

The accountant's compilation report has been issued

Consolidated financial statements 2022

Momo Medical Holding B.V.

DELFT

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Consolidated balance sheet as at 31 december 2022

After appropriation of results

	2022	2021
	EUR	EUR
Assets		
Non-current assets		
Property, plant and equipment		
Machinery	44,292	13,719
Other tangible assets	784,641	214,361
Total of property, plant and equipment	<u>828,933</u>	<u>228,080</u>
Total of non-current assets	<u>828,933</u>	<u>228,080</u>
Current assets		
Inventories		
Raw materials and consumables	266,885	63,896
Inventories under construction	42,450	25,064
Finished and trade goods	125,005	61,284
Total of inventories	<u>434,340</u>	<u>150,244</u>
Receivables		
Trade receivables	182,558	229,329
Current receivables from other legal entities and companies with a participating interest in the legal entity or from participating interests of the legal entity	50	50
Taxes and social security charges	8,647	7,149
Prepayments and accrued income	9,046	505,757
Total of receivables	<u>200,301</u>	<u>742,285</u>
Cash and cash equivalents	219,434	44,377
Total of current assets	<u>854,075</u>	<u>936,906</u>
Total of assets	<u><u>1,683,008</u></u>	<u><u>1,164,986</u></u>

	2022	2021
	EUR	EUR
Liabilities		
Group equity	(1,731,015)	(727,283)
Non-current liabilities		
Debentures, mortgage bonds and other loans	999,500	-
Payables to banks	875,000	121,250
Payables relating to taxes and social security contributions	38,286	-
Non-current other payables	822,989	1,005,422
Total of non-current liabilities	<u>2,735,775</u>	<u>1,126,672</u>
Current liabilities		
Advances received	225,586	322,556
Trade payables	60,661	104,348
Payables relating to taxes and social security contributions		
Value added tax	64,397	36,370
Wage tax	31,670	16,799
Total of payables relating to taxes and social security contributions	<u>96,067</u>	<u>53,169</u>
Repayment obligations of non-current borrowings	174,330	216,938
Current other payables	3,230	821
Accruals and deferred income	118,374	67,765
Total of current liabilities	<u>678,248</u>	<u>765,597</u>
Total of equity and liabilities	<u><u>1,683,008</u></u>	<u><u>1,164,986</u></u>

Consolidated profit and loss account 2022

	2022	2021
	EUR	EUR
Total operating income		
Net revenue	598,589	198,331
Other operating income	-	61,100
Total operating income	598,589	259,431
Operating expenses		
Expenses of employee benefits		
Wages	778,978	316,901
Severance payments	5,340	-
Social security contributions	166,291	87,744
Other employee benefits expenses	170,964	86,948
Total of expenses of employee benefits	1,121,573	491,593
Amortisation of intangible assets and depreciation of property, plant and equipment		
Depreciation of property, plant and equipment		
Depreciation of machinery	7,856	4,312
Depreciation of other tangible assets	77,081	35,727
Total of depreciation of property, plant and equipment	84,937	40,039
Total of amortisation of intangible assets and depreciation of property, plant and equipment	84,937	40,039
Other operating expenses		
Accommodation costs	51,881	31,182
Sales related expenses	304,360	24,880
Car and transport costs	19,646	1,088
Office related expenses	71,091	23,972
General expenses	243,434	289,021
Total of other operating expenses	690,412	370,143
Total of operating expenses	1,896,922	901,775
Operating result	(1,298,333)	(642,344)
Financial income and expenses		
Other interest income and related income		
Revenues from other receivables	6	262
Interest expenses and related expenses		
Costs on liabilities and other interest expenses	(216,164)	(42,514)
Result before tax	(1,514,491)	(684,596)
Income tax expense	-	-
Result after tax	(1,514,491)	(684,596)

Notes to the consolidated financial statements

General notes

Description of the activities of the entity

The group's main activities are developing, producing and selling BedSenses, as well as the import and export of BedSenses and the required materials for this activity.

Entity information

Momo Medical Holding B.V. is a private company. The company has its registered office in DELFT and is listed in the Commercial Register of the Chamber of Commerce under the file number 68344554.

Disclosure of going concern

Consistent with last year our ultimate parent company Momo Medical Group Inc. issued a comfort letter towards Momo Medical Holding BV ensuring ongoing support of the Dutch operation. Next to the above the going-concern paragraph regarding the Momo Medical Group Inc. is relevant for these accounts:

In our 2021 financial statements management declared 2022 and following years to be the phase of GROWTH and indeed it is.

The number of Bedsenses in the field (both in studies and subscriptions) grew explosively from over 1,000 at the end of 2021 to over 5,000 by the end of last year. This growth in the number of Bedsenses in the field also drove the growth in our Monthly Recurring Revenue (MRR) from € 23,609 in December 2021 to €63,968 in December 2022 which is a growth of 270%. The €63,968 MRR translates into a full year revenue of €767,616 which is already 28% above our 2022 revenue of €598,590.

With the growing adoption of the solution and the flow of positive reactions from the users also came an acceleration of the BedSenses in the field through the signing of a number of master contracts with large organizations like ICWB, Mijzo and Pieter van Foreest, in total 3,750 beds. At December 31st 2022 2,152 Bedsenses got installed with these customers under these master contracts. The Bedsenses to be installed under these master contracts plus additional master contracts will further boost the growth of the number of Bedsenses under subscription in 2023. Next to this the team is very pleased with the fact that during 2022 none of the running subscriptions got cancelled by a customer and our customer base grew from 22 end 2021 to 62 end 2022.

In 2022 the team kept the focus on the Dutch home market resulting in the growth mentioned above but in the meantime continued to work on preparing the North American (NA) market for the BedSense solution. Next to North America serious interest for the solution came to the surface out of Germany and we will investigate this market (next to NA) in 2023.

As important as the growth the Momo Medical team has established a proven track record in raising money since last year all of the funding targets mentioned in the 2021 financial statement got realized and even surpassed. In short:

- In total \$1,771,000 in equity got raised by Momo Medical Holding B.V.
- A new investor stepped in
- The bond loan in the NPEX platform of €999,500 got fully subscribed in a record time of just 8 days
- The Rabobank agreed to a roll-over with a sizable expansion of the loan total of €1,000,000
- The Stichting Innovatie Fonds Ouderenzorg (IFOZ) expanded its loan to Momo Medical with €80,000.

With respect to the bond loan with NPEX it's relevant to mention that we received various reactions from disappointed potential investors who were too late to participate in the loan.

In order to facilitate the exponential growth in 2023 we will issue a second bond loan with NPEX in March 2023 which was also part of our funding plan last year. NPEX has already given Momo Medical the go ahead to start the procedure to prepare the listing. With this loan Momo Medical will be able to fund the growth up till the end of 2024. In particular this funding will be used to/in:

- Expand our team both in the area of R&D and in sales
- Fund the safety stock of spare parts to enable continuity in production
- The area of implementation: to fund the fringe items coming with the implementation of the Bedsenses
- Fund the growing stock of BedSenses in the field linked to the growth

All in all management is confident in both the continuation of the growth and the ability to raise a second subsidiary loan with NPEX of €1,750,000. In fact, at the time of preparing the financial statements the actual January MRR came in at € 75,480 which is month over month growth of 18%!

In the situation that the new NPEX subsidiary loan of €1,750,000 is not completed successfully shareholders have committed to invest in Momo Medical up to €1,000,000 which will enable Momo Medical to fund the growth also till the end of 2024 however at a somewhat lower level.

Consolidation principles

The consolidation includes the financial information of the company, its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which the company exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies and other entities in which the company exercises control or whose central management it conducts are consolidated in full. Participating interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are also eliminated, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

The companies included in the consolidation are:

- Momo Medical B.V. (100%)

Disposal groups that are acquired solely held for disposal are not consolidated. These "held for disposal" companies are recognised as securities as part of current assets, if, on the date of the acquisition, a sale within a year or within a short period thereafter is probable.

Disclosure of estimates

When applying the accounting principles and rules for preparing the consolidated financial statements, management makes various judgments and estimates that may be vital to the amounts recognised in the consolidated financial statements. If further explanation is necessary to provide the required insight in accordance with Article 2:362 paragraph 1 of the Dutch Civil Code, the nature of these judgments and estimates, including the corresponding assumptions, is included in the notes to the relevant items of the consolidated financial statements.

General accounting principles

Accounting standards used to prepare the financial statements

The consolidated financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and with Dutch Accounting Standards applicable to micro and small entities, as issued by the Dutch Accounting Standard Board (Raad voor de Jaarverslaggeving).

Assets and liabilities are generally valued at the cost of acquisition, production cost or at current value at the time of acquisition. If no specific valuation principle has been stated, valuation is at cost of acquisition.

Policy of conversion of amounts denominated in foreign currency

Items included in the financial statements of the company are valued with due regard for the currency in the economic environment in which the company carries out most of its activities (the functional currency).

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Transactions in foreign currency during the reporting period are recognized in the financial statements at the exchange rates prevailing at the date of the transaction.

Policy of operating leases

The company has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the profit and loss account for the duration of the contract.

Accounting principles

Policy of machinery

Plant and equipment are valued at historical cost plus additional costs or production cost less straight-line depreciation based on the expected useful life and impairments expected. Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

Policy of other property, plant and equipment

Other tangible fixed assets are valued at cost of acquisition or production cost including directly attributable costs, less straight-line depreciation based on the estimated useful life and impairments.

Policy of inventories

Inventories (stocks) are valued at cost price based on the FIFO method or lower realisable value.

The cost price consists of the cost of acquisition or production cost and costs incurred in order to bring the stocks to their current location and current condition. The production cost includes direct labour and fixed and variable production overheads, taking into account the costs of the operations office, the maintenance department and internal logistics.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

Policy of receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortised cost price. If there is no premium or discount and there are no transaction costs, the amortised cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Policy of cash

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Policy of group equity

The accounting policies for equity are explained in more detail in the company financial statements.

Policy of non-current liabilities

On initial recognition non-current liabilities are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the non-current liabilities are included in the initial recognition. After initial recognition non-current liabilities are recognised at the amortised cost, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortised cost is the same as the nominal value of the debt.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the non-current liabilities.

Policy of current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Policy of net turnover

Net turnover comprises the income from the supply of goods and services and realised income from construction contracts after deduction of discounts and such like and of taxes levied on the turnover.

Revenues from the goods supplied are recognised in the income statement when all significant risks and rewards in respect of the goods have been transferred to the buyer, the amount of revenue can be reliably measured, and it is probable that the revenue will be received.

Revenue from services rendered are recognised if the result of a transaction relating to a service can be reliably estimated and the revenue is probable to be received. Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

Policy of wages and salaries

The benefits payable to personnel are recorded in the profit and loss account on the basis of the employment conditions.

Policy of depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the estimated useful economic life of the asset. Land and investment properties are not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Policy of other operating expenses

Costs are taken into account under the historical cost convention and allocated to the financial year concerned.

Policy of financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

Policy of income tax expense

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs.

The group as lessor

Under operating leases, the lease income is recognized in the income statement straight line over the term of the lease. Initial direct costs are amortized over the term of the lease against the lease income.

Balance sheet

Receivables

In accordance with law and regulations an amount of approximately € 493,000 has been settled of the balance sheet items trade receivables and advances received.

Group equity

The shareholders' equity is detailed in the notes to the company financial statements.

Assets and liabilities not recognised in balance sheet

Disclosure of off-balance sheet commitments

Momo Medical B.V. has signed a rental agreement with Technostarters Delft Vastgoed B.V. on March 16, 2022. The rental agreement consist of a fixed-term agreement until April 30, 2024 with a termination notice of two months. The yearly costs based on the agreements are €35,000 excluding VAT.

Disclosure of operating lease

Momo Medical B.V. has entered into operating leases for cars as lessee. The face value of the future lease payments is approximately € 103,000 (2021: € -). The average maturity of the operating lease contracts per balance sheet date is 4 years (2021: none).

Description of the off-balance sheet liabilities relating to the fiscal unity

The company forms part of a fiscal unity for corporate income tax purposes of Momo Medical Holding B.V., which makes the group jointly and severally liable for tax liabilities of the fiscal unit.

Other notes

Average number of employees

The average number of employees employed on a full-time basis during the year 2022 was: 24 (2021: 14).

Company financial statements

Balance sheet as at 31 december 2022

After appropriation of results

	2022	2021
	EUR	EUR
Assets		
Non-current assets		
Financial assets		
Investments in participating interests in group companies	1	1
Total of non-current assets	<u>1</u>	<u>1</u>
Current assets		
Receivables		
Trade receivables	28,229	59,958
Current receivables from group companies	39,183	1
Current receivables from other legal entities and companies with a participating interest in the legal entity or from participating interests of the legal entity	50	50
Taxes and social security charges		
Value added tax	8,647	7,149
Prepayments and accrued income	247	-
Total of receivables	<u>76,356</u>	<u>67,158</u>
Cash and cash equivalents	197,233	36,311
Total of current assets	<u>273,589</u>	<u>103,469</u>
Total of assets	<u><u>273,590</u></u>	<u><u>103,470</u></u>

	2022	2021
	EUR	EUR
Liabilities		
Equity		
Share capital paid up and called up	219	219
Share premium	2,023,887	1,513,128
Other reserves	(3,755,121)	(1,796,545)
Total of equity	<u>(1,731,015)</u>	<u>(283,198)</u>
Non-current liabilities		
Debentures, mortgage bonds and other loans	999,500	-
Payables to banks	875,000	121,250
Non-current other payables	-	87,516
Total of non-current liabilities	<u>1,874,500</u>	<u>208,766</u>
Current liabilities		
Trade payables	605	29,712
Repayment obligations of non-current borrowings	125,000	143,690
Accruals and deferred income	4,500	4,500
Total of current liabilities	<u>130,105</u>	<u>177,902</u>
Total of equity and liabilities	<u><u>273,590</u></u>	<u><u>103,470</u></u>

Profit and loss account 2022

	2022	2021
	EUR	EUR
Total operating income		
Net revenue	75,000	75,000
Total operating income	<u>75,000</u>	<u>75,000</u>
Operating expenses		
Other operating expenses		
General expenses	69,274	169,991
Total of operating expenses	<u>69,274</u>	<u>169,991</u>
Operating result	5,726	(94,991)
Other interest income and related income		
Revenues from other receivables		
Other revenues from other receivables	94,549	40,258
Total of other interest income and related income	<u>94,549</u>	<u>40,258</u>
Interest expenses and related expenses		
Costs on liabilities and other interest expenses	(169,098)	(18,507)
Result before tax	<u>(68,823)</u>	<u>(73,240)</u>
Income tax expense	-	-
Share in results of participating interests	(1,889,753)	(455,910)
Result after tax	<u>(1,958,576)</u>	<u>(529,150)</u>

Notes to the financial statements

General notes

Description of the activities of the entity

For details of the company's activities, please refer to the consolidated financial statements.

Entity information

Momo Medical Holding B.V. is a private company. The company has its registered office in DELFT and is listed in the Commercial Register of the Chamber of Commerce under the file number 68344554.

General accounting principles

Accounting standards used to prepare the financial statements

The company financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ("Raad voor de Jaarverslaggeving").

For the principles of valuation of assets and liabilities and the determination of result we refer to the notes to the consolidated financial statements, unless stated otherwise.

General accounting principles

For details of the company's going concern, please refer to the consolidated financial statements.

Accounting principles

Policy of financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied. If the valuation of a participation based on the net asset value is negative, it will be stated at nil.

If and insofar as the company can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this. The provision is carried at the present value.

If and to the extent the distribution of profits is subject to restrictions, these are included in a legal reserve. The group's share in direct equity increases and decreases of participating interests is also included in the legal reserve, except for asset revaluations recognized in the revaluation reserve.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the profit and loss account.

Participations over which no significant influence can be exercised are valued at cost of acquisition. The result represents the dividend declared in the financial year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the profit and loss account.

Policy of share premium

The share premium originates from overpayments on the nominal value of the shares.

Policy of other reserves

Other reserves are all reserves, except the legal and statutory reserves. Other reserves can freely be distributed to the shareholders.

Balance sheet

Receivables

General

Accounts receivable all have a remaining term to maturity of less than one year, unless stated otherwise.

Receivables from group companies

Accounts receivable from group companies include loans taken out for Momo Medical B.V. for the nominal value of € 3,386,655 (previous financial year: € 1,457,721). The loan concerns an interest percentage of 4,0%.

Equity

Description of the withheld part of the result

The withheld part of the result for the current financial year amounts to € 0.

Non-current liabilities

Maturity of non-current liabilities

The non-current liabilities with a remaining term longer than one year amount to a total of € 1,870,000.

Of the total amount of non-current liabilities an no amount has a remaining duration of longer than 5 years.

Description of the securities provided for non-current liabilities

For the amount of € 1,000,000 of the non-current liability of the Rabobank, security has been provided in the form of:

- all present and future business assets owned by Momo Medical Holding B.V.;
- all present and future claims/rights owned by Momo Medical Holding B.V.;
- all present and future stock owned by Momo Medical Holding B.V.;
- a pledge amount of € 30,000 by M.L. Gravemaker.

Assets and liabilities not recognised in balance sheet

Description of the off-balance sheet liabilities relating to the fiscal unity

The company forms part of a fiscal unity for corporate income tax purposes of Momo Medical Holding B.V., which makes the group jointly and severally liable for tax liabilities of the fiscal unit.

Other notes

Average number of employees

The average number of employees employed on a full-time basis during the year 2022 was: 0 (2021: 0).

Signing

.....12:04: 2023, DELFT

Specifications to the financial statements

1. Fiscal position

The company forms part of the fiscal unity for corporate income tax purposes with the following companies:

- Momo Medical Holding B.V.
- Momo Medical B.V.

The other companies forming part of the fiscal unity for corporate income tax are charged as if they were separately liable for tax, taking into account an allocation of the benefits of the fiscal unity to the various companies.

The taxable amount can be calculated as follows:

	2022
	EUR
Calculation of taxable amount	
Momo Medical Holding B.V.	(68,823)
Momo Medical B.V.	(1,445,668)
Result before tax	<u>(1,514,491)</u>
Limited deductible expenses	308
Substract:	
Investment allowance	(10,760)
Taxable amount	<u><u>(1,524,943)</u></u>

Tax losses carried forward

There are time restrictions on the availability of these tax losses for set-off against future taxable profits. There is no deferred tax asset recognized as the timing of the groups taxable profits in the future is still uncertain, a deferred tax asset cannot be calculated, therefore a deferred tax asset has not been taken into account for the below mentioned losses:

	To be settled as		Settled per end
	at start date	Loss in 2022	date 2022
	2022	EUR	EUR
	EUR	EUR	EUR
2022		1,524,943	1,524,943
2021	686,730		686,730
2020	537,558		537,558
2019	690,682		690,682
2017/2018	321,248		321,248
Total	<u>2,236,218</u>	<u>1,524,943</u>	<u>3,761,161</u>

2. Specification equity interests

List of consolidated equity interest

Name	Registered office	Share in issued capital %
Momo Medical B.V.	Delft	100.00