to exploit product potential in new markets, including sensing and/or monitoring of analytes beyond glucose. It is likely that our veterinary initiative will play a major role in the additional business developments.

The Lifecare Group is better positioned than ever before as we prepare to execute on our mission to make life for patients and pets with diabetes easier, better, and more predictable.

Joacim Holter
CEO

Key achievements Highlights 2023

TECHNOLOGY DEVELOPMENT

Finalization of our first Clinical study (LFS-SEN-001), providing a clear Proof of Concept in humans.

Data from LFS-SEN-001 confirmed that Lifecare's sensor technology has an accuracy of MARD 9,6%. This result indicates a sensitivity in line with the regulatory "gold standard", hence clinical decisions can theoretically be based on the Lifecare Sencell CGM (pending on future regulatory approval).

Lifecare's laboratory experiments (in-vitro) confirmed the company's statement that an operational lifetime of minimum 6 months can be expected.

The European Patent Office communicated its intentions to issue a new patent to Lifecare.

REGULATORY COMPLIANCE

Our German main site Lifecare Laboratory GmbH was ISO 9001 certified in March 2023 and ISO 13485 certified in December 2023.

The Norwegian Food Safety Authority issued regulatory approval for LFS-SEN-002 longevity study.

The Norwegian Medicines Agency confirmed that Lifecare's microchip nano sensor is considered as a medical device in the veterinary market and consequently that Lifecare's Sencell CGM will not be subject to any specific regulatory requirements for veterinary use.

PRODUCT DEVELOPMENT AND MANUFACTURING PREPARATIONS

In April 2023 Lifecare signed a lease agreement for a 1000 sqm production and laboratory premises in Mainz where the company's main production facility will be located.

In May 2023, Lifecare launched Lifecare Veterinary to manage veterinary product development, and prepare product launch in the veterinary market.

From Q2 2023 Lifecare has focused on transforming the company and the technology towards automated production and market launch in the veterinary market.

In Q4 2023 Lifecare has placed several orders for advanced production equipment essential for the automated production planned to be ready by the end of Q2 2024.

In September and November 2023 Lifecare reported progress relating to the company's Product Development Agreement with Sanofi.

SCIENTIFIC PRESENTATIONS AND PUBLICATIONS 2023

Advanced Technologies & Treatments for Diabetes (ATTD 2023), Berlin, Germany: Presentation of Lifecare's *"Dynamic CGM interference testing method"* by CSO Prof. Dr. Dr. Andreas Pfützner

American Diabetes Association's 83rd Scientific Sessions, 2023, San Diego, California, US: Presentation of Lifecare's Sencell result *"Proof-of-Concept Study Results with a New Osmotic-Pressure–Based Continuous Glucose Sensor"* as a poster presentation at the scientific session by CSO Prof. Dr. Dr. Andreas Pfützner.

Diabetes Technology Meeting (DTM) 2023, virtual, USA: presentation of the poster *"Continuous Glucose Monitoring with an Osmotic-Pressure Based Continuous Glucose Sensor: Results of the First Human Pilot Study"* by CSO Prof. Dr. Dr. Andreas Pfützner

Paper published in Sensors, May 2023: "*Miniaturization of an Osmotic Pressure-Based Glucose Sensor for Continuous Intraperitoneal and Subcutaneous Glucose Monitoring by Means of Nanotechnolog"*. Authors: Andreas Pfützner, Barbora Tencer, Boris Stamm, Mandar Mehta, Preeti Sharma, Rustam Gilyazev, Hendrick Jensch, Nicole Thomé and Michael Huth.

Key Financial Figures

Lifecare AS			Lifecare Group	
2022	**2023**		**2023**	**2022**
5 482	5 431	Total revenue and other income	13 086	22 135
24 138	40 188	Total operating expenses	48 434	39 039
(18 656)	**(34 757)**	**Operating profit (loss)**	**(35 348)**	**(16 904)**
-0,180	-0,287	Earning per share	-0,293	-0,169
48 260	42 500	Net proceeds from equity issues	42 500	48 260
24 507	2 734	Net cash flow	715	26 589
44 678	**47 411**	**Cash and cash equivalents at end of period**	**48 345**	**47 630**
97 984 147	117 865 742	Outstanding shares, beginning of the period	117 865 742	97 984 147
117 865 742	134 865 742	Outstanding shares, end of the period	134 865 742	117 865 742
4	6	Employees, end of the period	32	25

Lifecare in brief

Lifecare AS is a clinical stage medical sensor company developing technology for sensing and monitoring of various body analytes. Lifecare's main focus is to bring the next generation of Continuous Glucose Monitoring ("CGM") systems to market and help more than 500 million people and several million pets living with diabetes.

Lifecare enables osmotic pressure as sensing principle, combined with the ability to manipulate Nano-granular Tunnelling Resistive sensors ("NTR") on the sensor body for read-out of pressure variations. Lifecare's sensor technology is referred to as "Sencell" and is suitable for identifying and monitoring the occurrence of a wide range of analytes and molecules in the human body as well as in pets.

The Company's headquarter is located in Bergen, Norway. Our research and development activities are performed in Mainz and Reutlingen in Germany and our chemistry lab is situated in Bristol, UK. The company has ongoing development projects with partners across Europe.

PATENT

The core technology is protected in the form of three active patents that include membrane (duration until 2024), extended osmotic pressure (valid until 2030), as well as measurement with sensor based on two chambers with pressure sensor (valid until 2038).

In 2023, the European Patent Office communicated the intention to issue a new patent to Lifecare.

OUR VISION

Changing lives through medical technology.

OUR MISION

Make life easier for patients and pets with diabetes.

HISTORY

The link between accurately measuring glucose levels and monitoring osmotic pressure was made in the 1970s after an incident at a regional hospital in Førde, Norway. The son of Olav Ellingsen was admitted to the hospital with a severely swollen face and bulging eyeballs. The doctors confirmed that these symptoms came from the son's teenage diabetes condition.

When the glucose levels became too high in his body, the cells in his body burst thus leading to these health-threatening conditions. With an injection of insulin, the symptoms disappeared. Olav Ellingsen registered a direct correlation between the osmotic pressure and glucose levels in the body and discovered that by monitoring the osmotic pressure one could read the accurate glucose levels. This discovery is the foundation of Lifecare's solution.

Next page is a brief overview of the Company´s history since the listing on Euronext Growth at Oslo Stock Exchange.

2018

- Listed on Oslo Stock Exchange, Euronext Growth (prev. Merkur Market.)
- Identification of method for miniaturizing pressure sensor enabling substantial device miniaturization.
- Service agreement with cantiMED UG, patent holder of nano-production method.

2019

- In-vitro experiments confirming functionality of miniaturized pressure sensor.
- Announcement of preparations for clinical testing.

2020

- Filing of Clinical Study Protocol.
- Lifecare receives grant from EU Commission as part of consortium FORGETDIABETES working to develop an artificial pancreas.

2021

- Lifecare receives regulatory approval for first-in-human Clinical Pilot Evaluation.
- Lifecare acquires cantiMED UG (renamed Lifecare NanoBioSensors GmbH) and establish operations in Reutlingen, Germany.
- New patent granted.
- Term sheet for acquisition of the laboratory of Pfützner Science & Health Institute GmbH (later renamed to Lifecare Laboratory GmbH.

2022

- Acquisition of Pfützner Science & Health Institute GmbH formalized and finalized. The company is renamed to Lifecare Laboratory GmbH as the operations in Mainz, Germany, formally becomes part of the Lifecare Group.
- Lifecare conclude successful in-vitro testing confirming the functionality of miniaturized sensors with nanoscale pressure sensors. On this basis Lifecare can produce prototypes for clinical trials.
- Start of first-in-human clinical development studies.
- Lifecare's sensor technology is evaluated by the EU Innovation Radar and categorized as within top 14% of innovations that receives funding from the EU Commission.
- Letter of intent – production location in Mainz.
- Interim data analysis: proof-of-concept in humans.

2023

- Successful ISO 9001 certification: Lifecare Laboratory GmbH, Mainz.
- Lifecare signs lease agreement in Mainz for upcoming production facilities.
- Lifecare launches spin-off company "Lifecare Veterinary".
- Lifecare's first-in-human study confirm clinical accuracy in line with gold standard. Data from study LFC-SEN-001 show that the Sencell-sensor has a solid clinical accuracy with a mean average of relative difference (MARD) of 9,6%.
- Longevity study of Sencell Continuous Glucose Monitoring (CGM) sensor reached an operational lifetime of more than 24 weeks (172 days), with a sensor chemistry shelf life of almost 27 weeks (187 days).
- The Norwegian Medicines Agency considers the Sencell sensor itself as non-medicinal product in a veterinary context and confirms that no specific regulations exist for medical devices for animals in Norway.
- Regulatory approval from The Norwegian Food Safety Authority (NFSA) for longevity study LFC-SEN-002.
- Lifecare Laboratory GmbH was ISO 13485 certified.
- Preparations for manufacturing (automated production): purchase orders for software and hardware: Zeiss XB350 scanning electron microscope, and Bioscaffolder and Nanoplotter from GesiM bH.

Our technology

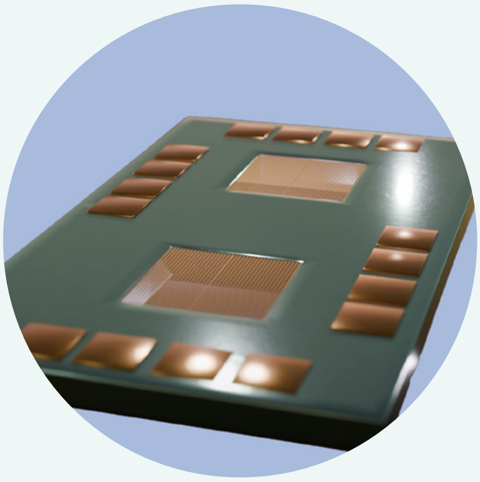
Lifecare's proprietary sensor technology, Sencell, is based on osmotic pressure as the sensing principle. It has the potential to change the lives for patients with various diseases by enabling multi-biomarker sensing based on very small sensors.

The Company's main focus is to bring the smallest glucose sensor in the world to the market. Sencell for glucose monitoring is in the stage of first-in-human clinical testing and is currently evaluated in a Clinical Development Study.

CONTINUOUS GLUCOSE MEASUREMENT (CGM)

Measuring glucose levels is part of the multiple daily routine procedures for patients with diabetes. Based on the measurement results, millions of therapy decisions on insulin dosage are made every day worldwide, which can have an influence on the patient's short- and long-term well-being. Various systems for CGM have become available in the last two decades. Current systems monitor glucose levels in interstitial fluid in the subcutaneous tissue based on glucose-oxidase measurement technology by means of needle-based sensors. A measurement result is usually obtained every 5 minutes and transmitted to a receiving handheld or smart phone.

Current glucose sensors have interference and accuracy issues and need to be replaced every 10 to 14 days. There is a medical need for small glucose sensors with improved measurement properties. Ideally, such sensors would be implanted and used for longer time periods.



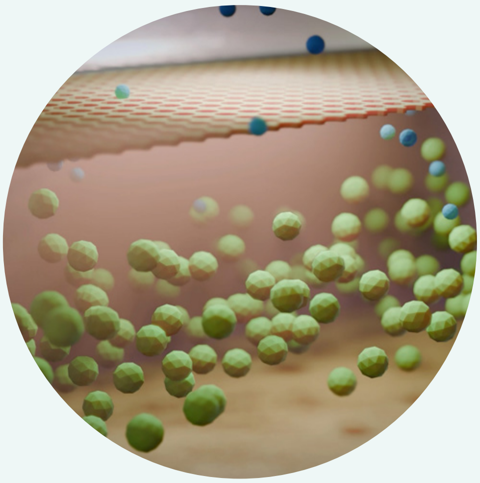
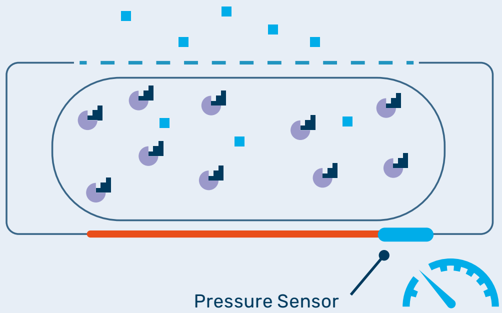
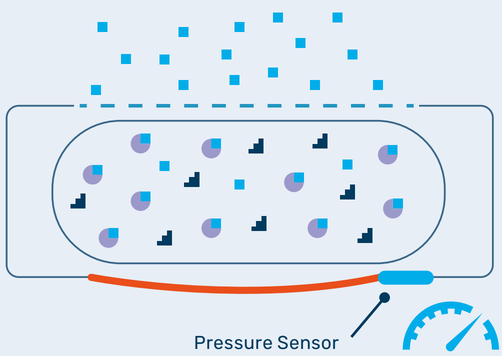


FIGURE 1

Low glucose concentration in the interstitial fluid.



High glucose concentration in the interstitial fluid.



GBM: Glucose-Binding Molecule, e.g. Concanvalin A

GL: Glucose ligand – a molecule that can bind to the GBM, e.g. dextrane

G: isolated glucose molecule

Semipermeable (size exclusion) membrane

Felxible pressure membrane

Figure 1. When glucose penetrates through a semipermeable (size exclusion) membrane into the chamber, GL is going off from the GBM binding sites, as glucose has a slightly higher binding affinity to the GBM-receptor. Subsequently, every GL molecule freed.

LIFECARE'S TECHNOLOGY

Lifecare's solution is the development of Sencell as proven in the company's first-in-human Clinical Development Study finalized in May 2023. Lifecare have developed a small and implantable glucose sensor monitoring glucose-induced changes in an osmotic pressure chamber for continuous glucose monitoring. The pressure changes are induced by changes in the interstitial fluid glucose concentrations in the subcutaneous tissue. The sensor will be the size of a grain of rice injected under the skin and has a lifetime of at least 6 months.

Data points collected from the Clinical Development Study (LFC-SEN-001) provide a solid proof-of-concept in human tissue. Date from the study confirmed a sensitivity in line with that of widely used CGM systems.

THE UNDERLYING OSMOTIC PRESSURE TECHNOLOGY

The underlying osmotic pressure technology for Sencell and its CGM is based on biochemical reactions where glucose connects to molecules in a closed chamber. The process creates a pressure increase within the chamber that can be read out for measuring and/or monitoring purposes.

The process is fully reversible. Decreasing glucose concentrations will make glucose molecules leave the connections and the osmotic pressure decline. There is a linear relationship between the glucose concentration in the external fluid and the measurable osmotic pressure in the chamber. The technology does not consume any molecules when generating the signal, providing a potential for long-term usage of the sensor within the body.

ADOPTING NANO-GRANULAR TUNNELLING RESISTIVE SENSORS FOR DEVICE MINIATURIZATION

Lifecare has licensed a manufacturing process for sensing elements at nano scale (Nano3Dsense®, Nanoscale Systems, Darmstadt, Germany). This makes it possible to miniaturize the sensor technology.

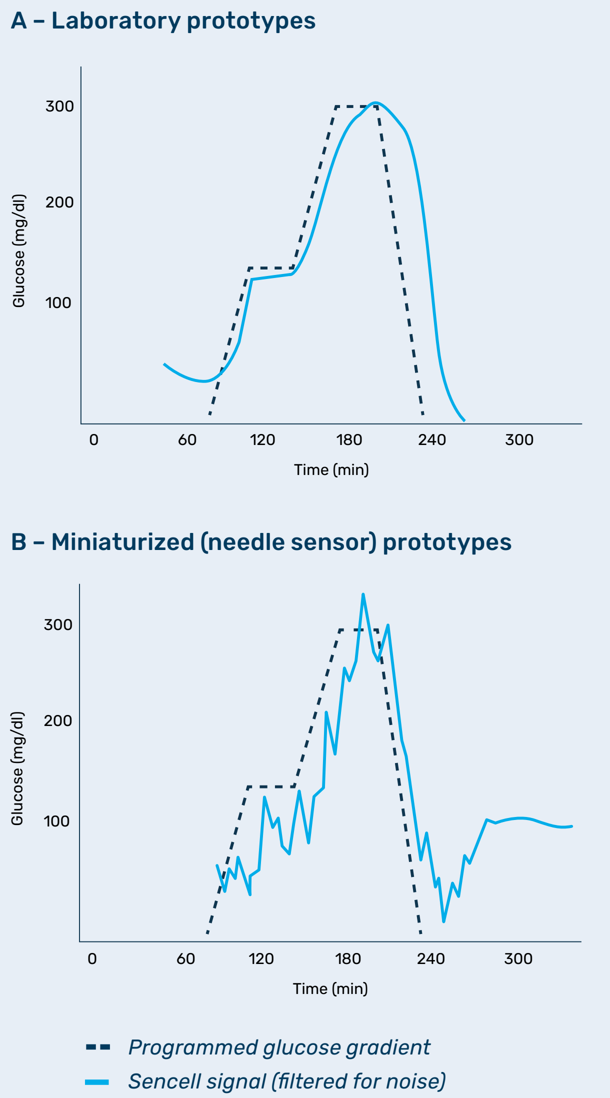
IN VITRO TESTING

Since the first half of 2022, the size of the core osmotic pressure chamber has been reduced by more than 95%, without loss of osmotic pressure signal. Sensors with miniaturized chambers have been tested in-vitro showing comparable results to previous similar experiments with a larger chamber.

CLINICAL DEVELOPMENT STUDY

In May 2023, Lifecare finalized the first Clinical Development Study confirming proof of concept in humans and an encouraging sensitivity compared to commercially available glucose sensors.

FIGURE 2



Based on a study data analysis, Lifecare disclosed the study results in June 2023 at the American Diabetes Conference in San Diego, including a mean absolute relative difference (MARD) of 9,6%. The MARD value positions the Sencell technology with an accuracy that is acceptable for therapeutic (medical) decisions (subject to regulatory approval), such as insulin dose adjustments. Furthermore, the study results include a consensus error grid analysis that confirms that all the 261 data points collected in the study were within zones A (90.3%) and B (9.7%), meaning that the study results theoretically meet regulatory requirements for Continuous Glucose Monitoring systems.

In context, regulatory authorities expect a MARD below 10% to acknowledge CGM for therapeutic (medical) decisions such as insulin dose adjustments. In comparison, the MARD of glucose measurements in capillary blood (Blood Glucose Monitoring – BGM), representing the gold standard for patient selfmonitoring of glucose, are in the range 5-10%.

SENSOR LONGEVITY EXPERIMENT

In the start of Q3 2023 Lifecare concluded a successful sensor longevity experiment. The Sencell Continuous Glucose Monitoring (CGM) sensor had reached an operational lifetime of more than 24 weeks (172 days), with a sensor chemistry shelf life of almost 27 weeks (187 days).

The longevity experiment confirmed the Sencell CGM technology's potential and validated Lifecares expectation of a minimum 6-month sensor longevity. The longevity results were achieved using a sensor that was first implanted and tested clinically in human (in vivo), and then explanted and transferred to continued testing in vitro.

Figure 2. Successful miniaturization of the Sencell device without loss of sensor performance: in-vitro glucose measurement results of the preclinical prototypes with piezo-resistive pressure transducers and after miniaturization with NTR-pressure sensors.

SENCELL – UNMET NEED IN THE HUMAN MARKET

Based on data from IDF Diabetes Atlas 10th edition, 540 million people worldwide lived with diabetes in 2021. Approximately 50 precent are diagnosed with diabetes and one third of the diagnosed population need glucose monitoring. Hence, as of 2021 there was a potential global patient group of 90 million people, while this number continues to increase. In 2023, 7 million people had access to continuous glucose monitors (CGM). There is huge gap between the current number of CGM users and the actual global need.

On a global scale 25 percent of adults with diabetes live in high-income countries. Diabetes caused at least 966 billion USD in healthcare expenditures, according to IDF 2021 Diabetes Atlas. In 2023 the global CGM market reached 2,2 billion USD, while new data published in Lancet (June 2023) estimated the number of people living with diabetes to reach 1,3 billion in year 2050.

TODAY'S SOLUTIONS IN THE HUMAN MARKET

The standard method to measure the glucose level is the Blood Glucose Meter which was introduced to the market in the 1970's. This is still the standard treatment for patients with diabetes, while The CGM's represent the state-of-the-art treatment. The first CGM device was introduced in the market in 1999 representing a tremendous improvement for patients with diabetes.

> On a global scale 25 percent of adults with diabetes live in high-income countries

The available CGM's is primarily based on glucose oxidase technologies, representing 99% of the commercially available CGM's. The main suppliers in the market are Abbot, Dexcom and Medtronic. Glucose oxidase technologies have a limiting longevity due to consumption of chemistry and the longest lasting sensors have an operational lifetime of 14–15 days, while the cost of these devices is between 1,500–4,500 USD a year/per patient.

Eversence (Senseonics) have developed a flouresence method with a longevity of up to 180 days. This CGM represents less than 1% of the market. The cost side of the Eversense technology and sensor is approximately 6,000 USD per year/per patient.

PET CGM – UNMET NEEDS IN THE VETERINARY MARKET

Diabetes mellitus is one of the most common health-conditions in middle-aged dogs and cats. In fact, information from insurance company's active in the pet market confirms that in Europe alone, more than 1 million dogs and 0,5 million cats are diagnosed with diabetes mellitus. Furthermore, the US figures are similar to the European. While these numbers give a solid overview of the diagnosed pets, we suspect that the actual numbers of pets suffering from diabetes are significantly higher.

Pets with diabetes are treated similarly to humans, in some cases with insulin and often in combination with other anti diabetic treatments such as exercise and diet to mention a few. However, and continued similar to humans, the regulation of diabetes in pet's relies on glucose monitoring – but in contrast to the human market functional monitoring of glucose is not available. In order to measure the glucose level, pet owners are advised to measure through blood samples, alternatively to use sensors intended for humans off label on animals – and this is not a good solution for practical reasons such as the sensors are mounted on the animal's skin and usually fall off after a short period of time.

Pets with diabetes are treated similarly to humans

As a result of the fact that there is no good solution for monitoring an animals glucose level, Lifecare has decided to use our technology in the veterinary market as well – both with a view to monitoring and diagnosis.

This opens a new and significant business opportunity for Lifecare, based on the same technology and the same platform that is planned to be used in the humane market.

The veterinary market is significantly less regulated, compared to the human market, in addition to the fact that there are no solutions for animals that have achieved real success. Against this background, it is Lifecare›s expectation that we will be able to enter the veterinary market relatively quickly, including that we are technologically well positioned to capture a significant part of this market.

As Lifecare expect to be able to initiate production of sensors and CGM systems in 2024, we are preparing the operations to enter the veterinary market in 2024 for commercial reasons, as well as to gain manufacturing and product experience usefull or the further development and planning towards the human market.

Directors and Committees

Board of Directors

Morten Foros Krohnstad
Chairman of the Board

Krohnstad is a partner in the law firm Schjødt and has extensive experience as a business lawyer and serves on several boards in Norwegian listed and un-listed companies.

Trine Teigland
Board member

MBA from University of St. Gallen (HSG) Managed Swiss company Osmotex' sales and marketing activities. Worked in Singapore for the world's leading provider of integrated shipping services. BA in International Business with Chinese

Prof. Dr. Lutz Heinemann
Board member

Broad academic background with a special focus on research and development in insulin pharmacology and diabetes technology. Established the Profil Institute for Metabolic Research in Neuss, Germany in 2009 and since 2011 he has been Managing Editor of The Journal of Diabetes Science and Technology.

Bo Petersson
Board member

Ph.D. in Chemistry from The Technical University of Denmark. Over 20 years of work experience in developing diabetes technology products, most recently as Head of Diabetes Care at Cambridge Consultants, Cambridge, UK.

Hans Johan Hekland
Board member

Master's degree in economics from the Norwegian School of Management (Siviløkonom -NHH). Worked as Managing Partner in Sarsia Venture Management since 2001. Broad expertise in fund management, strategy, business development and finance. Extensive experience from board positions and involvement in the medical development companies and other listed and unlisted companies.

Executive Management

Joacim Holter
CEO

16 years of management experience, including 6 years' experience leading international R&D and product development based in Switzerland.
Broad experience from board positions including as chairman and later member of the Lifecare Board of Directors from 2011 to 2020. LL.M from the University of Bergen, Norway

Prof. Dr. med. Dr. rer. Nat. Andreas Pfützner
CSO

Managing Director of PFÜTZNER Science & Health Institute GmbH, Diabetes Center & Practice, Mainz/Germany, since 2013.
Professor for internal medicine and laboratory medicine at DTMD University Luxembourg.
Over 30 years of pharmaceutical and device development experience within diabetes technology.

Management team

Ahmad Fazli
VP Manufacturing

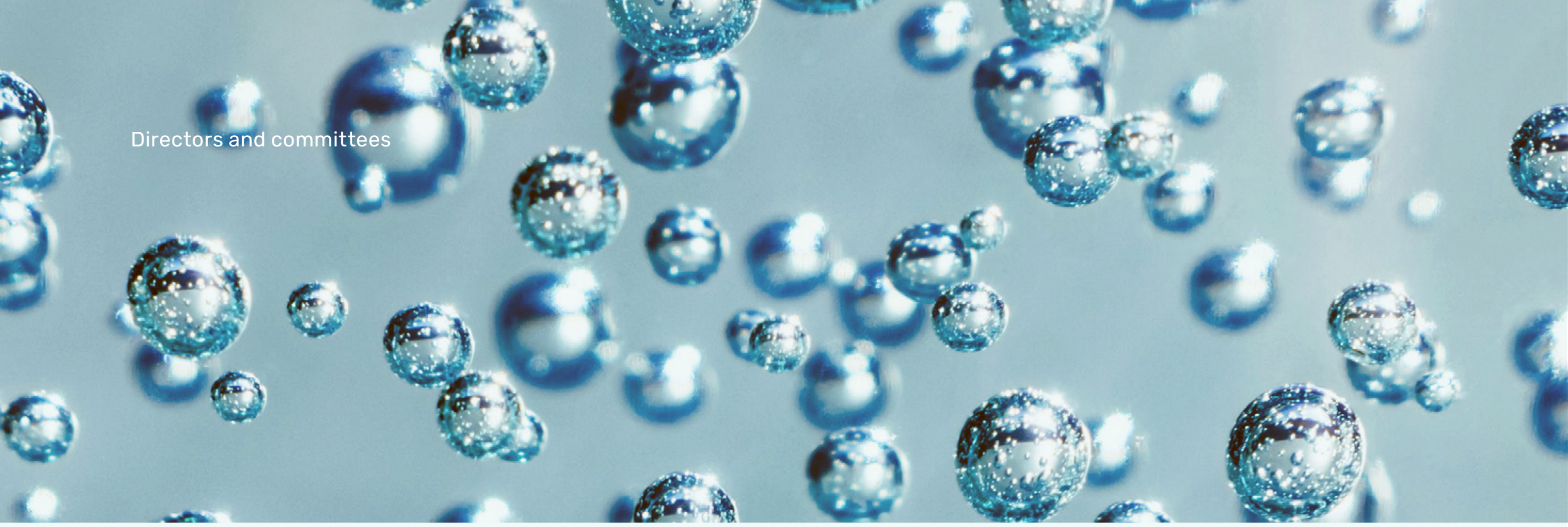
Master's degree in engineering with specialization in Mechatronics from Royal Institute of Technology in Stockholm, Sweden.
Extensive experience in management and development in the fields of automation, sensor technology and condition monitoring.

Jo Oeding Amundstad
Managing Director Lifecare Veterinary

Doctor in Veterinary Medicine from University of Copenhagen, Denmark. MBA in economic and management from NHH, Bergen, Norway. 18 years of practice as veterinarian. Extensive experience in management, development and from board positions.

Barbora Tencer,
Senior QMS Manager

Postdoctoral Fellow from University of Bergen, Norway. Holds a PhD in Biophysics from Slovak Academy of Science in Bratislava, Slovakia, and a Master of Science in Biomedical physics, Comenius University in Bratislava, Slovakia.
12 years of hands-on experience in biomedical research with related expertise in biophysics, pharmacology and cellular biology. Experienced in R&D, production, quality control and project management.



Committees

Clinical Evaluation Committee

The Board of Directors has appointed a committee to follow up and evaluate the Company's technical development. The members of the committee include:

Prof. Lutz Heinemann	Lifecare Board of Directors
Bo Petersson	Lifecare Board of Directors
Prof. Andreas Pfützner	Lifecare Chief Scientific Officer
Joacim Holter	Lifecare Chief Executive Officer

Additional scientific personnel in the Lifecare Group participate on demand.
The committee was convened for 5 meetings in 2022.

Scientific Advisory Board

The Company has an established Scientific Advisory Board with recognized specialists in diabetes technology, clinical medicine with a focus on endocrinology, physics and nanotechnology:

Prof. David Klonoff (Chairman)	University California San Francisco (USA)
Prof. Lutz Heinemann	Profile Institut für Stoffwechselforschung (DE)
Prof. Kåre Birkeland	Rikshospitalet (NO)
Prof. Michael Huth	Goethe University Frankfurt (DE)
Prof. Tony James	University of Bath

Nomination Committee

The Company's Nomination Committee is responsible for nominating board members, as well as advising the Company›s general meeting and Board of Directors on issues relating to compensation for the Board of Directors and the Nomination Committee. During the period, the committee has been composed of a representative of the third largest owner, as well as former Lifecare non-executive directors with considerable business experience:

Marita Haugen	Leader
Svein Milford	Member
Trond Eidsnes	Member

Board of directors report

Lifecare AS ("Company") is a Norwegian based clinical stage medical sensor company. Lifecare's main focus is to bring the next generation of Continuous Glucose Monitoring ("CGM") systems to market for veterinary and human use. The Company´s sensor technology is suitable for identifying and monitoring the occurrence of a wide range of analytes and molecules in the body of both humans and pets.

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

As of 31.12.23, the Company had issued 134,865,742 shares divided among 2,549 shareholders, of which:

- 97,92% of shareholders were registered in Norway
- 2,0% were registered in EU/EEA
- Less than 0,08% were registered outside the EU/EEA

ORGANIZATION AND LOCATIONS

In 2023 the Lifecare Group continued to grow, adding one new subsidiary and additional increase of staff.

Lifecare AS is the parent company and head office of the Lifecare Group, located in Bergen, Norway. The Company is the administrative body of the Lifecare Group with 6 fulltime employees.

Lifecare AS have organised its operational development activities in subsidiaries as well as through research collaborations with the University of Bath (UK), the Goethe University of Frankfurt (Germany) and the Norwegian University of Life Sciences (Ås, Norway).

Lifecare NanoBioSensors GmbH is located in Reutlingen, Germany, with 7 fulltime employees. The entity is responsible for the development and production of Lifecare's sensors and sensor-systems including electronics, read-out technology etc.Lifecare NanoBioSensors have licensed the Nano3DSense production method, which makes it possible to produce pressure-sensor elements at nanoscale printed on Lifecare's micro sensors.

The production method for the nano sensor elements has been a crucial element in the process of miniaturizing the sensors from centimetres to millimetres. This miniaturization ensures that our sensors are suitable for implantation in the subcutaneous tissue in humans and pets.

Lifecare Laboratory GmbH is in Mainz, Germany, with 16 full-tIme equivalents (FTE) and is responsible for key development tasks of sensors, chemistry validation and system evaluation, as well as processing test results in vitro and in vivo. The laboratory also provides a wide range of commercial services related to clinical research and tests for the pharmaceutical and biotechnical industries during the process of approval of drugs and medical devices, as well as general laboratory services for medical institutions. In 2023 the laboratory was ISO 9001 and ISO 13485 certified.

Lifecare Chemistry Ltd is a spin-off, with 2 fulltime employees, from Lifecares long-standing research collaboration with Professor Tony James at the University of Bath and his research team. Lifecare Chemistry Ltd is located in Bristol, UK, and established to strengthen the existing research cooperation and secure Lifecare's ownership to the scientific, strategic,

and operational developments of Lifecare's improved analyte specific chemical receptors.

Lifecare Veterinary AS have one fulltime employee. The entity was established and incorporated in May 2023 to execute Lifecare's plans to adopt the Sencell technology for use in the veterinary market. Lifecare Veterinary has established a close cooperation with the Norwegian University of Life Sciences for veterinary specific R&D, including market-oriented studies that will strengthen both the veterinary and the human market preparations of the technology. Throughout 2023 Lifecare Veterinary has started active discussions with several major companies in the veterinary industry to optimize the market positioning of the solutions.

BOARD OF DIRECTORS

Lifecare's Board of Directors includes representatives of the largest owner, international expertise in diabetes technology, legal and financial expertise. The Board takes an active approach to technical development and other operations. The cooperation and communication with the administration is good.

HUMAN RESOURCES, WORKING ENVIRONMENT AND DIVERSITY

The Lifecare Group includes 32 FTE (31.12.2023), up from a total of 25 at the end of 2022. Throughout 2023, 4 consultants were engaged and involved in the daily operations. In addition, Lifecare had 4 PhD students engaged on industry contracts at the University of Bath, the University of Frankfurt, and the Norwegian University of Life Sciences.

The working environment in the Group is considered good. No incidents or reports of work-related accidents resulting in significant material damage or personal injury occurred during the year. Leave of absence due to illness was 127 days (2%) in 2023.

The Lifecare Group provides equal employment opportunities to all qualified candidates and employees. Lifecare actively creates and promotes an environment that is inclusive of all people and their unique abilities, strengths, and differences. We do not tolerate discrimination against any employee based on age, gender, sexual orientation, disability, race, nationality, political opinions, religion, or ethnic background, or other.

Lifecare AS›s Board of Directors includes one woman and four men. The Chief Executive Officer and Chief Scientific Officers are both men.

The employees in Lifecare AS consists of 33% women and 67%men, while the Lifecare Group consists of 38% women and 62 % men.

KEY PARTNERS

Throughout 2023 Lifecare Group continued the collaborations with Prof. Andreas Pfützner as CSO of Lifecare AS, but with effect from 1 January 2024 the contract with Prof. Pfützner was converted from a consultancy agreement to an employment agreement. In addition, the Group also continued the key collaborations with Prof. Tony James and his research group at the University of Bath (UK), Prof. Michael Huth at the Goethe University of Frankfurt (Germany) and NMI Natural and Medical Sciences Institute in Reutlingen, Germany.
From 2023 the Group has established a new strategic collaboration with the Norwegian University of Life Sciences, Faculty of Veterinary Medicine, represented by Prof. Kristin P. Amundsen.

OPERATIONS

In 2023, Lifecare finalized the first in-human study of our sensor technology, providing convincing data and proof of concept in humans. In addition, Lifecare Laboratory was ISO 9001 and ISO 13485 certified in 2023. Reaching these major milestone provides a solid fundament for

upcoming technology commercialization, and Lifecare have initiated focused preparations for manufacturing to enable further market introduction in the veterinary market, as well as facilitating the upcoming regulatory clinical studies for the human market.

From Q2 2023 Lifecare has focused on transforming the company and the technology towards automated production and market launch in the veterinary market. Thesubsidiary Lifecare Veterinary, will be responsible for preparing this market launch.

Furthermore, Lifecare have signed a lease agreement for a 1000 sqm production and laboratory facility in Mainz and have purchased customized production equipment essential for the automated production planned to be ready by the end of Q2 2024.

In 2023, Lifecare reduced the scope of external third-party laboratory services at Lifecare Laboratory.

FINANCING, FINANCIAL RISK, OTHER RISKS, AND UNCERTAINTY FACTORS

CAPITAL INCREASE

Lifecare raised NOK 42,5 million in gross proceeds in an accelerated book building process on 19 October 2023 between 16:30 CEST and 18:30 CEST with Carnegie as bookrunner and manager. The Company issued 17,000,000 new shares at a price per share of NOK 2.50, leading to an issued share capital of NOK 53,946,297 divided into 134,865,742 shares, each with a par value of NOK 0.4.

The share capital increase was resolved by the Board of Directors of the Company pursuant to authorizations granted by the extraordinary general meeting held 18 April 2023.

The Board of Directors resolved to conduct a subsequent offering (repair issue) of up to 3,000,000 new shares at a price of NOK 2.50 per share, dependent on the development of the price of the shares in the Company after completion of the private placement.

Following the completion of the private placement the shares in the Company were traded around or below the subscription price, with volumes exceeding the planned size of the subsequent offering. On this basis, the Board of Directors decided to cancel the subsequent offering as any shareholders wishing to reduce the dilutive effect of the private placement have had the opportunity to purchase shares at prices similar to or below what would have been the subscription price in the subsequent offering.

PUBLIC SUPPORT SCHEMES

For the financial year 2023, Lifecare AS had three approved public support schemes from the Research Council of Norway and the EU. In addition, Lifecare Laboratory GmbH had four approved public support schemes throughout 2023; from the German state of Rhineland-Palatinate, the German Federal Ministry of Research, as well as the EU through two different support

schemes. Lifecare Veterinary AS had one approved public support scheme in 2023 from the Research Council of Norway, while Lifecare NanoBioSensors GmbH and Lifecare Chemistry GmbH had no public support schemes in 2023.

Lifecare AS:

1. The Research Council of Norway has approved the ongoing development of Sencell for use in glucose monitoring as eligible for compensation under the tax discovery scheme in the period 2020-2023.

2. The Research Council of Norway has also approved the development of Sencell for use in lactate monitoring as eligible for compensation under the tax discovery scheme in the period 2020 - 2023. As a result of priorities in 2023, the company has not initiated development work aimed at lactate measurements.

3. European Commission, Horizon 2020. Lifecare is a participant in the FORGETDIABETES consortium and receives in this regard financial support. The goal of the FORGETDIABETES project is to develop an artificial pancreas. Under which Lifecare›s role is to develop a glucose monitoring sensor, as a central component of the artificial pancreas. This project has a planned duration until 2025.

Lifecare Laboratory GmbH:

4. Landesregierung Rhineland-Palatinate. Support under Covid-19 compensation scheme for business.

5. Bundesministerium für Bildung und Forschung. Lifecare Laboratory is a participant in the Panamea consortium and receives financial support. The purpose of the project is to develop a diagnostic tool for measuring activity in the pancreas, as well as indirectly measuring glucose levels in the blood.

6. European Commission, Eurostar. Lifecare Laboratory is a participant in the European consortium that entitles financial support. The project includes developing a method for safe dosing for use in insulin pumps for young children.

7. European Commission, Horizon 2020. Lifecare Laboratory is a participant in the FORGETDIABETES consortium on an independent basis – independent of Lifecare as the parent company – and consequently also receives financial support from Horizon 2020. The Lifecare Laboratory's role in the FORBETDIABETES project includes in-vitro testing and evaluation of the artificial pancreas, including preparations for clinical trials. The project has a planned duration until 2025.

Lifecare Veterinary AS:

8. The Research Council of Norway has approved the ongoing development of Sencell for use in glucose monitoring in pets as eligible for compensation under the tax discovery scheme in the period 2023-2025.

By using the public reimbursement scheme «Skattefunn», development costs linked to the projects 1, 2 and 8 will be compensated with 19% refund in connection with the annual tax assessment.

CREDIT RISK

Lifecare AS is equity financed and exposure with respect to credit risk is consequently limited.

LIQUIDITY RISK

Liquidity risk is the risk that Lifecare does not have the liquidity to meet payment obligations at maturity, or that losses arise as a result of the company having to sell assets to meet its liquidity needs. Liquidity is monitored continuously by the Group management and is subject to frequent reporting to the Board of Directors. The Group works continuously to ensure financial flexibility

in the short and long term to achieve its strategic and operational goals. The management considers the Group›s liquidity situation to be satisfactory. The Group secured equity financing of in total NOK 42,5 million in October 2023.

CURRENCY RISK

The company is exposed to currency fluctuations due to the international nature of its operations. Fluctuations in the Euro constitute a risk, as most of the company's purchases come from suppliers who invoice in euro. Currently, there is no currency hedging.

The board considers that the company is exposed to moderate financial risk.

SCIENTIFIC AND REGULATORY RISK

Lifecares Board of Directors, committees and management brings significant experience from the international diabetes technology scene, providing insight in scientific and strategic trends, competitors, and markets. Sencell has expectations of significant advantages when compared to existing continuous glucose monitoring solutions, as well as projects in development. The most prominent include the very small size, measurement sensitivity, ease of use without repeated calibration and the goal of 6 months lifetime per sensor.

Research, development and adaptation to regulatory requirements are, by definition, uncertainties. The company has a good overview of the remaining development steps and how the regulatory requirements are to be met, both in the EU / Europe and in the USA.

Overall, the scientific and regulatory risks associated with the Lifecare Group's research and development are considered moderate.

LIABILITY INSURANCE

Lifecare has liability insurance for the board and executive personnel, covering any indemnity for financial loss arising from personal managerial liability related to the Lifecare Group. The limit of the liability is NOK 5,000,000 per claim.

The insured under this policy is any past, present, or future individual member of the board of directors and/or executive board or similar executive body of the company as well as any past, present or future officer, de facto director, shadow director or employee of the company who can incur personal managerial liability.

ANNUAL STATEMENT ON CORPORATE GOVERNANCE

The Annual Report includes a separate report on Lifecare´s corporate governance compliance. This is an integrated element of the Board of Directors Report.

CONTINUED OPERATIONS

The annual accounts for 2023 are prepared on the assumption of continued operations. It is hereby confirmed that the prerequisite for continued operation is present.

STATEMENT OF THE ANNUAL ACCOUNTS AND ALLOCATION OF PROFIT AND LOSS STATEMENT

The Board is of the opinion that the annual accounts provide a true and fair picture of the Company's assets and liabilities, financial position and results. Costs related to research and development are expensed on an ongoing basis. No other circumstances have occurred after the end of the financial year that are of significance for the assessment of the financial statements.

For 2023, the Company had a loss of NOK 34,551,207 before tax.
Tax expense for the Company is 0.

The deficit is proposed to be covered by:
Transferred to uncovered loss NOK 34,551,207.
Total disposed of NOK 34,551,207.
For 2023, the Group has had a deficit of NOK 35,322,099 before tax.

The tax expense for the Group is negative at NOK 115,974 which gives a deficit of NOK 35,206,126 which is proposed to be covered by:
Transferred to uncovered loss NOK 35,206,126.
Total disposed of NOK 35,206,126.

Bergen, 08.04.2024
Board of Lifecare AS

Morten Foros Krohnstad
Chairman of the Board

Trine Teigland
Board Member

Bo Arne Petersson
Board Member

Lutz Walter Heinemann
Board Member

Hans Johan Hekland
Board Member

Joacim Holter
CEO

Annual statement on corporate governance

LIFECARE AS EMPHASIZES GOOD CORPORATE GOVERNANCE.

Lifecare AS ("Lifecare" or "The Company") bases its policy for corporate governance on the Norwegian Code of Practice of 14 October 2021 ("the Code"), a guideline for listed companies to help regulate the division of roles between shareholders, the board of directors and executive management more comprehensively than is required by legislation.

Lifecare's Board of Directors ("the Board") has resolved as main principles that the Company and its subsidiaries comply with relevant legislations and regulations, as well as the recommendations of the Code. The Board has imposed routines to ensure follow-up of established principles and guidelines, amongst others in relation to ethical behaviour, compliance with the law, health environment and safety. The follow-up routines aim to ensure balanced compliance taking the Company's size and stage of development into account.

Adherence to the Code is implemented based on a «comply or explain principle»: explanations of non-conformance to the Code are provided if not fully implemented. Lifecare's compliance with the Code is described in this report and section numbers refer to the Code's chapters.

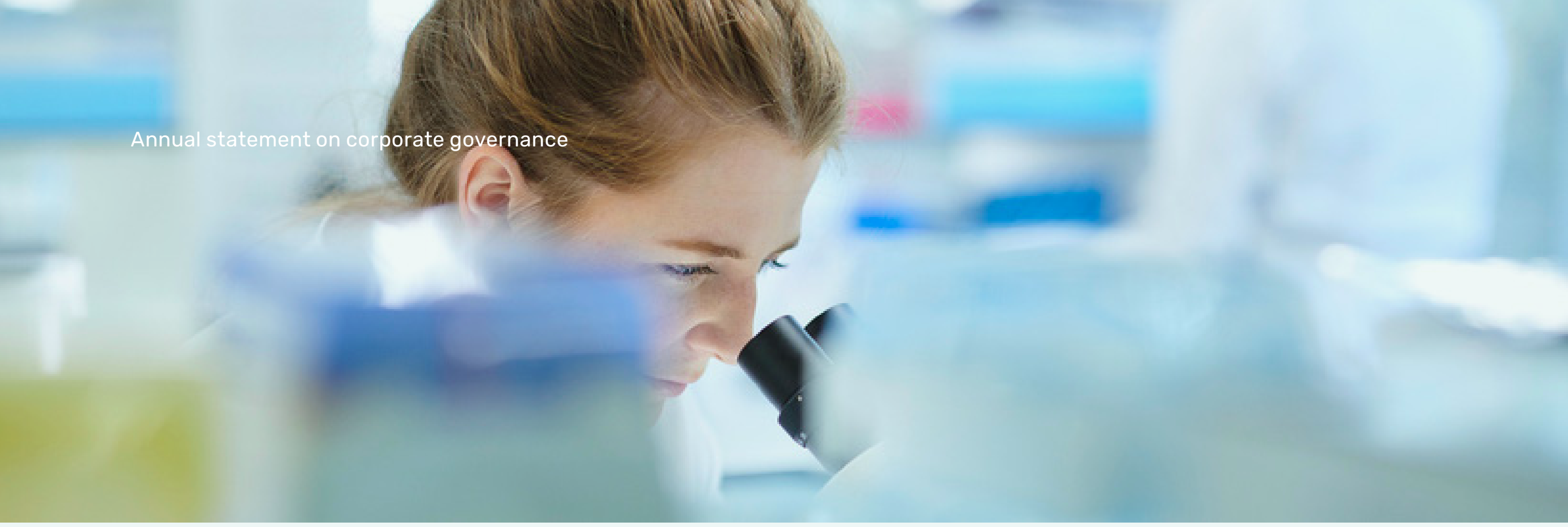
1. Implementation and reporting on corporate governance
Lifecare acknowledges the division of roles between shareholders, the Board of Directors, and the executive management team. The Board has implemented a sound corporate governance policy. Guidelines on corporate governance and statement of compliance with the Code are presented in the Company's annual report. The Company ensures that the policy is adopted by holding regular Board of Directors' meetings which the executive management team attends to present strategic, operational, and financial matters.

Lifecare adheres to the Code for corporate governance. For the reporting period the company have no deviations from the code.

Deviations from the Code: None

2.Business
Lifecare is a Norwegian based company with subsidiaries in Germany, and the United Kingdom and Norway. The Company is focusing on research, development and commercialization of sensor technology for continuous monitoring of body analytes. The main focus for the company is to develop sensor technology for continuous monitoring of glucose for pets and people with diabetes.

The objective and purpose of Lifecare's business is clearly defined and described in the articles of



association. "The company´s objective is to undertake development, production, licensing and sale of medical equipment and technology, and everything connected with this". The Company's articles of association are made available on the Company's website, and the Company's objectives and strategy are available in the annual report.

As of 31 December 2023, the Lifecare Group ("the Group") comprised 32 employees, including consultants engaged in the daily operations. This equals 23 FTE's as of 31 December 2023. The core competencies of the Group are possessed by these employees. Additional resources are purchased from public and private research institutions across Europe.

The German subsidiary Lifecare Laboratory GmbH ("LL") offers medical laboratory services focusing on clinical research and developments of medical devices. Other than this the Group has no sale of services to external customers and hence a limited complexity in terms of commercial operations.

Lifecare has defined the development by milestones and objectives. The Board has evaluated the strategies and risk profiles for the Company's business activities to enable Lifecare to create long-term and sustainable values for its shareholders. The Board of Directors performs annual evaluations of the objectives, strategies, and risk profiles.

Lifecare has not used any specific reporting standards or guidelines for Corporate social responsibility, Sustainability reporting and Ethical guidelines, other than the Code and this section of reporting of social and environmental considerations. In general, Lifecare's strategy and operations are focused on human welfare through our vision: "Changing lives through medical technology".

2.1. Corporate social responsibility

The Group has established anti-corruption & anti-bribery policies with procedures and standards in accordance with internal control policies for comparable businesses of similar size, complexity, and industry to fight corruption. The Group requires and expects its directors and employees to demonstrate high ethical standards in business and interpersonal relationships. Other principles followed are prevention through awareness-raising, limitation of opportunities, high detection risk of, and zero tolerance for corruption.

The Group has established its internal control policies and system in line with requirements within the activities that the Group operates. The quality control procedures are based on the relevant activities in relation to the different phases of operation and the development of procedures is thus a continuous and systematic process.

The Group is concerned with animal welfare, human- and labour rights, social issues, and sustainable development. The Group's management conducts regular performance reviews and internal evaluations, and the Group adapts according to relevant legislation within the areas. The Group's subcontractors are mainly public and private European research institutions and service providers. Preclinical and clinical research is subject to strict government regulation of animal welfare, human rights, and social conditions in all the countries where the research and development work is carried out. The Group therefore considers that animal welfare, human rights, labour rights, and social issues are well taken care of, both internally and among its subcontractors.

2.2. Sustainable development
Lifecare focuses its development of sensor technology for continuous monitoring of glucose and other body analytes. This vision and focus may directly contribute to one of the UN's seventeen sustainable development goals, goal #3: "Good health and well-being".

All international medical development is strictly regulated regarding animal welfare and high focus on safety and well-being for patients participating in clinical trials. Lifecare has internal routines securing that the Group and service providers comply with all relevant standard in these regards.

The Group's operations are of such character that they do not significantly affect the environment beyond normal course of business for a small MedTech company. Travelling, and the need for shipment of devices and materials, are identified as the activities with the most environmental impact. Group meetings and external meetings are evaluated for use of virtual meeting tools when appropriate, to limit travel to what is considered necessary from an operational perspective.

2.3. Ethical guidelines
The Board of Directors and the management of Lifecare are dedicated to ensuring that the development and daily operations of the Group is value-based and performance oriented in compliance with laws and regulations. They will also maintain a high focus on ethics, integrity and HSE.

The Board of Directors and the management of Lifecare work to ensure that the Group's daily operations comprise work environment, interaction with different stakeholders, intragroup transactions, employees' loyalty, conflicts of interest, confidentiality, environment, accounting, financial reporting, trading of Company shares as well as other employee activities in compliance with formal and non-formal ethical guidelines.

Deviations from the Code: None

3. Equity and dividends
Lifecare's equity as of 31 December 2023 was NOK 54,936,092 million. The capital structure is regularly assessed considering the Company's objectives, strategy, and risk profile. The equity level is assessed as satisfactory per year-end 2023.

To date, the Company has not distributed any dividends, and this dividend policy will apply as long as Lifecare is in a research and development phase. The Board of Directors have no mandate to approve the distribution of dividend.

The Board of Directors was authorised by the Company's General Assembly in May 2023 to increase the share capital by share issue of up to 5.893.287 shares - up to 5% of the registered share capital of the Company, in connection with the Company's employee incentive program, and to issue up to 35.359.723 shares in connection with private placements by an amount up to 30% of the share capital of the Company. The authorisations are valid one year from the date of the resolution. Other than the above the Board of Directors has no general authorisation to issue shares.

Deviations from the Code: None

4. Equal treatment of shareholders
Lifecare has only one class of shares and all shares have equal rights. Each share carries one vote. The Board of Directors and the management are committed to treat all shareholders equally. The Company had no transactions in own shares during 2023.

In October 2023 the Board resolved to issue new shares in a private placement initially waiving the pre-emptive rights of existing shareholders. The Board of Directors considered to initiate a subsequent repair offering.

However, taking into account that the Offer Price in the Private Placement represented a relatively small discount compared to the trading price of the Company's shares, the size of the Private Placement and the limited increase of the Company›s share capital entailed by the Private Placement, and also the costs associated with a subsequent repair offering (including costs associated with the preparation of a prospectus), the Board of Directors concluded to not carry out a subsequent repair offering.

The Board's decisions related to the share issue and the considerations related to not initiate a subsequent repair offering was published at Euronext Oslo NewsWeb. The Board of Directors is of the opinion that the Private Placement as well as the decision to not initiate a subsequent repair offering was in compliance with legislation, recommendations and considerations to ensure equal treatment of the company's shareholders.

Deviations from the Code: None

5. Shares and tradability

The shares in Lifecare are freely tradable with no form of restriction. No restrictions regarding voting, ownership or tradability are placed on the shares in the Company's articles of association.

Deviations from the Code: None

6. General Meetings

The Board facilitates that as many shareholders as possible may exercise their rights by participating at the General Meeting either in person or via digital meeting-platforms. The General Meetings of Lifecare is an effective forum for both the views of shareholders and the Board.

The Chairman and the Chief Executive Officer (CEO) are present in person at the Annual General Meeting, along with representatives from the Nomination Committee.

The Board of Directors attend the General Meetings by video link or in person when this is considered necessary.

Lifecare's Articles of Associations authorize the Board to decide that voting at the General Meeting can be done by casting in advance, as well as via electronic communication. Shareholders who are unable to participate themselves may vote by proxy, and a person can also be appointed to vote for the shareholders as a proxy. The Board of Directors may decide that shareholders can submit their votes in writing, including by use of electronic communication, in a period prior to the general meeting.

Notice of the meeting and relevant documents are distributed and made available on the company website minimum two weeks in advance of the meeting.

Recommendations from the Nomination Committee is made available on the Company's website no later than the 7th day before the meeting.

Notice of the meeting is sent to all shareholders individually, or to their depository banks, minimum two weeks in advance of the meeting.

The meeting notice includes information regarding shareholders' rights, guidelines for registering and voting at the meeting. The company provides information on the procedure for representation at the meeting through proxy, nominations of a person to vote on behalf of the shareholders and, to the extent possible, prepare a form which allows separate voting instructions for each matter (hereunder for individual candidates for appointment to the Group's governing bodies).

Due to practical reasons the Board of Directors have nominated the Chairman of the Board to act as chairman of the General Meeting, while ensuring that the participating shareholders – being in person, by video link

or represented by proxy - can nominate any alternative candidate as chairman of the General Meeting.

Deviations from the Code: None.

7. Nomination Committee

The requirement for a Nomination Committee is stated in article 9 of the articles of association. The duties of the Nomination Committee are described in the said article and further elaborated in the guidelines stipulated by the Company's General Meeting "Instructions for the Nomination Committee" (available on Lifecare´s webpage). In short, they include the following: To propose candidates for election to the Board and to propose remuneration, as well as to propose members of the Nomination Committee and to propose remuneration for such.

The Nomination Committee shall consist of a chairperson and two members. The chairperson is elected by the General Meeting for two years at a time, while the members are elected for one year at a time. The remuneration to the members of the Nomination Committee is determined by the General Meeting.

The Nomination Committee shall ensure that shareholders' views are considered when qualified members are nominated to the governing bodies of Lifecare. Shareholders are encouraged to submit proposals to the Nomination Committee for candidates for election to the board of directors. Such proposals are recommended to be in writing with justification. The Nomination Committee can decide to fix a deadline for inputs to be considered by the Committee, and if so, the deadline will be communicated on the Company's website.

None of the Committee's members represent Lifecare's management or Board and they are all considered to be independent of daily management and the Board. The nomination committee currently consists of the following three members: Marita Haugen (chairperson), Svein Milford and Trond Eidsnes. The current members have been elected by the general meeting with terms until the Company's ordinary general meeting in 2024. The Nomination Committee's contact details are available at Lifecare's website.

Deviations from the Code: None

8. Board of Directors, composition and independence

The Board is composed to ensure that the body can operate independently, attend the common interest for all shareholders and the Company's need for expertise, capacity, and diversity. The Board evaluates its own work annually, both as a whole to ensure effective functionality as a collegial body and individually per member of the Board.

The main shareholder of Lifecare, Teigland Eiendom AS, is represented in the Board by Trine Teigland.

In accordance with the Company's Articles of Associations the Board consists of 3 to 7 members according to the resolution of the General Meeting. The Chairman of the Board is elected by the General Meeting. All members of the Board are elected for two-year terms by the General Meeting. The Board of Directors is presented on the company website.

All board members are considered to be independent from the Company's day-to-day management, and material business connections, and no members of the Board are executive personnel of the Company. The composition of the Board is considered to ensure that the collegial body operates independently from any special interest. All board members are encouraged to be shareholders and their shareholdings are disclosed in the Annual Report.

Deviations from the Code: None

9. Work of the Board of Directors
The Board of Lifecare has issued instructions for its own work and for the CEO emphasizing clear internal allocation of responsibilities and duties providing rules on the Board's work and case handling, as well as the relationship between the Board and the management. The document "Instructions to the Board and the CEO" is available on the Company's website. These instructions are subject to annual revision by the Board.

The Board has the overall responsibility for the Company's management and to ensure that the operations are conducted in accordance with all relevant laws and regulations, as well as guidelines issued by the General Meeting or the Board. It is within the Board's responsibility to prepare and implement the Company's strategy, safeguard the Company's responsibility towards, and communication to, the shareholders, and to ensure that the Company is properly organized and financed.

It is the responsibility of the Board to ensure that the Company has a well-functioning internal control environment in accordance with the regulations that apply to its activities and to supervise daily management and activities of the company in general. In addition, the Board is responsible for appointment of Chief Executive Officer (CEO) and convening and preparing for general meetings. The objectives, responsibilities and functions of the Board of Directors and the CEO are in compliance with rules and standards applicable for the company.

The Board's instructions include regulations of conflicts of interest to ensure that no members of the Board or executive management participate in considerations or decision of an issue with special significance for his or her own or closely relative's part that leads to a prominent personal or financial interest in the case. Furthermore, the Board has issued guidelines for the Company's primary insiders as well as anti-bribery and anti-corruption policy. These guidelines and policies are made available on the Company's website.

The Board of Directors adopts an annual plan for its work. The CEO is responsible for keeping the Board of Directors informed about the company's activities, position and financial and operational developments. The Board of Directors evaluates its performance and expertise annually and the evaluation is made available to the Nomination Committee.

Due to the Company's size and complexity the Board has decided to not implement an Audit Committee. The Company's Nomination Committee advice the General Meeting on remuneration for the members of the Board and the Nomination Committee. The Board and the CEO act as Remuneration Committee for executive personnel, except for remuneration matters for the CEO where the Board act as Remuneration Committee.

The Board evaluates its performance and expertise annually.

The Board conducted 8 meetings in 2023. Board members had the following attendance at these meetings:

> Morten Foros Krohnstad	8/8	100%
> Trine Teigland	8/8	100%
> Lutz Heinemann	8/8	100%
> Bo Petersson	6/8	75%
> Hans Johan Hekland	8/8	100%

Deviations from the Code: None

10. Risk management and internal control
It is the responsibility of the Board of Directors to ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Significant risks include strategic risks, market risks, financial risks, liquidity risks and operational risks including risks related to development of products.

The Company's significant risk areas and internal control systems are assessed on an on-going basis and at least once a year by the Board of Directors. Please also refer to The Board of Directors´ report, for a description of relevant risk factors.

Deviations from the Code: None

11. Remuneration of the Board of Directors
The General Meeting determines the remuneration to the Board of Directors based on a proposal from the Nomination Committee. Remuneration reflects the Board of Directors responsibility, expertise, time commitment and the business complexity. The remuneration is not linked to the Company's performance, and no share options are granted to members of the Board of Directors. Detailed information on the remuneration of the Board of Directors can be found in the Annual Report.

Board members, or companies to which they are connected, should not undertake separate assignments for the Group in addition to the Board appointment. If they nevertheless do, the whole Board is to be informed. Fees for such assignments are to be approved by the Board. If remuneration has been paid above the normal Board fee, this is to be specified in the annual report.

Deviations from the Code: None

12. Remuneration of executive personnel
Determination of salaries and other remuneration of the executive personnel in the Company is concluded on a case-by-case basis. Such determinations are based on clear and easily understandable principles with the purpose to contribute to the long terms interest of the company in combination with financial viability and commercial strategies.

On the basis of authorization from the General Meeting the Board has outlined a share purchase program for all employees in Lifecare and a share option program for the Company's executive and leading personnel.

The Company's share option program for executive and leading personnel is primarily performance related and linked to performance targets that influence the Company's long-term value creation interests. The Board has taken great care when awarding options to the executive and leading personnel, with the overall aim to contribute to the Company's commercial strategy, long-term interests and financial viability. The Board considers its praxis in line with market standards and the interests of the shareholders and is consequently appropriate.

Deviations from the Code: None

13. Information and communication
The Company presents its financial statements in accordance with NRS, and procedures have been established to ensure compliance with NRS interim and annual reporting requirements. The Company's management, the Chief Executive Officer (CEO) and Financial Controller are responsible for preparing the financial statements, and annual and semi-annual financial reports are approved by the Board of Directors prior to publication. Lifecare reports in accordance with the rules in the Norwegian Securities Trading Act, as well as with the requirements specified by the Oslo Børs for companies with listed shares.

The Board has approved guidelines and procedures relating to the handling of insider information and trading in the company's shares.

The Company›s guidelines for reporting of financial and other information are based on transparency and consider the requirement for equal treatment of all participants in the securities market. The Company is committed to report financial results and other relevant information on an accurate and timely basis. The Company publishes a financial calendar on an annual basis, including dates for release of interim and annual reports and dates for general meetings. Lifecare considers it important to inform shareholders about the Group's development and economic and financial status. Management members are available for discussions with

shareholders, other than through general meetings, to develop a balanced understanding of such shareholders' situation and focus, subject however to the provisions in legislation and regulations. The Chair of the Board ensures that shareholders' viewpoints are communicated to the whole Board.

Deviations from the Code: None

14. Take-overs

The Board of Directors endorses the principles concerning equal treatment of all shareholders. In the event of a take-over bid, it is obliged to act in accordance with the requirements of Norwegian law and in accordance with the Code and all applicable principles for good corporate governance.

The Board of Directors will not hinder or obstruct takeover bids for Lifecare's activities or shares. The Board will ensure that shareholders are given sufficient information and time to form an opinion on an offer. If a takeover offer is received, the Board will issue a statement with a recommendation as to whether shareholders should or should not accept the offer.

A transaction that in fact is a business disposal shall be approved by a General Meeting.

Deviations from the Code: None

15. Auditor

RSM Norge AS (RSM) is the appointed auditor of Lifecare.

The auditor shall annually in writing confirm to the Board of Directors that he/she satisfies established requirements for independence and objectivity. The auditor participates at least one Board of Directors meeting per year, where he/she presents auditors plan for the audit, the assessment of the Company's internal control and participate during the approval of the annual accounts.

The Board of Directors has established separate guidelines for use of non-audit services. Fees paid to the external auditor for audit and non-audit services are reported in the Company's Annual Report, which are, in turn, approved by the annual general meeting. The auditor is requested to participate at the annual general meeting for consideration of the annual financial statement.

Deviations from the Code: None

Financial Report 2023

Financial Statements

Parent				Group	
2022	2023	STATEMENT OF COMPREHENSIVE INCOME	NOTE	2023	2022
		Operating income and operating expenses			
		Operating income:			
		Revenue			
		Revenue from contracts with customers		3 439 924	6 777 868
5 481 736	5 431 248	Other income		9 646 248	15 356 792
5 481 736	**5 431 248**	**Total income**	3	**13 086 172**	**22 134 660**
		Operating expense:			
4 728 962	12 262 694	Employee benefits expense	4,5,6	25 658 588	12 176 740
189 110	560 916	Depreciation and amortisation expense	8,9	3 252 702	2 284 282
19 219 956	27 364 776	Other expenses	10	19 522 599	24 577 876
24 138 028	**40 188 386**	**Total expenses**		**48 433 888**	**39 038 898**
(18 656 292)	**(34 757 138)**	**Operating result**		**(35 347 716)**	**(16 904 238)**
		Financial income and expenses			
0	871 759	Other interest income		871 759	0
554 096	131 397	Other financial income		133 465	554 096
637	0	Other Interest expenses		0	637
190 724	797 225	Other financial expenses		979 607	322 935
362 735	**205 931**	**Net financial items**	11	**25 617**	**230 524**
(18 293 557)	**(34 551 207)**	**Net profit before tax**		**(35 322 099)**	**(16 673 714)**
0	0	Income tax expense	7	115 974	(527 152)
(18 293 557)	**(34 551 207)**	**Net profit or loss**		**(35 206 126)**	**(17 200 866)**
		Attributable to:			
		Equity holders of the parent		(35 258 211)	
		Non-controlling interests		52 085	
				(35 206 126)	
-0,180	**-0,287**	**Earning per share -basic and diluted (NOK)**	15	**-0,293**	**-0,169**
		Other comprehensive income			
		Exchange differences on translation of foreign operations		(69 792)	(65 878)
		Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(69 792)**	**(65 878)**
		Total comprehensive income for the year, net of tax		**(35 275 917)**	**(17 266 744)**

Balance Sheet

Parent					Group		
As at 1 Jan. 2022	**2022**	**2023**	**BALANCE SHEET**	**NOTE**	**2023**	**2022**	**As at 1 Jan. 2022**
			Assets				
			Non-current Intangible assets				
93 000	174 000	155 000	Concessions, patents, licences, and similar	8	5 282 855	6 234 193	7 185 530
0	0	0	Goodwill	12	7 228 275	7 228 275	1 640 914
193 000	**174 000**	**155 000**	**Total intangible assets**		**12 511 130**	**13 462 468**	**8 826 444**
			Tangible asset				
15 366	1 262 067	1 017 335	Equipment and other movables	8	3 192 066	2 989 532	29 740
0	607 745	413 118	Right-of-use asset	8,9	6 642 227	3 877 428	
15 366	**1 869 812**	**1 430 453**	**Total tangible assets**		**9 834 293**	**6 866 960**	**29 740**
			Non-current financial assets				
6 877 294	15 589 023	15 709 023	Investments in affiliated companies	13	0	0	0
6 877 294	**15 589 023**	**15 709 023**	**Total non-current financial assets**		**0**	**0**	**0**
7 085 660	**17 632 835**	**17 294 476**	**Total non-current assets**		**22 345 423**	**20 329 428**	**8 856 184**
			Currents assets				
			Receivables				
74 947	74 948	897 168	Receivables		4 018 948	1 321 634	138 696
2 594 741	2 854 578	7 807 908	Other short-term receivables	14	11 680 318	5 817 383	2 288 479
2 669 688	**2 929 526**	**8 705 076**	**Total receivables**		**15 699 266**	**7 139 017**	**2 427 175**
20 171 311	44 677 834	47 411 470	Cash and cash equivalents	16	48 345 153	47 630 404	21 041 862
22 840 999	**47 607 360**	**56 116 545**	**Total current assets**		**64 044 419**	**54 769 421**	**23 469 037**
29 926 659	**65 240 195**	**73 411 021**	**Total assets**		**86 389 842**	**75 098 850**	**32 325 221**

Balance Sheet

Parent					Group		
As at 1 Jan. 2022	**2022**	**2023**	**BALANCE SHEET**	**NOTE**	**2023**	**2022**	**As at 1 Jan. 2022**
			Equity and liabilities				
			Equity. Inserted equity figure				
39 193 659	47 146 297	53 946 297	Share capital		53 946 297	47 146 297	39 193 659
0	**40 306 997**	**76 006 997**	Share premium		**76 006 997**	**40 306 997**	**0**
1 478 689	2 397 372	3 942 022	Other paid-in capital		3 942 022	2 397 372	1 478 689
40 672 348	**89 850 666**	**133 895 316**	**Total contributed equity**	**17**	**133 895 316**	**89 850 666**	**40 672 348**
			Earned equity				
	0	0	Non controlling interests		52 085		
(16 625 946)	(34 919 503)	(67 992 020)	Uncovered loss		(67 492 890)	(33 405 757)	(16 324 225)
		0	Fund for valuation differences		0	(9 240)	0
(16 625 946)	**(34 919 503)**	**(67 992 020)**	**Total retained earnings**		**(67 440 805)**	**(33 414 997)**	**(16 324 225)**
24 046 402	54 931 163	65 903 296	**Total equity**		66 454 511	56 435 669	24 348 123
			Liabilities				
			Provision for liabilities				
0	0	0	Deferred tax	7	1 640 914	1 333 243	1 538 357
0	**0**	**0**	**Total provision for liabilities**		**1 640 914**	**1 333 243**	**1 538 357**
			Non-current liabilities				
2 696 976	4 244 949	2 915 467	Other non-current debt	18	2 915 467	4 353 994	2 696 976
0	456 952	159 549	Financial lease long term	9	4 745 441	3 088 366	0
2 696 976	**4 701 901**	**3 075 016**	**Total other long-term debt**		**7 660 908**	**7 442 360**	**2 696 976**
			Current liabilities				
1 527 906	706 119	1 572 547	Accounts payable		2 982 334	1 627 636	1 972 425
0	0	0	Payable tax		0	1 461 517	0
164 524	85 440	531 960	Due public fees		605 750	85 440	243 528
0	155 722	265 108	Financial lease short term	9	1 704 778	851 750	0
1 490 851	4 659 850	2 063 093	Other short-term debt		5 340 647	5 861 235	1 525 812
3 183 281	**5 607 131**	**4 432 709**	**Total current liabilities**		**10 633 508**	**9 887 578**	**3 741 765**
5 880 257	**10 309 032**	**7 507 725**	**Total liabilities**		**19 935 331**	**18 663 181**	**7 977 098**
29 926 659	**65 240 195**	**73 411 021**	**Total equity and liabilities**		**86 389 842**	**75 098 850**	**32 325 221**

Cash Flow

Parent			Group	
2022	**2023**	**Cash flow statement**	**2023**	**2022**
		Cash flow from operating activities:		
(18 293 557)	(34 551 207)	Net profit before tax	(35 322 099)	(16 673 713)
0	0	Taxes paid	(1 461 517)	(527 152)
189 110	560 916	Depreciation	3 252 702	2 284 282
918 683	3 690 706	Employee Benefits Expense	3 690 706	918 683
1	(822 220)	Change in resivables	(2 697 314)	(1 182 938)
(821 787)	866 428	Change in accounts payable	1 354 698	(344 789)
	22 831	Interest paid	195 221	
1 352 032	(7 860 053)	Changes in other accrued income and expenditure	(5 017 258)	(2 680 345)
(16 655 518)	**(38 092 598)**	**Net cash flow from operating activities**	**(36 004 862)**	**(18 205 973)**
		Cash flow from investment activities:		
(1 337 788)	(36 268)	Purchase of property, plant and equipment	(1 214 899)	(5 708 258)
(8 692 729)		Purchase of other financial assets	0	(3 490 315)
	(120 000)	Acquisition of subsidiary, net of cash acquired	0	0
(10 030 517)	**(156 268)**	**Net cash flow from investment activities**	**(1 214 899)**	**(9 198 573)**
		Cash flow from financing activities:		
48 259 635	42 500 000	Proceeds from issue of share capital	42 500 000	48 259 636
2 921 902		Proceeds from borrowings	687 803	5 374 770
	(1 329 482)	Repayment of borrowings	(3 948 630)	
11 021	(188 017)	Payment of principal portion of lease liabilities	(1 304 664)	136 793
51 192 558	**40 982 501**	**Net cash flow from financing activities**	**37 934 509**	**53 771 199**
		Net currency translation effect		**221 888**
24 506 523	**2 733 634**	**Net cash flow total**	**714 748**	**26 588 541**
20 171 312	**44 677 835**	**Cash at beginning of the period**	**47 630 404**	**21 041 863**
44 677 835	**47 411 470**	**Cash at the end of the period**	**48 345 153**	**47 630 404**

Statement Change of Equity

Lifecare Group	**Issued capital**	**Share premium**	**Retained earnings**	**Foreign currency translation reserve**	**Total**	**Non-controlling interest**	**Total equity**
As at 1 January 2023	47 146 297	40 306 997	-31 230 275	146 772	56 435 669		56 435 669
Adjustment on correction of error (net of tax)							
Share-based payments							
Profit prvious periods							
As at 1 January 2023 (restated)	**47 146 297**	**40 306 997**	**-31 230 275**	**146 772**	**56 435 669**	**-**	**56 435 669**
Profit for the period			-35 258 211	-298 371	-35 556 582	52 085	-35 504 497
Issue of share capital	6 800 000	35 700 000					
Other comprehensive income				-69 792	-69 792		-69 792
Share-based payments			3 023 339		3 023 339		3 023 339
At 31 December 2023 (restated)	**53 946 297**	**76 006 997**	**-63 465 147**	**76 980**	**66 402 426**	**52 085**	**66 454 511**
As at 1 January 2022	**39 193 659**		**-14 948 093**	**221 890**	**24 467 456**		**24 467 456**
Adjustment on correction of error (net of tax)							-
Share-based payments							
Profit prvious periods			-				
As at 1 January 2022 (restated)	**39 193 659**	**-**	**-14 948 093**	**221 890**	**24 467 456**	**-**	**24 467 456**
Profit for the period			-17 200 866	-9 240	-18 293 557		-18 293 557
Issue of share capital	7 952 638	40 306 997			48 259 635		
Other comprehensive income				-65 878	-65 878		-65 878
Share-based payments			918 683		918 683		918 683
At 31 December 2022 (restated)	**47 146 297**	**40 306 997**	**-31 230 275**	**146 772**	**56 435 669**		**56 435 669**

Statement Change of Equity

Lifecare AS	**Issued capital**	**Share premium**	**Retained earnings**	**Foreign currency translation reserve**	**Total**	**Total equity**
As at 1 January 2023	47 146 297	40 306 997	-32 522 131	-	54 931 163	54 931 163
Adjustment on correction of error (net of tax)						-
Share-based payments						
Profit prvious periods			-			
As at 1 January 2023 (restated)	**47 146 297**	**40 306 997**	**-32 522 131**	**-**	**54 931 163**	**54 931 163**
Profit for the period			-34 551 207		-34 551 207	-34 551 207
Issue of share capital	6 800 000	35 700 000				
Share-based payments			3 023 339		3 023 339	3 023 339
At 31 December 2023 (restated)	**53 946 297**	**76 006 997**	**-64 049 998**	**-**	**65 903 296**	**65 903 296**
As at 1 January 2022	**39 193 659**		**-15 147 257**		**24 046 402**	**24 046 402**
Adjustment on correction of error (net of tax)						-
Share-based payments						
Profit prvious periods			-			
As at 1 January 2022 (restated)	**39 193 659**	**-**	**-15 147 257**	**-**	**24 046 402**	**24 046 402**
Profit for the period			-18 293 557		-18 293 557	-18 293 557
Issue of share capital	7 952 638	40 306 997				
Share-based payments			918 683		918 683	918 683
At 31 December 2022 (restated)	**47 146 297**	**40 306 997**	**-32 522 131**	**-**	**54 931 163**	**54 931 163**

Bergen, 08.04.2024
Board of Lifecare AS

Morten Foros Krohnstad
Chairman of the Board

Trine Teigland
Board Member

Bo Arne Petersson
Board Member

Lutz Walter Heinemann
Board Member

Hans Johan Hekland
Board Member

Joacim Holter
CEO

Notes

NOTE 1 – CORPORATE INFORMATION

Lifecare AS ("the Company" or "Parent") as the Parent Company and its subsidiaries (together "the Group) is a clinical stage medical sensor company developing technology for sensing and monitoring of various body analytes. Lifecare's main focus is to bring the next generation of Continuous Glucose Monitoring ("CGM") systems to market.

Lifecare AS is incorporated and domiciled in Norway and listed on the unregulated market Euronext Growth. The address of the registered office is Ytrebygdsvegen 215, 5258 Blomsterdalen, Bergen, Norway.

The consolidated financial statements and the financial statements for the Company cover the year ending 31 December 2023.

NOTE 2 – BASIS FOR PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have consistently been applied in all periods presented. The presentation currency of the Group and the Company is NOK.

BASIS FOR PREPARATION

The consolidated financial statements for the Group and the Company have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU. The consolidated financial statements and the Parent Company financial statements have been prepared on a historical cost basis.

Lifecare Group implements IFRS effective from 2023. Changes in accounting principles, including changes in the language of accounting, must as a general rule be made through a full retrospective implementation, i.e. that previous years› financial statements are restated so that they present the company's financial position as if the new rules had always been applied. IFRS 1 contains certain exceptions from full retrospective application when transitioning to IFRS. The Group has applied most of these exceptions, e.g. for leases the right of use asset as at 1 January 2022 was set equal to the lease liability.

In preparing the opening balance sheet the company has reviewed the balance sheet as of 1 January 2022 that was prepared in accordance with the Group's previous 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, and generally no equity adjustments have been considered necessary based on the nature and materiality of the gaap differences. The exception is a restatement of deferred tax assets. When preparing the IFRS opening balance sheet as of 1 January 2022, an adjustment relating to long-term leasing (IFRS 16) was made.

The consolidated financial statements comprise Lifecare AS ("Lifecare" or "Company") and companies in which Lifecare AS has a controlling interest ("Lifecare Group" or "Group"). A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Minority interests are included in the Group's equity. Transactions between Group companies have been eliminated in the consolidated financial statement.

Acquired subsidiaries are recognized in the consolidated financial statements based on the parent company's acquisition cost. Acquisition cost is assigned to identifiable assets and liabilities of the subsidiary at fair value at the time of acquisition. Any excess value beyond what is attributable to identifiable assets and liabilities is recognized on the balance sheet as goodwill.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

REVENUE RECOGNITION

Revenues from the sale of services are recognized in the income statement according to the project's level of completion provided the outcome of the transaction can be estimated reliably. When the outcome of the transaction cannot be estimated reliably, only revenues equal to the project costs that have been incurred will be recognized as revenue.

INCOME TAX

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22% percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

FINANCIAL RISKS

INTEREST RATE RISK

The Group holds cash and cash equivalents and does not have any borrowings. The Group's interest rate risk is therefore in the rate of return of its cash on hand. Bank deposits are exposed to market fluctuations in interest rates, which affect the financial income and the return on cash.

EXCHANGE RATE RISK

The value of non-Norwegian currency denominated costs will be affected by changes in currency exchange rates or exchange control regulations. The Group undertakes various transactions in foreign currencies and is consequently exposed to fluctuations in exchange rates. The exposure arises largely from the clinical trials and research expenses. The Group is mainly exposed to fluctuations in pounds sterling (GBP), euro (EUR).

BALANCE SHEET CLASSIFICATION

Current assets and short-term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Internal development costs related to the Group's development of products are recognized in the income statement in the year incurred unless it meets the asset recognition criteria of IAS 38 "Intangible Assets". An internally generated asset arising from the development phase of an R&D project is recognized as an intangible asset if the Group can demonstrate:

- Its ability to use or sell the intangible assets
- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and use of sell the asset
- The ability to measure reliably the expenditure during development

Uncertainties related to the regulatory approval process and results from on-going clinical trials, generally indicate that the criteria are not met until the time when marketing authorisation is obtained from relevant regulatory authorities. The Group has currently no development expenditure that qualifies for recognition under IAS 38.

GOVERNMENT GRANTS
Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. The grant is recognized in the income statement in the same period as the related costs,and presented net. Government grants are recognized at the value of the contribution at the transaction date.

Government grants are normally related to either re-imbursements of employee costs or related to other operating activities classified as other operating expenses. The grants are classified as other income in the financial statement.

PROPERTY, PLANT, AND EQUIPMENT
Property, plant, and equipment is capitalized and depreciated linearly over the estimated useful life. Significant fixed assets which consist of substantial components with dissimilar economic life have been unbundled; depreciation of each component is based on the economic life of the component. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of a non-current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net realizable value and value in use. In assessing value in use, the discounted estimated future cash flows from the asset are discounted are used.

SUBSIDIARIES AND INVESTMENT IN ASSOCIATES
Subsidiaries and investments in associates are valued at cost in the company accounts. Investments are valued as cost of shares in the subsidiary, less any impairment losses. An impairment loss is recognized if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. If dividends / Group contribution exceeds withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

LEASES

IDENTIFYING A LEASE
At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

THE GROUP (THE COMPANY) AS A LESSEE
Separating components in the lease contract.

For contracts that constitute, or contain a lease, the Group (the Company) separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group (the Company) then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

RECOGNITION OF LEASES AND EXEMPTIONS
At the lease commencement date, the Group (the Company) recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group (the Company) recognizes the lease payments as other operating expenses in the statement of profit or loss when they incurred.

LEASE LIABILITIES
The lease liability is recognized at the commencement date of the lease. The Group (the Company) measures the

lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date.

The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group (the Company) is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of fixed lease payments (including in-substance fixed payments), less any lease incentives receivable. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Group (the Company) does not include variable lease payments in the lease liability. Instead, the Group (the Company) recognises these variable lease expenses in profit or loss when they occur.

RIGHT-OF-USE ASSETS

The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities.
The cost of the right-of-use asset comprise:

The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognized.
- Any lease payments made at or before the commencement date, less any incentives received.
- Any initial direct costs incurred by the Group.

The Group (the Company) applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-ofuse asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The Group (the Company) applies IAS 36 Impairment of assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

SHARE-BASED PAYMENTS

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for share-based payments (options).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized, together with a corresponding increase in other paid in capital in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognized at the beginning and end of that period and is recognized in employee benefits expense.

The fair value of the options granted is measured using the Black-Scholes model. Measurement inputs include share price on the measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends and the risk-free interest rate.

When the options are exercised, the Group will issue new shares. The proceeds received net of any directly attributable transaction costs are recognized as share capital (nominal value) and share premium reserve.

PENSIONS

The cost of a defined contribution pension scheme corresponds to the period›s premium to the insurance company.

CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

NOTE 3 – SEGMENTS REVENUE AND PUBLIC GRANTS.

The Group operates under two different segments. Laboratory services provided both internally within the group and to third part customers are performed by the subsidiaries Lifecare Laboratory GmbH. Both the parent company and other subsidiaries operates at the moment under the R&D segment with founding from public grants and internal services as revenue.

Parent

	2023	**2022**
Skattefunn-refund	3 146 797	1 629 191
Other public grants	0	3 790 967
Other income	2 284 451	61 577
Total revenue	**5 431 248**	**5 481 736**

In 2023, the Company has recognized NOK 3.1 million in grants in estimated tax savings. R&D costs of NOK 18.6 million in 2023 have been booked as an expense. Other income consists of internal service fee from subsidiaries and founds from contracts with external partners.

In 2022, the Company expensed NOK 9.4 million in R&D. Under other income, NOK 1.6 million in estimated tax savings for 2022 have been recognized as income. Other public grants consist of public founding from the European Commission, the project Horizon 2020 at NOK 3.8 million in 2022.

Group

Lifecare Groups external revenue from third parts customer consist of laboratory services performed by the subsidiary Lifecare Laboratory Gmbh in Germany.

	2023	**2022**
Revenue from contracts with customers	3 886 122	6 777 868
Skattefunn-refund	3 438 654	1 629 191
Other public grants	0	3 790 967
Other income	5 761 396	9 936 634
Total revenue	**13 086 172**	**22 134 660**

NOTE 4 – PAYROLL AND RELATED EXPENSES

PARRENT		
Salary costs Lifecare	**2023**	**2022**
Board fee	1 050 000	1 015 000
Salaries	5 865 853	2 090 903
Payroll tax	1 075 352	442 396
Pension costs	271 852	71 614
Other benefits	308 932	190 367
Total payroll	**8 571 989**	**3 810 279**
Share option expense emloyees	**3 023 338**	**918 683**
Accured sosial security tax on share option	**667 367**	
Total employee share option cost	**3 690 706**	**918 683**
Total employee benefit cost	**12 262 694**	**4 728 962**

Employees	**2023**	**2022**
Number of employees	6	4
Number of man-years	5,5	2,1

GROUP		
Salary costs Lifecare Group	**2023**	**2022**
Board fee	1 050 000	1 015 000
Salaries	16 024 383	7 921 498
Payroll tax	3 141 485	1 743 986
Pension costs	539 264	266 580
Other benefits	1 212 751	310 994
Total	**21 967 883**	**11 258 057**
Share option expense emloyees	3 023 338	918 683
Accured sosial security tax on share option	667 367	
Total employee share option cost	3 690 706	918 683
Total employee benefit cost	**25 658 588**	**12 176 740**

Group Employees	**2023**	**2022**
Number of employees	32	25
Number of man-years	29	18,5

Management remuneration

The Group Management consists of the Group Directors. Group Directors are the CEO and the CSO. They are employed and work as a consultant (CSO) in the parent company (CEO)

	Board remuneration	Salary	Consulty fee	Total remuneration
Management				
Joacim Holter (CEO)		1 800 000		1 800 000
Andreas Putzner (CSO)	527 152		1 527 177	1 527 177
Members of the Board				
Morten Foros Krohnstad (Chairman)	250 000			250 000
Trine Teigland (Board member)	180 000			180 000
Lutz Heiemann(Board member)	180 000			180 000
Bo Petersson(Board member)	180 000			180 000
Hans Hekland(Board member)	180 000			180 000
Nomination Committee				
Svein Milford	40 000			40 000
Trond Eidsnes	40 000			40 000
Total remuneration	**1 050 000**	**1 800 000**	**1 527 177**	**4 377 177**

NOTE 5 – PENSION

Lifecare AS is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension (“lov om obligatorisk tjenestepensjon”).

The Company has a contribution pension scheme which complies with the Act on Mandatory company pensions.

Lifecare AS and its subsidiaries have defined contribution pension schemes, but the contribution is different.

For Lifecare As and Lifecare Veterinary AS (Norwegian employees) the contribution amounts to 5% of salary up to 7.1G and 18.1% of salary between 7.1G and 12G (G is Norwegian National Insurance basic amount).

For Lifecare Chemistry Limited and UK employees the contribution is 3% of base salary.
For Lifecare Laboratory Gmbh and Lifcare Nanobiosensor Gmbh (German employees) the contribution is between 7-15% of base salary.

NOTE 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 voting 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	**2023**
As of 01.01.2023	
Granted during the year	2 469 173
Exercised during the year	1 850 000
Adjusted during the year	
Expired during the year	50 000
As of 31.12.2023	**4 369 173**

INCENTIVE PROGRAM

Share options

In accordance with the authorization granted by the Annual General Meeting 6 May 2022, the Board of Directors of Lifecare AS has established a long-term incentive program and awarded a total of 2,594,173 share options in 2022.

In addition the authorization granted by the Annual General Meeting 6 May 2023, the Board of Directors of Lifecare AS has established a long-term incentive program and awarded a total of 1,850,000 share options in 2023.

Each share option gives the right to acquire one share, based on vesting and exercisability terms. The vesting terms under the program includes performance targets and/or vesting dates. The options may only be exercised within time periods defined by the Board of Directors.

Strike price of options is equal to the volume weighted average share price (VWAP) of the Lifecare AS stock 10 consecutive trading days prior to the date of grant:

Strike Price (NOK)	Number of options
2,38	2,469,173
2,49	1,850,000
2,50	50,000
Total	4,369,173

All options laps 5 years after date of grant.
Options allocated to members of the Group management, based on individual vesting and performance target schedules:

Name	Position	Number of options	Strike price (NOK)
Joacim Holter	CEO	2 296 115	2,42
Andreas Pfützner	CSO	1 048 058	2,41

NOTE 7 – TAX

Tax Lifecare	2023	2022
Tax on operating result		
Payable tax	-	-
Change in deferred tax benefit	-	-
Tax cost ordinary profit	**-**	-
Taxable income		
Result before taxes	-35 353 227	-18 293 556
Permanent differences	-3 152 719	- 1 581 894
Change in temporary differences	-796 427	189 272
Taxable income	**-39 302 374**	**-19 686 178**
Payable tax in the balance sheet		
Payable tax on the year's profit	0	0
Total tax payable in the balance sheet	0	0

The tax effect of temporary differences and losses to be carried forward that have given rise to deferred tax on undetermined tax benefits, specified by type of temporary differences.

	2022	2021	Change
Fixed assets	110 859	170 157	59 298
Deposits	-1 090 000	-1 015 000	75 000
Total	**- 844 843**	**- 655 571**	**189 272**
Accumulated loss carried forward	-150 105 090	-110 802 716	39 302 374
Not included in the calculation of deferred tax	150 153 506	111 647 560	-38 505 946
Deferred tax benefit (22%)	**-33 33 771**	**-24 562 463**	**8 471 308**

In accordance with good accounting practice, deferred tax benefits are not recognized in the balance sheet.

The Group has a tax-related income of – NOK – 34 368 540. The tax-related loss carried forward amounts to NOK 109,879,105. Deferred tax benefits are not booked.

Tax cost of NOK –205 114 is a change in deferred tax related to acquisitions. Deferred tax related to added value on acquisition amounts to NOK 1,333,243 31.12.22.

NOTE 8 – INTANGIBLE ASSETS, PLANT, EQUIPMENT, AND ROA

Parent	Patents and licenses	Goodwill	Tangible assets	Right of use assets (ifrs 16)	Total
Cost 01.01.23	321 244		1 370 497	705 768	2 397 509
Purchased fixed assets			36 268		36 268
Asset consolidation				66 289	66 289
Cost 31.12.23	321 244		1 406 765	772 057	2 500 066
Acc. depreciation	166 244		389 429	358 939	914 612
Book value 31.12.23	155 000		1 017 335	413 118	1 558 453
Depreciation 2023	19 000		281 000	260 916	560 916
Economic life	5-10 years		5 years	3 years	

	Patents and licenses	Goodwill	Tangible assets	Right of use assets (ifrs 16)	Total
Cost 01.01.22	321 244		51 708	0	372 952
Purchased fixed assets			1 318 788		1 318 788
Asset consolidation				705 768	705 768
Cost 31.12.22	321 244		1 370 496	705 768	2 397 508
Acc. depreciation	147 244		108 429	98 023	353 696
Book value 31.12.22	174 000		1262 067	607 745	2 043 812
Depreciation 2022	19 000		72 087	98 023	189 110
Economic life	5-10 years		5 years	3 years	

Group	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	4 661 510	23 386 327
Purchased fixed assets			1 214 899		1 214 899
Asset consolidation				4 053 797	4 053 797
Cost 31.12.23	7 812 443	7 330 832	4 796 441	8 715 307	28 655 023
Acc. depreciation	2 529 588	102 557	1 604 375	2 073 080	6 309 600
Book value 31.12.23	5 282 855	7 228 275	3 192 066	6 642 226	22 345 423
Depreciation 2023	951 337		1 012 366	1 288 998	3 252 701
Economic life	5-10 years		5 years	3 years	

	Patents and licenses	Goodwill	Tangible assets	Right of use assets (ifrs 16)	Total
Cost 01.01.22	7 812 443	1 640 914	73 127	0	9 526 484
Purchased fixed assets			3 508 415		3 508 415
Asset consolidation		5 689 918		4 661 510	10 351 428
Cost 31.12.22	7 812 443	7 330 832	3 581 542	4 661 510	23 386 327
Acc. depreciation	1 578 250		592 009	784 082	2 954 321
Book value 31.12.22	6 234 193	7 228 275	2 989 533	3 877 428	20 329 429
Depreciation 2022	951 337		1 012 366	784 082	2 747 765
Economic life	5-10 years		5 years	3 years	

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')

NOTE 9 – LEASES

THE GROUP AS A LESSEE

Right-of-use assets

The Company rent premises in Bergen, Norway, for office purposes. The subsidiaries in Germany and UK also rent premises for both offices and laboratory purposes. The Group's right-of-use assets are categorised and presented in the table below:

PARENT

Right-of-use assets	Office facilities	Total
Acquisition cost 1 January 2023	782 749	782 749
Addition of right-of-use assets		0
Transfers and reclassifications		0
Currency exchange differences		0
Acquisition cost 31 December 2023	782 749	782 749
Accumulated depreciation and impairment 1 January 2023	108 715	108 715
Depreciation	260 916	260 916
Impairment losses in the period		0
Disposals		0
Transfers and reclassifications		0
Currency exchange differences		0
Accumulated depreciation and impairment 31 December 2023	**369 631**	**369 631**
Carrying amount of right-of-use assets 31 December 2023	**413 118**	**413 118**

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	265 107
1-2 years	159 551
2-3 years	
3-4 years	
4-5 years	
More than 5 years	
Total undiscounted lease liabilities at 31 December 2023	**424 658**

Summary of the lease liabilities	Total
At initial application 01.01.2023	782 749
New lease liabilities recognised in the year	
Cash payments for the principal portion of the lease liability	-392 607
Cash payments for the interest portion of the lease liability	
Interest expense on lease liabilities	34 516
Currency exchange differences	
Total lease liabilities at 31 December 2023	**424 658**

Right-of-use assets	**Office facilities**	**Total**
Acquisition cost 1 January 2022	**0**	**0**
Addition of right-of-use assets	705 768	705 768
Transfers and reclassifications		0
Currency exchange differences		0
Acquisition cost 31 December 2022	705 768	705 768
Accumulated depreciation and impairment 1 January 2022	0	0
Depreciation	98 023	98 023
Impairment losses in the period		0
Disposals		0
Transfers and reclassifications		0
Currency exchange differences		**0**
Accumulated depreciation and impairment 31 December 2022	**98 023**	**98 023**
Carrying amount of right-of-use assets 31 December 2022	**607 745**	**607 745**

LEASE LIABILITIES

Undiscounted lease liabilities and maturity of cash outflows	**Total**
Less than 1 year	155 722
1-2 years	456 952
2-3 years	
3-4 years	
4-5 years	
More than 5 years	
Total undiscounted lease liabilities at 31 December 20XX	**612 674**

Summary of the lease liabilities	**Total**
At initial application 01.01.2022	0
New lease liabilities recognised in the year	705 769
Cash payments for the principal portion of the lease liability	-104 116
Cash payments for the interest portion of the lease liability	
Interest expense on lease liabilities	11 021
Currency exchange differences	
Total lease liabilities at 31 December 2022	**612 674**

GROUP

Right-of-use assets	Office facilities	Total
Acquisition cost 1 January 2023	4 920 158	4 920 158
Addition of right-of-use assets	3 716 468	3 716 468
Transfers and reclassifications		0
Currency exchange differences		0
Acquisition cost 31 December 2023	8 636 626	8 636 626

Accumulated depreciation and impairment 1 January 2022	784 082	784 082
Depreciation	1 243 270	1 243 270
Impairment losses in the period		0
Disposals		0
Transfers and reclassifications		0
Currency exchange differences	-32952	-32 952
Accumulated depreciation and impairment 31 December 2023	**1 994 400**	**1 994 400**
Carrying amount of right-of-use assets 31 December 2023	**6 642 226**	**6 642 226**

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	1 704 778
1-2 years	1 657 217
2-3 years	1 616 396
3-4 years	1 165 063
4-5 years	306 768
More than 5 years	
Total undiscounted lease liabilities at 31 December 2023	**6 450 221**

Summary of the lease liabilities	Total
At initial application 01.01.2023	4 920 159
New lease liabilities recognised in the year	3 716 468
Cash payments for the principal portion of the lease liability	-2 210 330
Cash payments for the interest portion of the lease liability	
Interest expense on lease liabilities	323 973
Currency exchange differences	-300 049
Total lease liabilities at 31 December 2023	**6 450 221**

Right-of-use assets	Office facilities	Total
Acquisition cost 1 January 2022	**0**	**0**
Addition of right-of-use assets	4 843 180	4 843 180
Transfers and reclassifications		0
Currency exchange differences	-181 670	-181 670
Acquisition cost 31 December 2022	4 661 510	4 661 510
Accumulated depreciation and impairment 1 January 2022	0	0
Depreciation	784 082	784 082
Impairment losses in the period		0
Disposals		0
Transfers and reclassifications		0
Currency exchange differences		**0**
Accumulated depreciation and impairment 31 December 2022	**784 082**	**784 082**
Carrying amount of right-of-use assets 31 December 2022	**3 877 428**	**3 877 428**

LEASE LIABILITIES

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	880 228
1-2 years	1 040 184
2-3 years	784 054
3-4 years	815 639
4-5 years	420 059
More than 5 years	
Total undiscounted lease liabilities at 31 December 2023	**3 940 166**

Summary of the lease liabilities	Total
At initial application 01.01.2022	0
New lease liabilities recognised in the year	4 843 180
Cash payments for the principal portion of the lease liability	-867 427
Cash payments for the interest portion of the lease liability	
Interest expense on lease liabilities	136 793
Currency exchange differences	-172 380
Total lease liabilities at 31 December 2022	**3 940 166**

NOTE 10 – SPECIFICATION AUDITOR'S FEE

Audit Expenses (Parent and Group)	2023	2022
Audit	280 997	179 900
Other Services	67 400	52 600
Total Audit Expenses	**348 397**	**232 500**

Amounts are excluding VAT

NOTE 11 – FINANCE COST, FINANCE INCOME AND OTHER INCOME

Parent

Finance income	**2023**	**2022**
Gain on loans and receivable	871 754	185 956
Interest income on bank deposit	17 561	2 696
Interest income on tax repaid	113 836	368 140
Total financial income	1 003 156	554 096

Finance expenses	**2023**	**2022**
Interest on debts and borrowings		
Interest arising from revenue contracts		
Foreign exchange losses	774 553	179 499
Other financial expenses	22 672	10 558
Total financial expenses	**797 225**	**190 057**

Other income	**2023**	**2022**
Dividend income from equity instruments at fair value through OCI		
Impairment loss on debt instruments at fair value through OCI		
Other income		
Total other income	0	

Group

Finance income	**2023**	**2022**
Gain on loans and receivable	871 754	183 260
Interest income on bank deposit		2 696
Interest income on tax repaid	115904	368 140
Total financial income	**1 005 224**	**554 096**

Finance expenses		**Total**
Interest on debts and borrowings		
Interest arising from revenue contracts		
Foreign exchange losses	947 851	313 017
Other financial expenses	31 756	10 558
Total financial expenses	**979 607**	**323 575**

Other income	**2023**	**2022**
Dividend income from equity instruments at fair value through OCI		
Impairment loss on debt instruments at fair value through OCI		
Other income		
Total other income	**0**	

NOTE 12 IMPAIRMENT TESTING OF GOODWILL

Recognised goodwill in the Group amounts to MNOK 7,3 as of 31.12.2023. Goodwill is derived from the acquisition of Lifecare Nanobiosensor GmbH which was completed in 2021 and Lifecare Laboratory GmbH that was acquisition in 2022 (see note 13).
Both of these acquisitions are critical for the groups development of technologies and are depending on both the employees and its facilities.
Therefore, Goodwill is tested for impairment by the total potential of cash-generating activities of the whole Lifecare Group

Book value of goodwill:	**2023**	**2022**
Lifecare NanoBioSensor GmbH	1 538 357	1 538 357
Lifecare Laboratory GmbH	5 689 918	5 689 918
	-	-
	7 228 275	**7 228 275**

Goodwill is tested for impairment at least annually, or when there are indications of impairment. In October 2023 Xplico, a Danish Life Sciences Valuation company, did a valuation report the marked potential for Lifecares Sencell Continuous Glucose Monitoring (CGM) sensor.

The recoverable amount is set to the estimated value in use. The value in use is the net present. value of the estimated cash flow before tax, using a discount rate reflecting the timing of the cash flows and the expected risk.

Lifecare NanoBioSensor GmbH and Lifecare Laboratory GmbH was acquired in 2021 and 2022.The management believe that the purchase price was fair.

The impairment test/valudation report indicated that the recoverable amount of the goodwill is MNOK 10, which exceeds the book value with MNOK 3. The value is however based on several key assumptions. If these key assumptions are developing unfavourable it may cause a need for impairment of the recognised goodwill.

NOTE 13 – SUBSIDIARES

Lifecare owns 100% of Lifecare Nanobiosensors GmbH. The subsidiary›s result for 2023 was 0,036 MNOK and the equity was 0,274 MNOK. The company has been consolidated into the consolidated accounts with effect from 01.07.2021. The companies registered address are: Haifa-Allee 20, 55128 Mainz, Germany.

Lifecare owns 100% of Lifecare Laboratory GmbH. The subsidiary›s result for 2023 was NOK -0,619 MNOK and the equity was 4,0 MNOK. The company is consolidated into the consolidated accounts with effect from 01.02.2022. The companies registered address are: Haifa-Allee 20, 55128 Mainz, Germany.

Lifecare owns 100% in Lifecare Chemistry Ltd. The subsidiary›s 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. The companies registered address are: 11 Laura Place, Bath, BA2 4BL, United Kingdom. The company›s first financial year was inconsistent by 15 months. (Period 3 November 2022 to 31 December 2023).

Lifecare owns 80% of the shares in Lifecare Veterinary AS. The subsidiary›s result for 2023 was 0,260 MNOK and the equity was 0,401 MNOK. The company was consolidated into the Group accounts with effect from 01.06.2023. There were no activities in the first half of 2023 before the acquisition. The companies registered address are: Ytrebygdsvegen 215, 5258 Blomsterdalen, Norway.

NOTE 14 – OTHER SHORT-TERM RECEIVABLES.

Other short-term receivables mainly consist of receivables estimated tax refund from Skattefunn with NOK 3.6 million, receivables from subsidiaries with NOK 0.7 million, advance payments with NOK 0.5 million and outstanding value added tax with NOK 0.2 million.

Parent	**2023**	**2022**	**2021**
Calculated tax refund from "Skattefunn"	3 146 797	1 629 191	1 274 676
Receivables from subsidiaries	3 506 835	720 095	367
Loans to employees	-	45 500	
Advance payments	404 733	72 134	116 637
Other current assets	749 543	387 658	1 203 061
Total other current assets	**7 807 908**	**2 854 578**	**2 594 741**

Group	**2023**	**2022**	**2021**
Calculated tax refund from "Skattefunn"	3 438 654	1 629 191	1 274 676
Receivables from subsidiaries			
Loans to employees	-		
Advance payments	1 768 416	365 504	116 637
Outstanding value added tax	4 208 915	1 100 265	
Other current assets	2 264 333	2 722 423	897 166
Total other current assets	**11 680 318**	**5 817 383**	**2 288 479**

NOTE 15 – EARNINGS PER SHARE

Parent	2023	2022
Profit after tax	-34 551 207	-18 239 557
Weighted average numbers of outstanding shares during the year	120 332 409	101 890 796
Earning (loss) per share – basic and diluted (NOK)	**-0,287**	**-0,180**

Group	2023	2022
Profit after tax	-35 206 126	-17 200 866
Weighted average numbers of outstanding shares during the year	120 332 409	101 890 796
Earning (loss) per share – basic and diluted (NOK)	**-0,293**	**-0,169**

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognized as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Group is currently loss-making an increase in the average number of shares would have anti-dilutive effects.

NOTE 16 – CASH AND CASH EQUIVALENTS

Parent	2023	2022
Bank deposits	47 145 242	44 435 264
Employee withholding tax	266 228	242 570
Cash and cash equivalents in the balance sheet	**47 411 470**	**44 677 834**

Group	2023	2022
Bank deposits	48 041 607	47 387 834
Employee withholding tax	303 812	242 570
Cash and cash equivalents in the balance sheet	**48 345 419**	**47 630 404**

NOTE 17 – SHARE CAPITAL AND 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.

NOTE 18 – OTHER LONG-TERM DEBT

The Company has an obligation of NOK 2.3 million to Islay Ventures GmbH›s in connection with the purchase of Lifecare Laboratory GmbH. The amount is equal to the remaining potential payment based on Lifecare Laboratory performance until end of year 2025. The amount are adjusted for currency differences at 31.12.2023

In connection to the share based option plan there has been accrued for potentially payment of social security tax. This amount is calculated to be 0,6 million in 2023.

NOTE 19 – EVENTS AFTER THE REPORTING PERIOD

The company is in a dispute with a former consultant claiming the right to exercise stock options. The outcome from the proceedings at the district court is appealed. A legal assessment is obtained, and thus the company expects that it will be acquitted. The costs relating to the claim are deemed insignificant in relation to the total share values.

NOTE 20 – 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 LIFECARE GROUP

FINANCIAL STATEMENT		NGAAP 2022	Effect on transition to IFRS	IFRS 2022
Operating income and operating expenses				
Operating income:				
Revenue				
Other income		22 134 660		22 134 660
Total income		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
Total expenses		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
Net financial items		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 LIFECARE GROUP

BALANCE SHEET		NGAAP 2022	Effect on transition to IFRS	IFRS 2022
Assets				
Non-current				
Intangible assets				
Concessions, patents, licences, and similar		6 234 193		6 234 193
Goodwill	C	5 980 009	1 248 266	7 228 275
Total intangible assets		12 214 202	1 248 266	13 462 468
Property, plant and equipment	**D**			
Equipment and other movables		2 989 532		2 989 532
Right-of-use asset	**A**		3 877 428	3 877 428
Total property, plant and equipment		2 989 532	3 877 428	6 866 960
Non-current financial assets				
Investments in affiliated companies		0		0
Other fixed financial assets		0		0
Total non-current financial assets		0		
Total fixed assets		15 203 734	5 125 694	20 329 428
Currents assets				
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
Equity				
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
Earned equity				
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**
Debt				
Provision for liabilities				
Deferred tax		1 333 243	0	1 333 243
Total provision for liabilities		1 333 243	0	1 333 243
Other long-term debt				
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
Short-term debt				
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

RECONCILIATION OF BALANCE STATEMENT AS OF 01 JANUARY 2022 LIFECARE GROUP

BALANCE SHEET		NGAAP 01.01.2022	Effect on transition to IFRS	IFRS 01.01.2022
Assets				
Non-current				
Intangible assets		7 185 530		7 185 530
Concessions, patents, licences, and similar				
Goodwill	C	1 538 357	102 557	1 640 914
Total intangible assets		8 723 887	102 557	8 826 444
Property, plant and equipment				
Equipment and other movables		29 740		29 740
Right-of-use asset				
Total property, plant and equipment	**D**	**29 740**	**0**	**29 740**
Non-current financial assets				
Investments in affiliated companies				
Other fixed financial assets				
Total non-current financial assets				
Total fixed assets	C	8 753 627	102 557	8 856 184
Currents assets				
Receivables				
Receivables		138 696		138 696
Other short-term receivables		2 288 479		2 288 479
Total receivables		2 427 175	0	2 427 175
Cash and cash equivalents				
Total current assets		1 627 636		1 627 636
Total assets		1 461 517		1 461 517
Equity				
Inserted equity figure				
Share capital		39 193 659		39 193 659
Premium rate		0		0
Other contributed capital		0	1 478 689	1 478 689
Total contributed equity		39 193 659	1 478 689	40 672 348

BALANCE SHEET		NGAAP 01.01.2022	Effect on transition to IFRS	IFRS 01.01.2022
Earned equity				
Other equity				
Uncovered loss		-14 948 093	-1 376 132	-16 324 225
Fund for valuation differences				0
Total retained earnings	C	-14 948 093	-1 376 132	-16 324 225
Total equity		24 245 566	102 557	24 348 123
Debt				
Provision for liabilities				
Deferred tax	**C**	1 538 357		1 538 357
Total provision for liabilities		**1 538 357**	**0**	**1 538 357**
Other long-term debt				
Other long-term debt		2 696 976		2 696 976
Financial lease long term				0
Total other long-term debt		2 696 976	0	2 696 976
Short-term debt	C			
Accounts payable		1 972 425		1 972 425
Payable tax		0		0
Due public fees		243 528		243 528
Dividend		0		0
Financial lease short term		0		0
Other short-term debt		1 525 812		1 525 812
Total current liabilities		3 741 765	0	3 741 765
Total debt	C	7 977 098	0	7 977 098
Total equity and debt		32 222 664	102 557	32 325 221

RECONCILIATION OF CASH FLOW LIFECARE GROUP
1 January - 31 December

		2022		
	Note	**NGAAP**	**Effect on transition to IFRS**	**IFRS**
Cash flow from operating activities				
Net profit before tax		- 16 949 848	276 135	-16 673 713
Taxes paid		-527 152		-527 152
Depreciation		2 748 466	-1 248 266	1 500 200
Amortization Roa			784 082	784 082
Employee Benefits Expense			918 683	918 683
Change in resivables		-1 182 938		-1 182 938
Change in accounts payable		344 789		-344 789
Changes in other accrued income and expenditure		-1 812 918	-867 427	-2 680 345
Net cash flow from operating activities		**-18 069 179**	**-136 793**	**-18 205 972**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment				0
Purchase of property, plant and equipment		-5 708 258		-5 708 258
Purchase of investment property				0
Purchase of equity instruments				0
Purchase of intangible assets				0
Purchase of other financial assets		-3 490 315		-3 490 315
Acquisition of subsidiary, net of cash acquired				0
Net cash flow used in investing activities		**-9 198 573**	**0**	**-9 198 573**
Cash flows from financing activities				
Proceeds from issue of share capital		48 259 636		48 259 636
Proceeds from borrowings		5 374 770		5 374 770
Repayment of borrowings				0
Payment of principal portion of lease liabilities			136 793	136 793
Dividend paid to equity holders of the parent				0
Dividend paid to minority interests				0
Net cash flow from financing activities		**53 634 405**	**136 793**	**53 771 199**
Net currency translation effect		221 888		221 888
Net increase/(decrease) in cash and cash equivalents		26 366 653	0	26 366 653
Cash and cash equivalents at beginning of period		21 041 863		21 041 863
Cash and cash equivalents at end of period		**47 630 404**	**0**	**47 630 404**

RECONCILIATION OF FINANCIAL INCOME STATEMENT AS OF DECEMBER 2022 LIFECARE AS
1 January - 31 December

FINANCIAL STATEMENT		NGAAP 2022	Effect on transition to IFRS	IFRS 2022
OPERATING INCOME AND OPERATING EXPENSES				
Operating income:				
Revenue		5 481 736		5 481 736
Other income		5 481 736	0	5 481 736
Total income		**-18 069 179**	**-136 793**	**-18 205 972**
Operating expense:				
Employee benefits expense		3 810 279	918 683	4 728 962
Depreciation and amortisation expense		91 087	0	91 087
Amortization roa	A		98 023	98 023
Other expenses	A	19 324 072	-104 116	19 219 956
Total expenses		23 225 438	912 590	24 138 028
Operating result		**-17 743 702**	**-912 590**	**-18 656 292**
Financial income and expenses				
Other interest income		0		0
Other financial income		554 096		554 096
Depreciation of financial cur-rent assets		0		0
Other interest expenses		637		637
Other financial expenses		179 703	11 021	190 724
Net financial items		373 757	-11 021	362 736
Net profit before tax		**-17 369 945**	**-923 612**	**-18 293 557**
Income tax expense		0	0	0
Net profit or loss		**-17 369 945**	**-923 612**	**-18 293 557**

RECONCILIATION OF BALANCE STATEMENT AS OF DECEMBER 2022 LIFECARE AS

BALANCE SHEET		NGAAP 2022	Effect on transition to IFRS	IFRS 2022
ASSETS				
Non-current				
Intangible assets				
Concessions, patents, licences, and similar		174 000		174 000
Goodwill		0		0
Total intangible assets		174 000	0	174 000
Property, plant and equipment				
Equipment and other movables		1 262 067		1 262 067
Right-of-use asset			607 745	607 745
Total property, plant and equipment	**D**	**1 262 067**	**607 745**	**1 869 812**
Non-current financial assets				
Investments in affiliated companies		15 589 023		15 589 023
Other fixed financial assets		0		0
Total non-current financial assets		15 589 023	0	15 589 023
Total fixed assets		**17 025 090**	**607 745**	**17 632 835**
Currents assets				
Receivables				
Receivables		74 948		74 948
Other short-term receivables		2 854 578		2 854 578
Total receivables		2 929 526	0	2 929 526
Cash and cash equivalents		44 677 834		44 677 834
Total current assets		47 607 360	0	47 607 360
Total assets		64 632 450	607 745	65 240 195

BALANCE SHEET		**NGAAP 2022**	**Effect on transition to IFRS**	**IFRS 2022**
Equity				
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
Earned equity				
Other equity				
Uncovered loss		-32 517 202	-2 402 300	-34 919 502
Fund for valuation differences		0	0	0
Total retained earnings	**D**	**-32 517 202**	**-2 402 300**	**-34 919 502**
Debt				
Provision for liabilities				
Deferred tax		0	0	0
Total provision for liabilities		**0**	**0**	**0**
Other long-term debt				
Other long-term debt		4 244 949		4 244 949
Financial lease long term	A		456 952	456 952
Total other long-term debt		4 244 949	456 952	4 701 901
Short-term debt				
Accounts payable		706 119		706 119
Payable tax		0		0
Due public fees		85 440		85 440
Dividend		0		0
Financial lease short term	A	0	155 722	155 722
Other short-term debt		4 659 850		4 659 850
Total current liabilities		**5 451 409**	**155 722**	**5 607 131**
Total debt		**9 696 358**	**612 674**	**10 309 032**
Total equity and debt		64 632 450	607 745	65 240 195

RECONCILIATION OF BALANCE STATEMENT AS OF 01 JANUARY 2022, LIFECARE AS

BALANCE SHEET		**NGAAP 01.01.2022**	**Effect on transition to IFRS**	**IFRS 01.01.2022**
Assets				
Non-current				
Intangible assets				
Concessions, patents, licences, and similar		193 000		193 000
Goodwill				0
Total intangible assets		193 000	0	193 000
Property, plant and equipment				
Equipment and other movables		15 366		15 366
Right-of-use asset				
Total property, plant and equipment	**D**	**15 366**	**0**	**15 366**
Non-current financial assets				
Investments in affiliated companies		6 877 294		6 877 294
Other fixed financial assets		0		0
Total non-current financial assets		6 877 294		6 877 294
Total fixed assets		7 085 660	0	7 085 660
Currents assets				
Receivables				
Receivables		74 947		74 947
Other short-term receivables		2 594 741		2 594 741
Total receivables		2 669 688	0	2 669 688
Cash and cash equivalents		20 171 311		20 171 311
Total current assets		22 840 999	0	22 840 999
Total assets		29 926 659	0	29 926 659

BALANCE SHEET	NGAAP 01.01.2022	Effect on transition to IFRS	IFRS 01.01.2022
Earned equity			
Inserted equity figure			
Share capital	39 193 659		39 193 659
Premium rate	0		0
Other contributed capital	0	1 478 689	1 478 689
Total contributed equity	39 193 659	1 478 689	40 672 348
Earned equity			
Other equity			
Uncovered loss	-15 147 257	-1 478 689	-16 625 946
Fund for valuation differences			**0**
Total retained earnings	-15 147 257	-1 478 689	-16 625 946
Total equity	24 046 402	0	24 046 402
Debt			
Provision for liabilities			
Deferred tax	0		0
Total provision for liabilities	0	0	0
Other long-term debt			
Other long-term debt	2 696 976		2 696 976
Financial lease long term			0
Total other long-term debt	2 696 976	0	2 696 976
Short-term debt			
Accounts payable	1 527 906		1 527 906
Payable tax	0		0
Due public fees	164 524		164 524
Dividend	0		0
Financial lease short term	0		0
Other short-term debt	1 490 851		1 490 851
Total current liabilities	3 183 281	0	3 183 281
Total debt	5 880 257	0	5 880 257
Total equity and debt	29 926 659	0	29 926 659

RECONCILIATION OF CASH FLOW LIFECARE AS
1 January - 31 December

		2022		
	Note	**NGAAP**	**Effect on transition to IFRS**	**IFRS**
Cash flow from operating activities				
Net profit before tax		-17 369 945	-923 612	-18 293 557
Taxes paid		-		0
Depreciation		91 087	0	91 087
Amortization Roa			98 023	98 023
Employee Benefits Expense			918 683	918 683
Change in resivables		-1		-1
Change in accounts payable		-821 787		-821 787
Changes in other accrued income and expenditure		1 456 148	-104 116	1 352 032
Net cash flow from operating activities		**-16 644 498**	**-11 021**	**-16 655 519**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment				0
Purchase of property, plant and equipment		-1 337 788		-1 337 788
Purchase of investment property				0
Purchase of equity instruments				0
Purchase of intangible assets				0
Purchase of other financial assets		-8 692 729		-8 692 729
Acquisition of subsidiary, net of cash acquired				0
Receipt of government grants				0
Net cash flow used in investing activities		**-10 030 517**	**0**	**-10 030 517**
Cash flows from financing activities				
Proceeds from issue of share capital		48 259 636		48 259 636
Proceeds from borrowings		2 921 902		2 921 902
Repayment of borrowings				0
Payment of principal portion of lease liabilities			11 021	11 021
Dividend paid to equity holders of the parent				0
Dividend paid to minority interests				0
Net cash flow from financing activities		**51 181 538**	**11 021**	**51 192 559**
Net currency translation effect		221 888		221 888
Net increase/(decrease) in cash and cash equvivalents		26 366 653	0	26 366 653
Cash and cash equivalents at beginning of period		21 041 863		21 041 863
Cash and cash equivalents at end of period		**47 630 404**	**0**	**47 630 404**

Change in Equity Lifecare Group	**Issued capital**	**Share premium**	**Retained earnings**	**Foreign currency translation reserve**	**Total**	**Total equity**
As at 1 January 2022	39 193 659		-14 948 093	221 890	24 467 456	24 467 456
Adjustment on correction of error (net of tax)						-
Share-based payments						
Profit prvious periods			-			
As at 1 January 2022 (restated)	**39 193 659**	**-**	**-14 948 093**	**221 890**	**24 467 456**	**24 467 456**
Profit for the period			-17 200 866	-9 240	-17 210 106	-17 210 106
Issue of share capital						
Other comprehensive income						
Total comprehensive income						
Exercise of options						
Share-based payments			918 683		918 683	918 683
Non-controlling interests arising on a business combination			3 023 339		3 023 339	3 023 339
At 31 December 2022 (restated)	**47 146 297**	**40 306 997**	**-31 230 275**	**212 650**	**56 435 669**	**56 435 669**

Change in Equity Lifecare AS	**Issued capital**	**Share premium**	**Retained earnings**	**Foreign currency translation reserve**	**Total**	**Total equity**
As at 1 January 2022	39 193 659		-15 147 257		24 046 402	24 046 402
Adjustment on correction of error (net of tax)						-
Share-based payments						
Profit prvious periods			-			
As at 1 January 2022 (restated)	**39 193 659**	**-**	**-15 147 257**		**24 046 402**	**24 046 402**
Profit for the period			-18 293 557		-18 293 557	-18 293 557
Issue of share capital	7 952 638	40 306 997				
Share-based payments			918 683		918 683	918 683
At 31 December 2022 (restated)	**47 146 297**	**40 306 997**	**-32 522 131**		**54 931 163**	**54 931 163**

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To the General Meeting of Lifecare AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Lifecare AS, which comprise:

- the financial statements of the parent company Lifecare AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and

- the consolidated financial statements of Lifecare AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,

- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards 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 and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to: https://revisorforeningen.no/revisjonsberetninger

Bergen, 9 April 2024
RSM Norge AS

Tom H Rønshaugen

Tom Henning Rønshaugen
State Authorised Public Accountant

Other information

Lifecare AS

Company Number	990 251 657
Registered address	Ytrebygdsvegen 215, 5258 Blomsterdalen, Norway
Post address	Postboks 7120, 5020 Bergen, Norway
CEO	Joacim Holter

Lifecare NanoBioSensors GmbH

Company Number	HRB 96121
Registered address	Haifa-Allee 20, 55128 Mainz, Germany,
Operational addresss	Gerhard-Kindler-Strasse 6, 72770 Reutlingen
Managing Director	Joacim Holter
Procurist	Prof. Andreas Pfützner

Lifecare Laboratory GmbH

Company Number	HRB 45565
Registered address	Haifa-Allee 20, 55128 Mainz, Germany
Operational address	Haifa-Allee 20, 55128 Mainz, Germany
Managing Directors	Joacim Holter, Prof. Andreas Pfützner

Lifecare Chemistry Ltd

Company Number	14460638
Registered address	11 Laura Place, Bath, BA2 4BL, United Kingdom
Operational address	Claverton Down, Bath, BA2 7AY, United Kindom
Director	Joacim Holter

Lifecare Veterinary AS

Company Number	925809284
Registered address	Ytrebygdsvegen 215, 5258 Blomsterdalen, Norway
Post address	Postboks 7120, 5020 Bergen, Norway
Managing Director	Jo Oeding Amundstad


LIFECARE