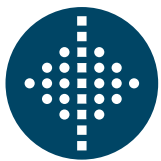


Quarterly report

Q2 2024



LIFECARE

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Highlights in the quarter

- Groundbreaking functional lifespan of our sensor has been reached with in vivo trials in dogs.
- Dog trail also confirms wireless data read out.
- New patent application for an innovative chemical composition capable of detecting a wide range of diseases and conditions has been filed with the European Patent Office.
- Acquisition of RemovAid with a medical device to remove subdermal implants will play a critical role in the life cycle of our sensor.
- Strategic partnership with OneTwo Analytics will provide software designed to analyze data from our sensor.
- Successful oversubscribed completion of rights issue of NOK 90 million, ensuring funding for continued R&D activities and automated production.
- Aim to uplist from Euronext Growth to Oslo Stock Exchange in October.
- Increased operating expenses due to ramp up of R&D activities and pilot production.

Key figures

Lifecare Group (NOK million)	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Revenue and other income	6	1	7	4
Operating expenses	-25	-9	-39	-20
Operating profit/loss	-19	-8	-32	-16
Profit/loss for the period	-18	-8	-31	-17
Net cash flow	67	-11	53	-21
Available cash	101	27	101	27
Total assets	152	54	152	54
Equity ratio %	80%	77%	80%	77%
Earnings per share (NOK)	-0.09	-0.07	-0.16	-0.14
Market value (Euronext Growth)	360	192	360	192

Outlook

- Establish automated production in Mainz, Germany.
- First sales in veterinary market.
- Initiate regulatory study for human market.
- Stable operating expenses.

CEO's comment

In the second quarter, we continued to build positive momentum towards automatic production by delivering milestones on a continuous basis over a long period. The successful completion of the rights issue in Q2 has laid a solid foundation for advancing the upcoming automated production and further studies of the Sencell sensor. As the diabetes pandemic continues unabated, our commitment to providing innovative solutions for continuous glucose monitoring in both human and veterinary markets remains steadfast.

In June, we initiated longevity studies in dogs using wireless data readout. This study is crucial for confirming the long-term functionality of our sensor in live tissue. Previously, the Sencell sensor had been tested in human clinical trials for up to three days with wired readout. It is groundbreaking for our technology to now observe a functional lifespan exceeding two months in vivo. This suggests that our osmotic sensor principle outperforms the longevity of some commercially available CGM sensors.

Another significant milestone this quarter was the filing of a new patent application with the European Patent Office. We have developed an innovative chemical composition featuring modular receptor molecules capable of detecting a wide range of diseases and conditions. This invention aims to identify and monitor acute or chronic disorders such as cardiovascular disease, metabolic disorders, infections, and immune diseases, in addition to Lifecare's primary focus on diabetes. This advancement is expected to enhance our glucose measurement capabilities and open new opportunities for measurements in other areas with high commercial potential.

Strategically, we also acquired an 80% stake in RemovAid this quarter. RemovAid's medical device plays a critical role in the life cycle of our glucose sensor. Our CGM sensor is designed for subcutaneous injection, and with some modifications, we anticipate that RemovAid's technology will be suitable for the removal of the Sencell sensor from both humans and animals. Additionally, our recent partnership with OneTwo Analytics, established in August, will enable us to offer software specifically designed to analyze glucose data from our sensors. This software will provide essential insights into glucose deviations and fluctuations, which are crucial for the diagnosis, treatment, and management of diabetes.

We appreciate the confidence demonstrated by both existing and new shareholders in the successful completion of the rights issue in June. This rights issue has been a strategically vital financial move for Lifecare, ensuring we can maintain the momentum towards automated production. Furthermore, the rights issue has been instrumental in meeting the financial requirements for uplisting on the Oslo Stock Exchange's main list, a process we aim to finalize in the fourth quarter.



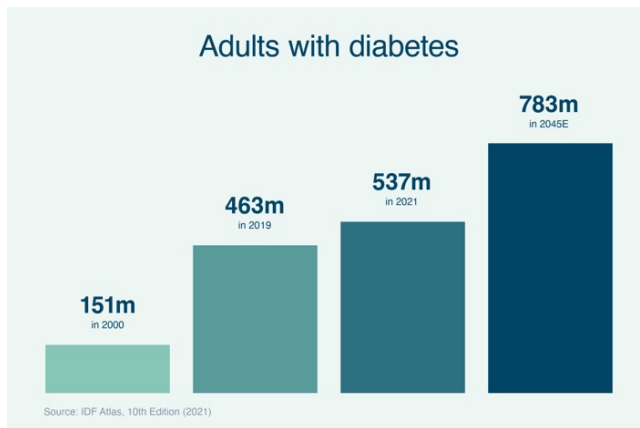
A handwritten signature in blue ink, appearing to read 'Joacim Holter'.

Joacim Holter, CEO

Business strategy & achievements

LIFECARE IS A CLINICAL STAGE SENSOR COMPANY DEVELOPING THE WORLD'S SMALLEST CONTINUOUS GLUCOSE MONITOR

Diabetes – a pandemic affecting 1 in 10 adults




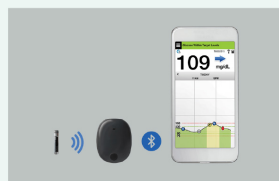
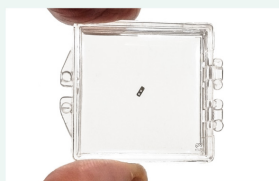
Unmet market need

Approx 50% of the adults that live with diabetes are diagnosed with diabetes, and 1/3 need glucose monitoring. Today, only 7 million people have access to continuous glucose monitors (CGM).

Current solutions

The standard method to measure the glucose level is the blood glucose meter which was introduced to the market in the 1970's. The first CGM device was introduced to the market in 1999 representing a tremendous improvement for patients with diabetes.

The available CGM's today are primarily based on glucose oxidase technologies, the main suppliers being Abbott, Dexcom and Medtronic. These CGM's have a limited longevity due to consumption of chemistry - the longest lasting sensor has an operational lifetime of 15 days. Eversence (Senseonics) have developed a fluorescence method with a longevity of up to 180 days, however this device represents less than 1% of the market and comes at a high cost.

1	2	3
<h3>Glucose oxidase</h3> <p>Dexcom (G6 & G7), Medtronic, Abbott (FreeStyle Libre 2 & 3)</p> <p>Longevity: 7- 14 days Annual cost: \$ 1,500 – 4,000</p> 	<h3>Flourescence</h3> <p>Senseonics (Eversense)</p> <p>Longevity: 180 days Annual cost: \$ 6,000</p> 	<h3>Osmotic pressure</h3> <p>Lifecare (Sencell)</p> <p>Longevity: 172 days (in-vitro) Annual cost: >\$ 2,000 (assumption)</p> 

The Sencell technology

Lifecare’s proprietary sensor technology, Sencell, is based on osmotic pressure as the sensing principle. It has the potential to transform the lives of patients with various diseases by enabling multi-biomarker sensing using very small sensors. Our primary focus is to introduce the smallest glucose sensor in the world that will be injected under the skin and will have a lifespan of at least six months. The osmotic pressure technology operates on biochemical reactions where glucose binds to molecules in a closed chamber. This binding process creates a pressure increase within the chamber that can be read for measurement and monitoring purposes.

The veterinary/pet market

Diabetes is one of the most common health conditions in middle-aged dogs and cats. In both Europe and the USA, more than 1 million dogs and 0.5 million cats are diagnosed with diabetes. Pets with diabetes are treated similarly to humans, but unlike the human market, functional glucose monitoring is currently not available and pet owners are advised to take blood samples to measure glucose levels. This method is impractical because sensors mounted on the animal’s skin often fall off after a short period. We aim to use our technology in the veterinary market to make glucose management easier for pet owners and to ensure that dogs and cats with diabetes can live a good life.

ACHIEVEMENTS AND OUTLOOK

	Studies	Regulatory compliance	Production and market launch
2022	<ul style="list-style-type: none"> Successful in-vitro testing confirming functionality of miniaturized sensors Proof-of-concept in humans 	<ul style="list-style-type: none"> Approval for accuracy study LFC-SEN-001 	<ul style="list-style-type: none"> Production location secured
2023	<ul style="list-style-type: none"> In-human study (LFC-SEN-001) confirming clinical accuracy in line with gold standard Longevity study of the Sencell sensor with operational lifetime of more than 172 days 	<ul style="list-style-type: none"> ISO 9001 and ISO 13485 certified Norwegian Medicine Agency confirms no specific regulation for Sencell sensor medical device for animals in Norway Approval for longevity study in dogs (LFC-SEN-002) 	<ul style="list-style-type: none"> Preparations for automated production
2024	<ul style="list-style-type: none"> In-dogs longevity study (LFC-SEN-002) confirming operational lifetime Preparations for LFC-SEN-003 	<ul style="list-style-type: none"> Expect to receive approval for clinical study LFC-SEN-003 CE approved device to remove subdermal implants 	<ul style="list-style-type: none"> Pilot production Automated production Product launch for veterinary market

The purpose of the LFC-SEN-003 study is to collect solid data for the technical files needed to claim the CE-mark for Sencell for the human market.

Operational review

TRIALS IN DOGS

In June, our engineers and scientists improved the readout distance between the sensor and the readout device. This crucial advancement, coupled with successful internal in-vitro sensor quality control, enabled our veterinary team to commence the longevity trials in dogs at the Norwegian University of Life Sciences (NMBU).

One week after initiating the trials with wireless readout, the NMBU team reported encouraging results. In the first seven days, the glucose sensor implanted under Elli's (the dog) skin transmitted over 1 000 data points to an external reader. The ongoing study, which has continued throughout the summer, has produced results that align with our expectations. Last week, we announced positive outcomes from nine weeks of sensor longevity testing.

PREPARATIONS FOR AUTOMATED PRODUCTION

In the first quarter of 2024, we successfully met our target for the pilot production of the Sencell sensor, marking a significant breakthrough for the company. This achievement confirmed our ability to produce glucose monitoring sensors for both humans and pets, and it paved the way for the upcoming automated production phase. This automated production will take place within the cleanroom in Mainz, which was installed in August. Cleanrooms are essential in environments where airborne particles could contaminate the final product. Lifecare's cleanroom, which meets ISO 7 standards, will ensure that airborne particles are kept at a very low concentration to avoid interfering with the critical functions of the sensor components during manufacturing.

The automated production process involves two key steps. The first step is a sophisticated 3D-printing process conducted within a Scanning Electron Microscope (SEM) using customized software to produce the Sencell sensor. The second step involves an automated process for filling Lifecare's proprietary and patented glucose-reactive chemical solution into the nanosized chambers of the sensors. This step also includes applying nano-porous membranes to seal the chambers after filling. To accomplish this, we utilize advanced automated production equipment, including a BioScaffolder and a customized Nano-Plotter. While the planned automated production is not at a volume scale, it significantly enhances the efficiency of the process and increases sensor output.

REMOVAID

For Lifecare, RemovAid's medical device plays a crucial role in completing the life cycle of our glucose sensor. Our continuous glucose monitoring (CGM) sensor is designed to be injected under the skin, and with some modifications, we anticipate that RemovAid's technology could be adapted for the removal of the Sencell sensor from both humans and pets. As the majority shareholder, Lifecare has positioned RemovAid with the expertise and capital needed for growth, solidifying its role as an integral part of the Lifecare Group.

PATENT APPLICATION

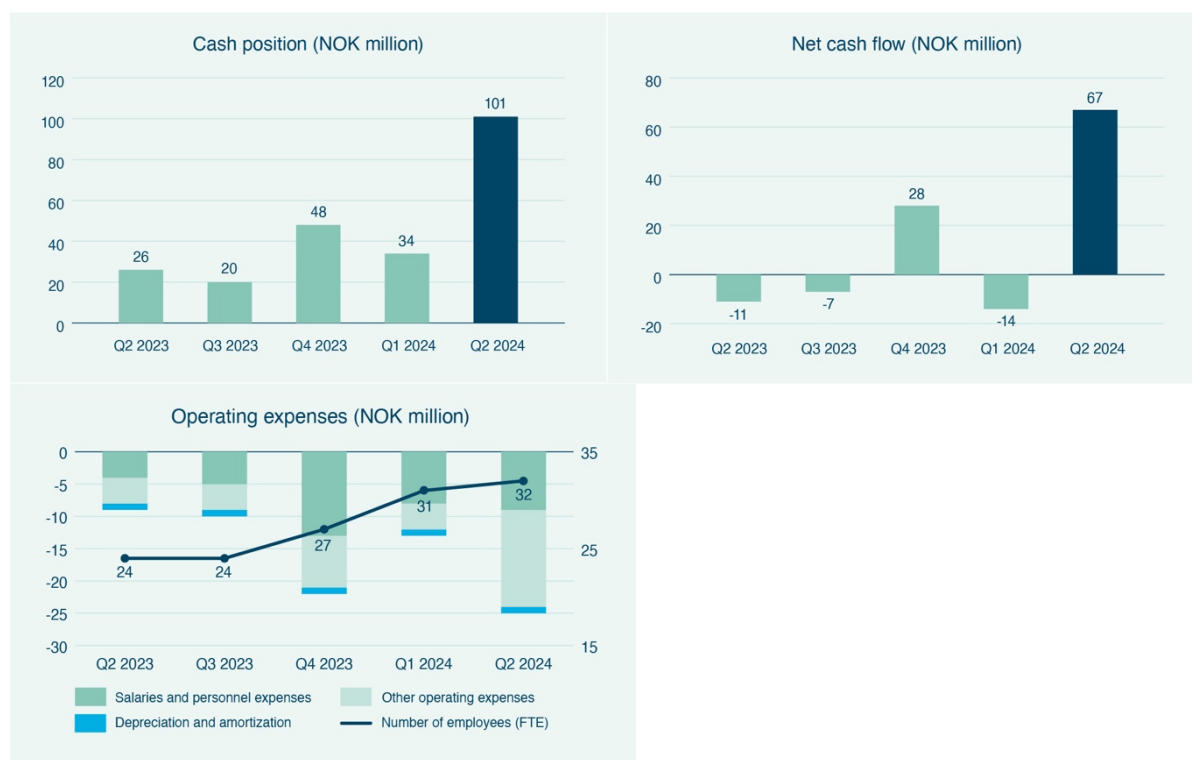
We are deeply committed to bringing our Continuous Glucose Monitor to both the veterinary and human markets. Furthermore, we believe that our sensor technology holds significant potential beyond glucose monitoring, and we are dedicated to securing appropriate protection for this broad patent application.

In June, we announced the development of a new conceptual chemistry composition, which includes modular receptor molecules capable of detecting a wide range of diseases and conditions. Consequently, we filed a new patent application with the European Patent Office (EPO). This invention aims to identify and monitor diseases or conditions related to acute or chronic disorders—

such as cardiovascular disease, metabolic disorders, infections, immune diseases, and more—in addition to Lifecare’s primary focus on diabetes.

This patent filing marks a significant step in Lifecare’s evolution towards becoming a more versatile sensor company, extending beyond glucose monitoring. While our core mission remains focused on providing better solutions for people with diabetes, this development is fully aligned with Lifecare’s overarching goal of improving lives through medical technology. The patent application underscores our ambition to establish Lifecare as a leader in sensor technology with the capability to identify and monitor a broad spectrum of acute and chronic conditions.

Financial review



PROFIT / LOSS

The Group's revenue and other income was NOK 6.4 million in Q2 2024 compared to NOK 1.2 million in Q2 2023. Revenue and other income for H1 2024 was NOK 6.8 million compared to NOK 3.8 million in H1 2023. The increase in 2024 is mainly related to governmental subsidies for the R&D activities in Lifecare NanoBioSensors. In addition, reversal of the earn-out agreement related to Lifecare Laboratory has been included with NOK 2.2 million (see Note 7).

Salaries and personnel expenses increased significantly, from NOK 4.5 million in Q2 2023 to NOK 9.1 million in Q2 2024, or from NOK 10.2 million in H1 2023 to NOK 17.3 million in H1 2024. This increase is primarily driven by the expansion of activities and the addition of new employees. As of 30 June 2023, the Group had 24 full-time equivalent employees (FTE), compared to 32 FTEs as of 30 June 2024. Employee share option has been recognized with NOK 2.2 million in Q2 2024 and NOK 0.2 million in Q2 2023, or NOK 3.8 million in H1 2024 compared to NOK 2.0 million in H1 2023. Compared to Q1 2024, salaries and personnel expenses for Q2 2024 are only slightly up, and is related to the acquisition of RemovAid (consolidated as of May 2024).

Depreciation and amortization expenses rose from NOK 0.8 million in Q1 2023 to NOK 1.2 million in Q2 2024, or NOK 1.5 million in H1 2023 to NOK 2.2 million in H1 2024. The increase is mainly due to the acquisition of RemovAid.

Other operating expenses rose from NOK 3.7 million in Q2 2023 to NOK 14.9 million in Q2 2024, and from NOK 8.0 million in H1 2023 to NOK 19.1 million in H1 2024. The increase of approximately NOK 11 million is due to ramp up of R&D activities and pilot production of the sensor, as well as the inclusion of operating expenses in RemovAid for May and June.

Total operating expenses in Q2 2024 came to NOK 25.1 million compared to NOK 9.0 million in Q2 2023, and NOK 38.6 million for H1 2024 compared to NOK 19.7 million for H1 2023, mainly driven by ramp up of R&D activities and the pilot production.

Net financial items in Q2 2024 ended with a loss of NOK 0.3 million compared to a loss of NOK 0.2 million in Q2 2023, and a loss of NOK 0.2 million in H1 2024 compared to a loss of NOK 0.4 in H1 2023.

The pre-tax loss for the quarter totaled NOK 19.0 million, compared to a loss of NOK 8.0 million in Q2 2023. The pre-tax loss for the first half of 2024 came to NOK 31.9 million compared to a loss of NOK 16.2 million for the first half of 2023. Income tax for the quarter and first half of the year has been estimated to an income of NOK 0.6 million, compared to a tax expense of NOK 0.4 million in Q2/H1 2023.

The Group's total loss after tax for the quarter ended at NOK 18.4 million, compared to a loss of NOK 8.4 million in Q2 2023. The total loss after tax for H1 2024 ended at NOK 31.2 million, compared to a loss of NOK 16.7 million in H1 2023.

FINANCIAL POSITION AND LIQUIDITY

Figures as at 30 June 2023 in brackets

At 30 June 2024, the book value of the Group's assets was NOK 152.2 million (NOK 53.5 million), up from NOK 86.4 million as at 31 December 2023. The increase in the Group's balance sheet is mainly related to the rights issue in June 2024, raising cash of NOK 90 million, in addition to the inclusion of RemovAid (see Note 6).

The Group's patents, goodwill and tangible assets including right-of-use assets totaled NOK 31.8 million (NOK 19.5 million) as at 30 June 2024, up from NOK 22.3 million as at 31 December 2023. Compared relative to total assets, these assets equaled 21% (37%) of the balance sheet as at 30 June 2024, compared to 26% as at 31 December 2023. The acquisition of RemovAid, new rental lease agreements recognized as right of use assets and capital expenditures for automated production increased the book value of the assets.

The cash balance at the end of the quarter was NOK 101.4 million (NOK 26.7 million), up from NOK 48.3 million as at 31 December 2023. The successful completion of a rights issue in June 2024 raised gross proceeds of NOK 90 million.

Total equity as at 30 June 2024 was NOK 122.5 million (NOK 41.2 million), compared to NOK 66.5 million as at 31 December 2023. The equity ratio as at 30 June 2024 was 80%, compared to 77% as at both 30 June 2023 and 31 December 2023.

Total liabilities were NOK 29.7 million as at 30 June 2024 (NOK 12.3 million) compared to NOK 19.9 million as at 31 December 2023. Lifecare is funded mainly by equity and to a certain degree public grants, and does not have interest-bearing debt. Liabilities consist mainly of right of use assets (office rental lease agreement recognized according to IFRS 16) and trade payables. As at 30 June 2024, non-current lease liability was NOK 10.1 million (NOK 2 million) and current lease liability was NOK 2.1 million (NOK 2.0 million), compared to NOK 4.7 million and 1.7 million as at year end 2023. The lease liabilities were impacted by a new office rental agreement at the headquarters and the inclusion of the office rental agreement of RemovAid.

CASH FLOW

Net cash flow from operating activities during the quarter amounted to NOK -13.4 million (NOK - 11.2 million), and NOK -25.8 million for the first half year of 2024, compared to NOK -21.3 million for the first half of 2023. The change in cash flow is primarily due to the higher operating loss in 2024 compared to the same periods last year. The public grant in Q2 2024 recognized as receivable impacted the cash flow positively.

Net cash flow from investing activities was NOK -2.4 million (NOK 0.5 million) during the quarter, and NOK -4.0 million YTD 2024 compared to NOK 0.4 YTD 2023. The outflow in 2024 is related to investment in machines and equipment.

Net cash flow from financing activities was NOK 82.8 million in Q2 and YTD 2024, due to the share issue of NOK 90 million that was completed in June 2024, deducted by the related share issue cost.

As at the end of the quarter, the cash balance was NOK 101.4 million compared to NOK 26.7 million as at end of June 2023.

Board's approval

EVENTS AFTER THE BALANCE SHEET DATE

On 8 July 2024, Lifecare acquired an additional 9.6% of RemovAid AS through a share issue, bringing Lifecare's shareholding up to 89.6%, for a cash consideration of NOK 2 million.

On 13 August 2024, Lifecare announced a strategic cooperation with OneTwo Analytics AB, a Swedish-based company specializing in data analytics of diabetes data. The strategic cooperation will provide Lifecare access to OneTwo's portfolio of comprehensive AI and ML based software for self-monitoring and automatic interpretation of CGM data. Furthermore, OneTwo will act as Lifecare's digital development partner on a consultancy base, as Lifecare intends to commercialize the software tool in the field of veterinary medicine on a license-base.

OUTLOOK

The ongoing longevity-study where the Sencell sensor has been implanted under the skin of a dog passed an operational lifespan of more than nine weeks on 21 August. This validates the functionality of the Sencell sensor and the sensor technology itself. The results of the longevity study will be the basis for the application for the next study, where we will collect solid data for the technical files needed to claim the CE-mark for Sencell for the human market.

We are also on track with the preparations for automated production, with machines, equipment and the set-up of a cleanroom.

Lifecare's strong cash position of NOK 101 million at the end of Q2 2024 provides the financial stability needed to continue our studies and make the required investments in machinery and equipment for scaling up production. We anticipate that operating expenses in Q3 will remain consistent with Q2 levels, with projected capital expenditures of approximately NOK 10 million for the third quarter.

CONFIRMATION FROM THE BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that the unaudited interim financial report for the first half of 2024 has been prepared in accordance with IFRS as issued by IASB and as adopted by EU, and gives a true and fair view of the Group's consolidated assets, liabilities, financial position and result for the period.

The Board of Directors and CEO

Bergen, 27 August 2024

This document is signed electronically, with no hand-written signatures.

Morten Foros Krohnstad (sign)

Chair of the Board

Trine Teigland (sign)

Board member

Lutz Walter Heineman (sign)

Board member

Hans Johan Hekland (sign)

Board member

Tone Kvåle (sign)

Board member

Joacim Holter (sign)

CEO

Financial statements

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Lifecare Group (NOK 1000)	Notes	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Revenue and other income	3	6 439	1 230	6 850	3 840
Salaries and personnel expenses	4	-9 056	-4 492	-17 306	-10 229
Depreciation and amortization	5	-1 204	-819	-2 162	-1 498
Other operating expenses		-14 868	-3 680	-19 089	-7 982
Operating profit/loss		-18 689	-7 761	-31 706	-15 869
Net financial items		-343	-203	-165	-355
Profit before tax		-19 032	-7 964	-31 871	-16 224
Income tax		637	-432	637	-432
Profit/loss for the period		-18 395	-8 396	-31 233	-16 656
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations		-417	10	-525	-35
Total comprehensive income for the period		-17 977	-8 407	-30 708	-16 621
Earnings per share (basic and dilutive, NOK)		-0.09	-0.07	-0.16	-0.14
Total comprehensive income for the period is attributable to					
Owners of Lifecare ASA		-17 679	-8 407	-30 406	-16 621
Non-controlling interest		-299	-	-303	-

Q2/YTD 2023 figures have been restated compared to the published interim report 2023 due to inclusion of share option cost in this report (NOK 0.2 million in Q2 2023 and NOK 1.9 million YTD 2023).

CONDENSED STATEMENT OF FINANCIAL POSITION

Lifecare Group (NOK 1000)	Notes	30/06/2024	30/06/2023	31/12/2023
Assets				
Intangible assets		13 077	13 089	12 511
Property, plant and equipment incl right of use assets		18 749	6 458	9 834
Total non-current assets	5,6	31 827	19 548	22 345
Current receivables		19 047	7 305	15 699
Cash and cash equivalents		101 367	26 694	48 345
Total current assets		120 414	33 999	64 044
Total assets		152 240	53 547	86 390
Equity and liabilities				
Share capital and share premium		212 953	85 493	133 895
Retained earnings and other equity		-90 412	-44 282	-67 441
Total equity	9	122 541	41 211	66 455
Deferred tax liabilities		1 026	1 641	1 641
Non-current lease liabilities		10 107	2 015	4 745
Other non-current liabilities		203	5 541	2 915
Total non-current liabilities		11 335	9 198	9 302
Trade and other payables		4 577	488	3 588
Current lease liabilities		2 079	1 978	1 705
Other current liabilities		11 707	672	5 341
Total current liabilities		18 364	3 138	10 634
Total liabilities		29 699	12 336	19 935
Total equity and liabilities		152 240	53 547	86 390

STATEMENT OF CHANGES IN EQUITY

Lifecare Group (NOK 1000)	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Total	Non- controlling interest	Total equity
Equity as at 01.01.2023	47 146	40 307	-31 164	147	56 436	-	56 436
Profit for the period	-	-	-16 656	-9	-16 665	-	-16 665
Issue of share capital	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-520	-520	-	-520
Share-based payments	-	-	1 961	-	1 961	-	1 961
Equity as at 30.06.2023	47 146	40 307	-45 860	-383	41 211	-	41 211
Equity as at 01.01.2023	47 146	40 307	-31 164	147	56 436	-	56 436
Profit for the period	-	-	-35 487	-	-35 487	52	-35 435
Issue of share capital	6 800	35 700	-	-	42 500	-	42 500
Other comprehensive income	-	-	-	-70	-70	-	-70
Share-based payments	-	-	3 023	-	3 023	-	3 023
Equity as at 31.12.2023	53 946	76 007	-63 628	77	66 402	52	66 455
Equity as at 01.01.2024	53 946	76 007	-63 628	77	66 402	52	66 455
Profit for the period	-	-	-30 406	-	-30 406	-303	-30 708
Issue of share capital	23 616	59 385	-	-	83 000	-	83 000
Other comprehensive income	-	-	-	-525	-525	-	-525
Adjustment related to acquisition of subsidiary	-	-	-	-	-	500	500
Share-based payments	-	-	3 820	-	3 820	-	3 820
Equity as at 30.06.2024	77 562	135 392	-90 213	-448	122 292	249	122 541

STATEMENT OF CASH FLOW

Lifecare Group (NOK 1000)	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Profit before tax	-19 032	-7 964	-31 871	-16 224
Depreciation and amortization	1 204	819	2 162	1 498
Non-cash employee benefit expense - option plan	2 180	232	3 355	1 961
Change in receivables and payables	8 771	-3 941	2 312	745
Other adjustments	-6 507	-391	-1 719	-9 289
Net cash flow from operating activities	-13 382	-11 246	-25 761	-21 309
Payments for property, plant and equipment	-2 355	456	-4 036	373
Net cash flow from investing activities	-2 355	456	-4 036	373
Proceeds from issues of shares and other equity securities	90 000	-	90 000	-
Share issue costs	-7 182	-	-7 182	-
Net cash flow from financing activities	82 819	-	82 819	-
Net changes in cash and cash equivalents	67 081	-10 790	53 022	-20 936
Cash at beginning of the period	34 286	37 484	48 345	47 630
Cash at the end of the period	101 367	26 694	101 367	26 694

Selected notes

Note 1 Basis of preparation

Lifecare 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 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 and in pets.

The Lifecare Group comprises Lifecare ASA (Norway) and its subsidiaries Lifecare Veterinary AS (Norway), Lifecare Chemistry Ltd (UK), Lifecare NanoBioSensors GmbH (Germany), Lifecare Laboratory GmbH (Germany) and as from 26 April 2024, RemovAid AS (Norway). Lifecare Veterinary and RemovAid are 80% owned as at 30 June 2024, while the other subsidiaries are fully owned. Lifecare was listed on Euronext Growth in 2018.

Management assesses the financial performance of Lifecare ASA and its subsidiaries at a consolidated level as these companies are interconnected through the research and development of the Sencell technology. RemovAid specializes in the development and manufacture of a medical device which removes subdermal implants, which we aim to include as a comprehensive part of using the Sencell sensor.

The financial report for the second quarter and first half of 2024 has been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and the IFRSs as issued by the International Accounting Standards Board (IASB), including IAS 34 Interim Financial Reporting. These standards have been consistently applied in all periods presented. For a complete set of disclosures, this report should be read in conjunction with the Group's annual report for 2023.

The financial report for the second quarter and first half of 2024 is audited with a limited scope review.

Use of estimates

Management is required to make estimates and assumptions about the future that impact accounting policies and the recognized amounts of assets, liabilities, income, and expenses. These estimates and assumptions are based on historical experience and other factors deemed reasonable under the circumstances. These results form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are continually reviewed, taking into account current and expected future market conditions.

Note 2 Risks and uncertainties

Lifecare aims to develop and commercialize the world's smallest implantable continuous glucose monitoring (CGM) sensor, designed to last a minimum of six months. Successfully navigating geopolitical, macroeconomic, and regulatory environments is crucial for our operational efficiency, market success, and long-term sustainability. While the direct impacts of inflation, rising interest rates, ongoing conflicts, and climate disasters have been limited for Lifecare so far, these risks could potentially disrupt supply chains and alter market dynamics. We prioritize risk reduction across various domains and continually monitor and enhance our risk management framework. There were no significant changes to the risks and uncertainties in the current reporting period that has particularly affected Lifecare. Below is a summary of some of the risks we face in the short and medium term.

Financial risk

Lifecare is currently in the clinical stage, dedicating nearly all our resources to the research and development of our product. Our funding primarily comes from equity financing, supplemented by limited public grants. In June 2024, Lifecare completed a rights issue, securing a total of NOK 90 million. As of the quarter's end, the cash and cash equivalents were NOK 101.4 million, with an equity ratio of 80%. We are well placed to continue trials while also preparing for automated production.

Given our equity financing, our exposure to interest rate risk is minimal. Similarly, credit risk remains limited as we do not yet have sales. However, we are exposed to currency fluctuations due to the international scope of our operations. Specifically, fluctuations in the Euro pose a risk, as most of our purchases are from suppliers who invoice in Euros. Currently, we do not employ currency hedging strategies.

Regulatory risk

To implement our business strategy, we depend on obtaining regulatory approval or certification in the countries where we intend to sell our product. Governmental authorities enforce laws and regulations to ensure product safety and effectiveness. These regulations can be complex, subject to change, and open to varying interpretations. We have a clear understanding of the remaining development steps and the regulatory requirements that need to be met, both in the EU/Europe and the USA. We will conduct all necessary studies and clinical trials to ensure our product's development and satisfactory performance before applying for approval or certification.

Technological risk

The market for CGM devices is dynamic and growing rapidly, driven by technological advancements, the increasing prevalence of diabetes, and greater awareness of the benefits of continuous glucose monitoring. While rapid advancements in technology, including those beyond Lifecare's innovations, could introduce new competitors or disrupt the CGM market, new methods to prevent, cure, or improve diabetes treatment could potentially render CGM devices obsolete. However, due to the size and growth of the diabetes market, we do not expect this to happen in the short to medium term.

Lifecare brings significant experience from the international diabetes technology scene, providing valuable insights into scientific and strategic trends, competitors, and markets. Our product, Sencell, is expected to offer significant advantages over existing CGM solutions. The most notable benefits include the smaller size of the sensor, enhanced measurement sensitivity, ease of use without the need for repeated calibration, and a minimum lifetime of six months.

Intellectual property risk

Protecting intellectual property (IP) rights is crucial for Lifecare. Risks include patent infringement lawsuits, challenges to our patents, and the possibility of competitors copying or reverse-engineering our technology. We develop technology for sensing and monitoring of various body analytes, enabling 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. The core technology is protected in the form of four active patents as well as one patent under application. In addition to patents, we rely on know-how and proprietary technology, which are not protectable by patents, to maintain our competitive position. To safeguard this information, we enter into confidentiality agreements and intellectual property assignment agreements with our employees and consultants regarding our intellectual property and proprietary technology.

Reimbursement and pricing risk

Reforms in healthcare policies and regulations, particularly those related to medical devices and reimbursement, could impact adoption rates and market access for our CGM system. Patients who receive treatment for their medical conditions typically rely on third-party payors to reimburse medical treatment costs. We aim to position our product in the lower price range compared to current competitors, which should enable broader market access and affordability in certain countries. Additionally, the veterinary market, which does not rely on third-party payors, represents a different set of opportunities for our product.

Supply chain risk

We are setting up our own production line while relying on third-party suppliers for some components of our CGM. However, we are not dependent on any specific suppliers and have not made any long-term agreements with suppliers.

Climate and nature-related risk

Lifecare is committed to enhancing our understanding of climate and nature-related risks. We have conducted assessments which indicate that our current direct exposure to these risks has limited impact on our forecasts, estimates, and critical accounting judgements.

Note 3 Revenue

Revenue and other income (NOK 1000)	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Revenue from laboratory services	1 161	974	1 174	3 338
Other public grants	2 810	-	2 810	-
Other income	2 468	256	2 865	502
Total revenue and other income	6 439	1 230	6 850	3 840

Note 4 Payroll and related expenses

Payroll (NOK 1000)	Q2 2024	Q2 2023	YTD 2024	YTD 2023
Salaries	5 983	3 586	11 453	6 730
Payroll tax	918	659	1 914	1 258
Pension cost	128	94	256	133
Other benefits	-154	-78	327	148
Total payroll	6 876	4 261	13 950	8 269
Share option expense	2 176	232	3 820	1 961
Accrued social security tax on share option	4	-	-465	-
Total employee share option cost	2 180	232	3 355	1 961
Total employee benefit cost	9 056	4 492	17 306	10 229
Number of employees	32	24	32	24

Share based option plan

Lifecare has a share option program to ensure focus and align the Group's long-term performance with shareholder values and interest. The program serves to attract and retain senior management. The option gives the holder a right to acquire shares from the company at an exercise price defined in the individual option agreements. The exercise price for options granted is set at the market price of the shares at the time of grant of the options. In general, options expire five years after the date of the grant. Primarily the options vest annually in equal tranches over a three-year period following the date of grant. 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. The strike price for all share options is NOK 1.52442.

Number of options	YTD 2024	YTD 2023
As of 1 January	4 369 173	2 469 173
Granted during the period	600 000	75 000
Exercised during the period	-	-
Expired during the period	-	-
As of 30 June	4 969 173	2 544 173

Note 5 Intangible and tangible assets

Intangible and tangible assets (NOK 1000)	Patents and licenses	Goodwill	Tangible assets	Right of use assets	Total
Book value as at 1 January 2024	5 283	7 228	3 192	6 642	22 345
Additions	-	-	4 320	4 736	9 056
Business combinations	1 057	-	-	1 530	2 587
Disposals	-	-	-	-	-
Depreciation	490	-	562	1 109	2 162
Impairment	-	-	-	-	-
Book value as at 30 June 2024	5 849	7 228	6 949	11 800	31 827
	-	-	-	-	-
Accumulated acquisition cost	9 106	7 331	9 361	15 460	41 259
Accumulated depreciation	3 257	103	2 412	3 661	9 433
Book value 30 June 2024	5 849	7 228	6 949	11 800	31 827

Lifecare has three patents that are central to our innovative glucose monitoring technology. In April 2024, Lifecare acquired 80% of the shares in RemovAid AS, which holds patent and CE certification for the RemovAid tool, see Note 6 for more information.

Goodwill is related to the acquisition of Lifecare NanoBioSensors in 2021 and Lifecare Laboratory in 2022.

During the first half of 2024, Lifecare has acquired machines and equipment related to pilot and automated production.

Lifecare has recognized the leasing agreements of its office and laboratory facilities as right of use assets according to IFRS 16. Contracts have been renewed during the first half of 2024.

Note 6 Business combination

On 26 April 2024, Lifecare acquired 80% of the shares in RemovAid AS for consideration of NOK 2 million. With this acquisition, we have secured technology for a solution for the removal of the Sencell sensor. RemovAid has developed a unique, user-friendly medical device for removing subdermal implants. The Sencell sensor, which will be injected under the skin, can be removed using RemovAid's technology with some adjustments. RemovAid is ISO 13485 certified and CE approved.

Details of the purchase consideration and net assets acquired are as follows:

Asset and liabilities recognized (NOK 1000)	26 April 2024
Cash and cash equivalents	2 409
Current receivables	552
Patents, licenses	5 675
Total assets acquired	8 635
Payables	-927
Employee benefits	-590
Net identifiable assets acquired	7 118
Less: adjustment fair value of asset cost	4 618
Less: 20% non-controlling interest	500
Total asset and liabilities recognized	2 000

At the acquisition date, RemovAid had capitalized patents and research and development cost of NOK 5.7 million. Lifecare has considered the value of the acquisition of the shares to be equal to the value of the identifiable assets and liabilities that are recognized. As such, an adjustment of the assets has been made as a disposal of the capitalized patent and R&D costs.

Note 7 Related party transactions

There have been no related parties' transactions during the interim period ended 30 June outside ordinary course of business.

During the first half of 2024, Lifecare has purchased laboratory services from companies affiliated with the Chief Scientific Officer (CSO). Lifecare has also rented office and laboratory space to companies affiliated with the CSO. The transactions are based on normal commercial terms and conditions.

As of 30 June 2024, an earn-out obligation of EUR 200 000 to Islay Ventures GmbH in connection with the acquisition of Lifecare Laboratory GmbH in 2022 has been reversed. Islay Ventures is owned by the CSO, Andreas Pfützner. The earn out was linked to Lifecare Laboratory's performance until the end of 2025. As the laboratory focuses its resources on internal R&D activities, it is highly unlikely that the results will meet the performance criteria.

For shares controlled by the Board of Directors and executive management, see Note 9.

Note 8 Warrants

In June 2024, Lifecare completed a partially underwritten rights issue of 59 038 955 new shares in the company. The subscribers in the rights issue were allocated one warrant for every two new shares, and a total of 29,519,478 warrants were issued to the subscribers. Further, Munkekullen 5 Förvaltning AB and Buntel AB, having underwritten a total of NOK 50 million of the rights issue, received a compensation of 25 000 000 warrants at equal terms to the warrants issued in the rights issue. Consequently, a total of 54 519 478 warrants were allocated to subscribers and the underwriters.

The warrants may be exercised from 2 June to 13 June 2025. The warrants are listed and tradable on Euronext Growth Oslo under the ticker code "LIFE TR". If all the warrants are exercised, Lifecare expects to raise gross proceeds of up to approximately NOK 108 million (based on the maximum exercise price of NOK 1.98174). In the event that warrants are not exercised, the gross proceeds will be reduced corresponding to the proportion of warrants that are not exercised.

Each warrant gives the holder the right to buy one new share in Lifecare at a price equal to the volume-weighted average price (VWAP) of the company's shares on Euronext Growth Oslo during the last three trading days before the first date the warrant can be exercised, minus 30%. However, the price will not be lower than the share's par value (NOK 0.40) or higher than the subscription price in the rights issue plus 30% (i.e., NOK 1.98174).

Note 9 Share capital and shareholders

Shares	2024		2023	
	# of shares	Book value	# of shares	Book value
Shares 1 January	134 865 742	53 946 297	99 865 742	39 946 297
Issue of shares	59 038 955	23 615 582	-	-
Share 30 June	193 904 697	77 561 879	99 865 742	39 946 297

Each share has a nominal value of NOK 0.40.

On 14 June 2024, Lifecare completed a share issue of 59 038 955 new shares at a subscription price of NOK 1.52442 per share, raising gross proceeds of NOK 90 million.

20 largest shareholders at the end of the period	Number of shares	Shareholding
Lacal AS	27 987 712	14,4 %
Teigland Eiendom AS	27 315 777	14,1%
Tjelta AS	11 027 600	5,7 %
Nordea Funds	9 165 713	4,7 %
Nordnet Livsforsikring AS	4 780 780	2,5 %
F2 Funds AS	4 631 136	2,4 %
Spit Air AS	4 587 735	2,4 %
Einarsen	3 400 000	1,8 %
LT Finans AS	2 893 592	1,5 %
Nordnet Bank AB	2 719 051	1,4 %
Andreassen	2 212 872	1,1%
Max Invest AS	2 050 000	1,1%
Nexus Marketing	2 019 415	1,0 %
Hejma AS	2 000 000	1,0 %
Andreas Pfützner	1 801 104	0,9 %
Joacim Holter	1 624 353	0,9 %
Ballista AS	1 500 000	0,8 %
Westhawk AS	1 400 000	0,7 %
Moun 10 AS	1 339 107	0,7 %
Han Lei	1 332 508	0,7 %
Total shareholding by 20 largest shareholders	115 788 455	59,8 %
Total others	78 116 242	40,2 %
Total shares	193 904 697	100,0 %

Shares controlled directly and indirectly by the Board of Directors and group management at period end	Number of shares	Shareholding
Board of Directors		
Hans Hekland	150 295	0,1%
Trine Teigland	27 315 777	14,1%
Tone Kvåle	40 000	0,0 %
Group management		
Joacim Holter	1 624 353	0,8 %
Andreas Pfützner	1 801 104	0,9 %
Total shares held by the board and group management	30 931 529	16,0 %

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ABOUT LIFECARE

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

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

We have a particular focus on diabetes. We are dedicated to bringing the next generation of continuous glucose monitor system to the market, aiming to improve diabetes management for humans and pets.

FINANCIAL CALENDAR

13.11.2024 Q3 2024

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