

Annual Report
2022



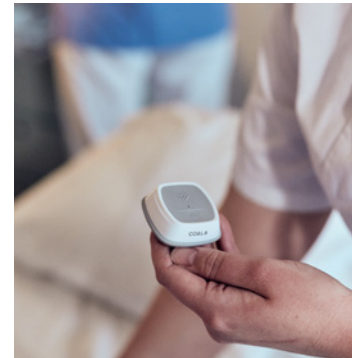


Comments from the CEO

page.4

Directors' Report

page.22



Group financial statements

page.28

Contents

Comments from the CEO	4	Significant events after the end of the financial year	27	Parent Company Changes in Shareholders' Equity	54
Coala Life in brief	6	Consolidated Statement of Comprehensive Income	28	Notes Parent Company	56
Coala Life's market	7	Consolidated Statement of Financial Position	29	Signatures	63
Coala Life's offering	13	Consolidated Changes in Shareholders' Equity	31	Auditor's Report	64
Coala Life's Share	16	Notes Group	33	Definition of key ratios	67
Executive management	18	Parent Company Income Statement	51	Glossary	68
Directors' Report	22	Parent Company Balance Sheet	52	Financial calendar	69
Risks	24				
Key ratios and other information - Group	27				

Comments from the CEO

Increased patient volumes have generated rapid sales growth on the US market, and we are now actively increasing income per patient.

Coala Life's main focus is the US market, with over 120 million Americans affected by chronic cardiovascular diseases. To qualify for Remote Patient Monitoring (RPM), a patient must have an acute or chronic medical condition, which applies to almost half of the US population. Coala Life offers patients and healthcare services solutions for non-invasive and patient-centered predictive decision support, using algorithms to predict heart and lung disease, which can help prevent certain conditions from developing. Our strategic goal is to dramatically improve quality of life and clinical outcomes for the millions of patients affected by chronic or acute cardiovascular and other diseases.

In February 2022, we launched our Managed RPM program in the US as a complete service offering for the remote monitoring of chronically ill patients in their homes. During the year, we established our own organization under the name QorumPartners and acquired US company Vitrics in August, which is also active in Managed RPM. These initiatives produced clear results during the fall. In December, we announced the launch of our expanded service providing clinics with robust patient data, a model that has been fully introduced at the time of writing. All connected patients in the US are currently monitored using the expanded service, which also means that income per patient continues to increase.

We have high expectations for the future. In October, we started to present monthly reports on connected patient numbers and income measured as annual revenue. At the time, we reported 2,600 patients and USD 2.7 M for September 2022. For March 2023, the corresponding figures were 3,700 patients and USD 4.8 M. Calculated from March 2022 onwards, we have now achieved cumulative sales growth of 10% per month.

This means that the increase in patient income from the expanded service is significant. Even given the need to strengthen the organization to develop the expanded service, we are well in line with our sales target of SEK 250 M by 2024, with positive operating profit and a continued

gross margin of over 80%. Towards the end of 2022, we experienced high non-recurring costs, mainly relating to regulatory issues, but also from our expanded offering in the US. We are now seeing falling costs since the start of 2023, which are set to decrease by 20% per SEK of sales from Q2 2023 onwards, in line with our target which was presented on November 22, 2022.

Managed RPM means that clinics' remote monitoring of patients is handled by external companies. We monitor patients 24/7, have ongoing contact with patients and ensure that monitoring is carried out correctly and regularly. We report any discrepancies directly to the healthcare provider. We also lessen the administrative burden of the healthcare provider, allowing clinics to focus fully on core operations. The aim is to ensure that our customers always perceive us as a partner and not just as a supplier. It is clear that use of the platform starts to take off once we have gained this level of confidence throughout a whole clinic.

The US market is Coala Life's absolute focus but it is pleasing to see that conditions have also improved in Sweden and elsewhere. On the US market, we offer a number of different monitors in our RPM range. On that market, Coala Heart Monitor is an important part of this mix, although outside of the US we work exclusively with the Coala Heart Monitor. In Sweden, sales are picking up momentum. In April 2022, we received formal approval in Sweden after the Medical Technology Product Council (MTP Council) recommended the use of the Coala Heart Monitor in Swedish healthcare for patients with symptoms of atrial fibrillation, an approval that will play an important role in future regional procurement processes.

At the start of 2023, we won a tender in New Zealand alongside a partner, where the national healthcare authorities selected Coala Heart Monitor for remote monitoring of patients. The application focuses on rural areas in this sparsely populated country. Coala Heart Monitor's ability to deliver simple but advanced ECG readings to mobile medical stations or local healthcare centers was a decisive factor. Even given that we operate through a local distributor, the gross margin is well in excess of 80%. We are currently working to ensure that use of the monitor gets off the ground in order to capitalize on the contract.

At the start of 2023, Coala Heart Monitor received another important validation for diagnostic precision compared to the reference standard 12-lead ECG for diagnosing atrial tachyarrhythmia (ATA) and atrial fibrillation (AF). The study clearly shows that the quality of our heart monitor is on a par with those used in a clinical environment.

I am delighted that our service has gained strong market presence and that we are delivering in line with our targets. I am also pleased that the recently completed new issue received strong support, particularly from our major shareholders. As one of the investors in 20 North Street and through further investments, the share issue increased my direct and indirect holding in Coala Life Group by SEK 8 M to correspond to a total of around 7.5% of the company's shares. As my individual holding is lower, I think it is important that all investors see that I have consistently invested over SEK 20 M over the years which has benefited the company.

Overall, during 2022 we got the US business up and running and are well in line with our targets. The expanded service in the US generated significantly higher income per patient at the start of the year. Moreover, the recent capital raising provides us with the opportunity to ensure continued market penetration in the US for managed RPM. Our plan is that this capital will ensure a financial position enabling the company to progress to a point where it can survive on its own merits. I look forward to keeping you updated about our continued journey.

Dan Pitulia
President and CEO



"Increased patient volumes have generated rapid sales growth on the US market, and we are now actively increasing income per patient."

Coala Life in brief

About the company

Coala Life is a cloudbased Software as a Service supplier, and a developer and distributor of medical equipment. The company was founded in 2015 and is listed on Nasdaq First North Growth Market. The company focuses on B2B solutions in remote patient monitoring, where the company offers US healthcare providers a scalable and cost-efficient platform solution that enables remote monitoring of high volumes of patients with chronic diseases. Remote monitoring is carried out with Coala Heart Monitor, but also with third party equipment, and can include parameters such as ECG, blood pressure, glucose levels, oxygenation, weight and lung capacity. The company offers a complete solution and reduces the administrative burden on clinics, including follow-up, 24/7 monitoring, as well as the compensation process from government and private healthcare insurance providers. The patients that Coala Life monitors frequently suffer from diabetes, obesity and/or cardiovascular diseases.

Coala Life is originally a Swedish medtech company active in smartphone and cloudbased heart and lung diagnostics. The company has developed and launched Coala Heart Monitor which is a FDA- and CE-approved product platform for long-term remote monitoring, analysis and algorithm-based diagnosis of heart and lung conditions. Over SEK 500 M has been invested in Coala Life and the unique Coala system, which is protected by some 30 patents and represents a close fit with digitalized healthcare services.

Significant events in 2022

- In March, Johan Eckerdal assumed the position of VP R&D.
- In March, the company presented information on business progress in the US and announced that it had signed contracts with 10 new clinics during the first quarter.
- In April, the company announced that it had received FDA 510k clearance for remote lung auscultation and an enhanced ECG algorithm.
- In April, the company reported that the Coala Heart Monitor has been recommended by the Medical Technology Product Council for introduction into clinical use in Sweden.
- In May, Christian Jørgensen was elected to the Board.
- On July 4, the company launched a new website.
- On August 15, the acquisition of Vitrics Management Group was completed.
- On August 22, Tomas Tiseus was appointed International Sales & Marketing Director.
- On October 15, Jasmin Gasi was appointed Interim Director of Regulatory & Quality affairs, and the position was made permanent as of December 31.

Coala Life's market

Healthcare for cardiac and chronic diseases generally necessitates regular in-person healthcare check-ups, which patients often find burdensome and which also place a significant burden on healthcare services.

Introduction

Healthcare for cardiac and chronic diseases generally require regular physical healthcare visits, which are often experienced as demanding for patients and imply a significant burden on healthcare services. If in-person visits for certain examinations can be avoided by making it easier for patients to carry out examinations themselves at home, this increases the cost efficiency of healthcare provision and reduces the inconvenience to patients.

Coala Life focuses on markets where healthcare providers need to monitor and interact with patients over a longer period outside of existing healthcare institutions. Coala Life's products and services aim to engage patients in their own healthcare, thereby reducing the number of physical hospital visits required. This is carried out by providing a platform for monitoring and diagnostic tools that patients can use in their everyday lives.

The company currently focuses on healthcare providers that prescribe Coala Heart Monitor and QorumPartners' services to:

- Chronically ill patients.
- Patients with irregular heartbeat, palpitations or suspected atrial fibrillation.
- Patients undergoing heart and lung rehabilitation.
- Patients requiring post-operative follow-up, e.g. after heart surgery or stroke.
- Patients undergoing treatment with pharmaceuticals with a potential adverse effect on the heart.

The company mainly prioritizes the US market, but is also active on the Swedish market through a proprietary sales force and sales partners. The company also has a presence on the Australian and New Zealand markets. The goal is for the company's solutions to be reimbursed by local insurance and compensation systems, eliminating the cost to patients, while also ensuring that healthcare providers are paid for their services.

Chronic disease burdens healthcare services

Chronic diseases are usually defined as diseases that last over a person's lifetime or for a very long time. The U.S. National Center for Health Statistics classifies chronic disease as a disease that lasts for three months or longer¹⁾.

In Sweden, 80-85 percent of healthcare resources are allocated to the care and treatment of chronic diseases.²⁾ In Sweden, almost one in two adults have at least one chronic disease, and in the under 20 age group, one in five suffers from a chronic disease. In the US, more than 120 million patients are affected by chronic cardiovascular disease³⁾, many with a potential need for monitoring different clinical markers in the home.

According to the WHO, unhealthy lifestyles cause around 80 percent of all cases of heart disease and stroke, and 30 percent of all cancers. Preventative efforts focused on healthy lifestyle can prevent or improve about 90 percent of the morbidity associated with chronic diseases.⁴⁾

In the EU and US, the cost to society of cardiovascular disease totals EUR 210 Bn and USD 330 Bn respectively each year, including both direct and indirect costs. Patients, hospital staff and healthcare systems stand to benefit from the obvious advantages of more efficient monitoring and diagnostics methods for cardiovascular disease.⁵⁾

Almost everyone experiences palpitations at some point

Palpitations are a less serious but common form of chronic heart disease. This common symptom means that the individual feels their own heartbeat. The causes of this can vary. In most cases, the discovery is benign and may be due to changes in the heart's autonomous tonus, which in turn may originate in mental stress, physical exertion or pregnancy. It may also be caused by harmless extra heartbeats which all individuals experience to varying degrees, although most are unaware of this.

Palpitations can also be a symptom of an underlying non-cardiac disease, such as high blood pressure, hyperthyroidism or other metabolic disorders. To a lesser extent, palpitations are likely caused by clinically significant

1) Stöppler, Melissa. Medical Definition of Chronic disease. MedicineNet. https://www.medicinenet.com/chronic_disease/definition.htm

2) HFS (The Swedish Health Promoting Healthcare Network). 2015. Preventing chronic diseases through a healthy lifestyle - a way to optimize healthcare provision.

3) European Heart Network. 2017. European Cardiovascular Disease statistics 2017. <https://ehnhheart.org/cvd-statistics.html>

4) The National Board of Health and Welfare The National Board of Health and Welfare National Guidelines - Evaluation 2014 Methods for disease prevention. <https://www.socialstyrelsen.se/globalassets/sharepointdokument/artikelkatalog/nationella-riktlinjer/2015-1-1.pdf>

5) European Heart Network. 2017. European Cardiovascular Disease statistics 2017. <https://ehnhheart.org/cvd-statistics.html>

arrhythmia such as atrial fibrillation or other supraventricular arrhythmia, and to an even lesser extent by ventricular arrhythmia in addition to ventricular extra beats.

Palpitations are common and often causes associated symptoms such as worry, anxiety and feelings of panic. The psychological symptoms are often caused by fears of having an underlying serious heart condition or that the heart will stop, causing sudden death. Palpitations burden healthcare services and lead to long waiting lists. In the US, over 73 million people visit primary healthcare providers for palpitation symptoms each year, and it is the second most common reason for a referral to a cardiologist.⁶⁾

It is often difficult to use traditional ECG techniques (Holter registration, where ECG is registered continuously over one or two days) to capture episodes of palpitation, which usually occur sporadically in daily life.

In the so called RedHeart study, completed by researchers from Karolinska University Hospital in 2018, almost 1,000 Swedish women were included. The aim of the study was to investigate whether ECG registration with the Coala Heart Monitor could contribute to improving the quality of life and reduce palpitations and psychological symptoms in women experiencing palpitations. The study also aimed to investigate whether Coala Heart Monitor could map arrhythmia in sporadically occurring palpitation symptoms in women in daily life.

The published results indicate that the women experienced reduced palpitations and an improved quality of life as a result of using Coala Heart Monitor. Of the just under 300,000 registered ECG readings in the study, 95 percent were entirely normal or indicated harmless extra heartbeats. Undiagnosed atrial fibrillation or atrial tachycardia was discovered in 4 percent of participants. Carina Carnlöf, PhD and clinical research nurse at Karolinska Institute, concluded

that “Immediate analysis of ECG with Coala in connection with palpitations with an unclear cause reduced symptoms, worry, anxiety, depression and improved quality of life.”⁷⁾

Coala Heart Monitor engages the individual and patient, and allows them to record ECG when symptoms arise, thereby improving the prospects for providing an immediate response and calming information. If arrhythmia such as atrial fibrillation is discovered, the patient can quickly be offered appropriate therapeutic care.

Covid-19 accelerated the shift to tele and remote medicine

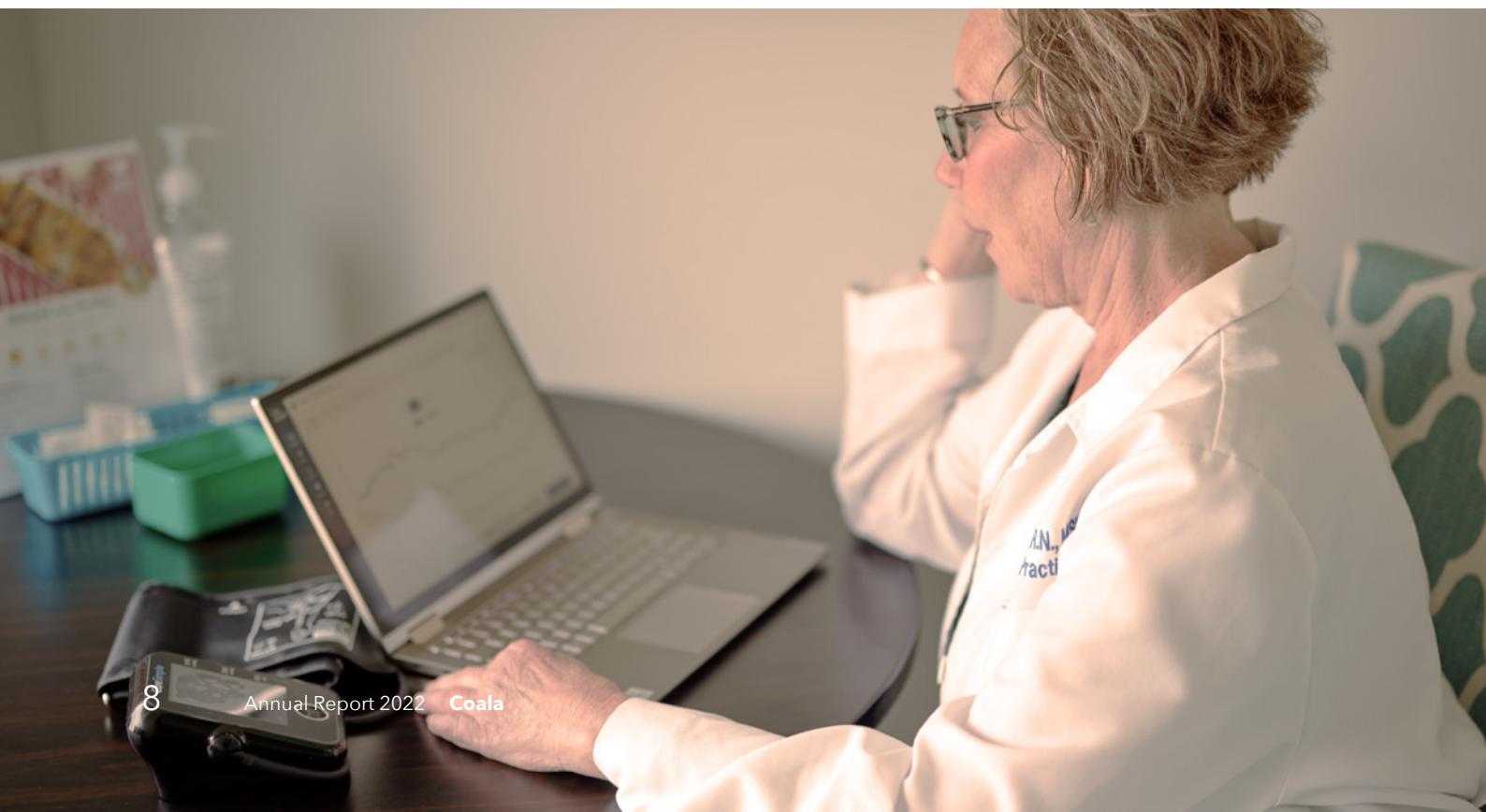
Telemedicine was first introduced as a form of healthcare provision at the end of the 1960s, driven by NASA's need to monitor astronauts remotely. Its implementation in general healthcare services has met a number of obstacles over the past fifty years. Financial, regulatory and technical challenges have led to difficulties in progressing the shift towards telemedicine.

However, broadband, smartphones, new reimbursement models, simplified regulatory frameworks and new operators have led to extensive market growth in the segment. Partly driven by Covid-19, telemedicine visits are now reimbursed by US healthcare insurers at the same amount as for in-person visits, which is accelerating the shift towards remote medicine.

US healthcare provider Kaiser Permanente provides an example of the successful implementation of telemedicine, and as early as 2015 the company reported that over 50 percent of its 110 million patient interactions took place as e-visits via smartphones, kiosks, video conferences and through other digital methods.⁸⁾ Cardiologists at Kaiser now use a range of digital tools to monitor patients with chronic heart disease. For example, patients with heart failure,

6) Weber, B E, Kapoor, W N. 1997. Evaluation and Outcomes of Patients with Palpitations. Am J Med. 1996;100(2):138-148. doi: 10.1016/s0002-9343(97)89451-x

7) Carnlöf, Carina, et al. 2021. Instant electrocardiogram feedback with a new digital technique reduces symptoms caused by palpitations and increases health related quality of life (the RedHeart study). European Journal of Cardiovascular Nursing, Volume 20, Issue 5, June 2021, Pages 402-410. <https://academic.oup.com/eurjcn/article/20/5/402/6162694>.



who run the risk of dangerous build up of fluid, can now be evaluated for rapid weight gain with connected scales that rapidly register results rather than having to make a personal visit to their doctor.

Coala Heart Monitor is well adapted to the transition to tele- and remote medicine. The product is easy to prescribe directly to the patient, and digital healthcare providers are able to follow up parameters remotely. Examples of areas of use include heart and lung rehabilitation. For example, the Home Rehab Network, based in Baltimore, US, delivers Coala Heart Monitor as part of its 3 - 6 month long virtual rehabilitation program.

QorumPartners and Remote Patient Monitoring (RPM)

RPM is a relatively new US healthcare model introduced in the US in 2019 that enables remote monitoring of patients in the home. RPM allows healthcare providers to utilize connected, patient-centered technology that facilitates interaction between clinics and patients in the home. RPM differs from telemedicine as RPM includes connected medtech products and aims to provide better care between visits, detect complications at an early stage and prevent them from deteriorating.

The US Center for Connected Health Policy (CCHP) defines RPM as follows: "RPM can help keep people healthy and allow older and disabled individuals to live at home longer and avoid having to move into skilled nursing facilities. RPM can also serve to reduce the number of hospitalizations, readmissions, and lengths of stay in hospital—all of which help improve quality of life and contain costs".

The regulatory frameworks governing RPM require the prescription of FDA-approved medtech equipment to patients, and automatic data reporting to healthcare providers via the cloud. Normally, RPM systems automatically raise the alarm when there is an indication that patient data falls outside the set parameters or guidelines. Typical products used in RPM systems include connected blood pressure monitors, ECG, scales and heart rate monitors.

In November 2018, Centers for Medicare & Medicaid Services (CMS) officially approved a regulatory framework and a number of new CPT reimbursement codes for RPM. These CPT codes now form the basis for reimbursement from all major insurers in the US, including Medicare (i.e. the publicly financed healthcare system in the US). The average RPM reimbursement to healthcare providers is approximately USD 150-200 per patient and month, depending on geography, technology and time allocated to monitoring the patient in the home. Average primary care doctors in the US can generate more than USD 400,000 in extra revenue each year by running an RPM program to complement conventional operations.

RPM has been developed over time, and there are six CPT codes that cover RPM: CPT® 99454, CPT® 99457, CPT® 99458, CPT® 99426/7, CPT® 99439, CPT® 93268. There is no time limit to how long a patient can be included in an RPM program, as this is governed by clinical need.

The following patient examples qualify for RPM and may therefore benefit from Coala Life's services and products:

- Chronically ill heart patients.
- Patients with high blood pressure and obesity.
- Patients with type I and type II diabetes.
- Patients with irregular heartbeat, palpitations or suspected atrial fibrillation.
- Patients undergoing heart and lung rehabilitation.
- Patients requiring post-operative follow-up, e.g. after heart surgery or stroke.
- Patients undergoing treatment with pharmaceuticals with a potential adverse effect on the heart.

Covid-19 has increased market demand for RPM programs in order to reduce travel and direct contact between patients and healthcare providers. In 2021, CMS expanded the potential of RPM further and extended the regulatory framework to include patients with acute conditions as well as chronic diseases.

Coala Life has developed a complete platform with software and hardware that is well suited to remote monitoring of patients and also uses another platform through a licensing agreement. The company's two systems are currently used in a number of clinics in the US and are covered by the aforementioned CPT codes. The company currently also has several customers that use Coala Care and Coala Heart Monitor in RPM programs.

8) Wicklund, Eric. 2016. Kaiser CEO: Telehealth Outpaced In-Person Visits Last Year. mHealthIntelligence, <https://mhealthintelligence.com/news/kaiser-ceo-telehealthoutpaced-in-person-visits-last-year>.



Benefits of remote monitoring

1. Improved access to healthcare

Monitoring units report health data in real time, which means that healthcare providers receive continuous updates on their patients' health status, which can improve the sense of safety of patients and healthcare providers, and create the right conditions for early detection of diseases.

2. Reduced burden on healthcare services and fewer patient journeys

Remote monitoring can also reduce the burden on healthcare services and limit the number of patient visits. Avoiding some healthcare visits minimizes exposure to other patients and diseases, as well as reducing costs and time wasted as a result of fewer patient journeys. This allows clinics to utilize their resources more efficiently.

3. Improved quality of healthcare

Remote monitoring allows practitioners to gain a more complete understanding of patient health over time, which can increase the precision of adjustments to medication, reduce visits to casualty and increase the periods between doctor's appointments.

4. Increased control over personal health

The remote monitoring solution is usually delivered in a user-friendly application for smartphones or tablets that gives patients an immediate analysis of their wellbeing, involves patients in monitoring and increases engagement. This enables patients to make small adjustments to their daily lifestyle, which can help them to recognize and manage abnormal changes and developments of their health condition.

5. Improved support and training

The use of services for remote patient monitoring provides healthcare staff with more extensive information about their patients' healthcare status, thereby allowing for more individualized support and education.

Growth in RPM services and platforms is high and sector analysts expect the market to expand to over USD 100 Bn by 2025.⁹⁾

Limitations to available products for remote monitoring of patients with cardiovascular disease

A number of medtech products focusing on the heart have been launched in recent years. One example is Apple Watch, where later versions register ECG and atrial fibrillation can be detected with the help of algorithms. Apple

9) Markets and Markets. 2022. Remote patient monitoring market by product -Global forecast to 2027. <https://www.marketsandmarkets.com/Market-Reports/remote-patient-monitoring-market-77155492.html>.

Watch has not been approved for and is not intended for use on patients with existing heart disease, and focuses on providing healthy individuals with indications of abnormalities that should be confirmed and diagnosed by professional healthcare providers.

Diagnostic ECG readings outside clinics have traditionally been carried out using Holter registration, where ECG is continuously monitored over one to two days. The Holter technology, which is based on an innovation from the 1960s, can only be used on patients for a limited period, and data analysis is mostly retrospective. This means that accuracy and the likelihood of detecting arrhythmia is low. The Holter technology is not suited for the long-term monitoring of chronically ill patients. The technology is not intended or suitable for remote monitored programs.

The limitations of the Holter technique have led to several improved innovations being developed to enable continuous ECG registration for up to 14 days. These products are known as patch ECG and work by placing an ECG electrode on the patient's chest, which is later removed in order to download data and carry out analysis. The method is now reimbursed according to CPT codes in the US, and the concept has won a significant market share in the field of arrhythmia diagnostics. However, in line with the Holter technology, this kind of ECG analysis is limited because the patch electrode can only be used for one to two weeks, the ECG analysis is retrospective and primarily suited to shorter, diagnostic assessments. Patch ECG is not suitable for the long-term monitoring of patients with chronic disease, intermittent heart problems or 90-day post-surgery monitoring, for example. This means that patch ECG is not suitable for long-term remote monitoring programs.

Intermittent ECG recordings using thumb ECG allows data to be collected over longer periods, but are often limited by patients not being able to view results in real time, and the method is more suited to 14–30 day screening and diagnosis of atrial fibrillation only. Thumb ECG can be an effective solution for remote monitoring programs provided that the patient is involved, and receives an immediate response to their results, something which most solutions currently available on the market are unable to offer.

Opportunities for Coala Life's solutions for remote monitoring of patients with cardiovascular disease

Coala Life has developed and markets a complete system that enables long-term monitoring of ECG and auscultation of heart and lungs. There is no time limit to the period of time that a patient can be included in an RPM program, as this is governed by clinical need.

Coala Heart Monitor has the following advantages:

1. Soft- and hardware platform for remote patient monitoring

- Cloudbased service for easy remote monitoring of large patient volumes.
- There are no limits to period of use or area of application.

2. Patient-centered solution

- Patients engage with user friendly solution that provides immediate results.
- The solution is reimbursed by US healthcare insurers.

3. Market-leading technology platform¹⁰⁾

- Coala is the only smartphone system with real time ECG analysis of nine of the most common arrhythmias. It also has a P-wave based automatic detection of atrial fibrillation.
- Two-lead ECG with up to three times resolution, which increases accuracy.
- Integrated high-sensitivity digital stethoscope with five different cloudbased sound filters. Phonocardiogram supports detection of heart murmurs.

Competitors

There are numerous operators that offer solutions for the remote monitoring of chronically ill patients on the US market, of which some of the most relevant are listed below. The company considers that a majority of these operators only offer services that provide tools for monitoring patients (including a platform and equipment for measuring vital parameters such as scales, blood pressure monitors, ECG etc.), and not complete solutions that include actual monitoring and invoicing of insurers such as those offered by QorumPartners.

A number of operators offer remote solutions in cardiac and ECG monitoring. The main operators are US firms, and on the US market, the transition to new wireless and digital solutions has occurred at a faster pace compared to other regions such as Europe.

Over the last five years, patch-ECG technology has won significant market share from traditional Holter ECG, for more information see "Limitations to available products for remote monitoring of patients with cardiovascular disease".

Consumer ECG has grown rapidly in recent years, in line with a trend towards consumers increasingly monitoring their health parameters through connected products. The challenges that these products present to healthcare services include that they rarely generate data of diagnostic quality, present a high number of false positive indications, and are not reimbursed by insurers. One market trend is that companies active in consumer ECG have started to approach the healthcare market with more advanced solutions.

10) Based on the company's overall market assessment and published studies. See Coala Life's summary of completed studies, <https://coalalifestaging.s3.amazonaws.com/uploads/sites/1/2021/03/005150-Summary-of-clinicalstudies-with-the-Coala-Heart-Monitor-ver.-01.pdf>.

Examples of competitors in Coala Life's adjacent market segments

ECG equipment

COALA LIFE

- KARDIA (BY ALIVECOR)
- EKO
- ZIO (BY IRhythm)

RPM platform suppliers

- CareSimple

RPM suppliers

- QORUMPARTNERS
- ACCUHEALTH
- OPTUM
- MEDSIEN
- BRILLIANT CARE

Market trends

Coala Life operates on markets characterized by extensive regulatory frameworks. Development and production processes are controlled and regulated by ISO 13485 and QSR quality management systems. These systems ensure that products are safe, fit for intended use and satisfy predefined performance measures. Any changes to processes and systems require extensive validation and verification measures, presenting a stumbling block to rapid change, which has consequently not occurred since the end of the previous financial year. Market prices, as well as costs for development, production and product inventory, have not changed significantly since the end of the previous financial year.

The market for remote monitoring, monitoring in the home, and preventative healthcare continues to progress rapidly, particularly in the US. This is driven by new remuneration systems and the availability of systems and medtech for efficient collection and processing of medical data. Accelerating demand is the basis of Coala Life's focus on the US market, its marketing initiatives and investments in the sales force, as well as digital technology and structure. In order to adapt strategy and marketing, Coala Life continuously develops the form and content of its marketing rationale and service offering.



Coala Life's offering

Product and service portfolio

Coala Life offers a product and service platform comprising medtech products and a service for the long-term monitoring of chronically ill patients. Since 2022, Coala Life's service offering has been supplied and marketed under the brand QorumPartners, which includes the company Vitrics acquired in August 2022 in order to further accelerate growth and increase Coala Life's knowledge base. The service offered through QorumPartners involves the long-term remote monitoring of chronically ill patients via agreements with healthcare providers. Prescribing physicians working for the healthcare providers QorumPartners collaborates with prescribe the monitoring of patients through QorumPartners according to need. The services marketed under the brand QorumPartners include 24-hour monitoring of patient parameters such as ECG via Coala Heart Monitor, as well s blood pressure, glucose levels, oxygenation, weight and lung capacity.

Coala Life's product offering includes medtech products for use by patients in their daily life, through real time connectivity to healthcare providers. The products have been developed by Coala Life and marketed as a package under the name of Coala Heart Monitor since 2017. Coala Heart monitor enables the automatic detection of common arrhythmias with high resolution and accuracy. Advanced algorithms, sound filters and phonocardiograms support healthcare services in the remote monitoring of patients, detecting abnormal heart and lung sounds, and identifying heart murmurs. The products automatically identify atrial fibrillation and indicate some of the most common heart arrhythmias using diagnostics and with clinical precision.

Coala Heart Monitor is used by healthcare services, patients and individuals in different ways depending on the intended purpose. Healthcare providers prescribe Coala Heart Monitor through the Coala Care Portal and monitor patients digitally, reviewing and diagnosing symptomatic and intermittent arrhythmias. The Coala Care Portal also allows care providers to listen to recorded heart and lung sounds remotely, monitor patient weight and blood pressure, and communicate with patients and produce documents that support diagnostics and reimbursement procedures.

The company considers that Coala Heart Monitor is currently the only integrated smartphone-based system for the automatic detection of the most common arrhythmias and atrial fibrillation based on analysis of P-wave and R-R variability in the ECG measurement. Established clinical guidelines define atrial fibrillation as diagnosed with ECG plus demonstrated variability in R-R and the absence of P-waves. Detecting P-waves with high sensitivity and specificity requires high resolution and signal quality. Unlike conventional mobile ECG systems which only offer detection via irregular pulse or R-R variability, Coala Heart Monitor analyzes both R-R variability and the absence of P-waves, which significantly increases accuracy.

QorumPartners

The services marketed under the brand QorumPartners include 24-hour monitoring of several vital parameters such as blood pressure, glucose levels, weight etc. These vital parameters are monitored around the clock by Qorum's personnel - including ECG from Coala Heart Monitor.

Through collaboration agreements, QorumPartners becomes an integrated part of healthcare providers' patient flows by offloading clinics. The company also offers an invoicing service on behalf of healthcare providers for the remote monitoring carried out. This delivers a complete solution as well as a product, and ensures a more solid and long-term relationship with customers. This means that QorumPartners can advance its position in the value chain and generate more income than by just delivering a Coala Monitor per patient and month.

Coala Heart Monitor

Data is collected using the hand-held Coala monitor which the patient carries around in their daily life. The standard configuration is to carry out chest ECG registration for 30 seconds, followed by thumb ECG registration for 30 seconds. This means that the total registration has a duration of around 60 seconds.

ECG recording takes place through integrated stainless steel electrodes that capture high-resolution ECG with a

24-bit DC connected directly to a digitalizing converter and 1,000 Hz sampling frequency. Signal performance of diagnostic quality is in accordance with IEC 60601-2-25.

Heart sounds are also synchronously registered during the chest reading, using a digital, patented piezoelectric stethoscope. Sound recordings are made with 24-bit resolution and 4,000 Hz sampling frequency and sound sensor with a frequency range of 20 - 1 500 Hz. The stethoscope can also be used to register lung sounds.

Coala Heart Monitor's digital stethoscope is built on a patented high-sensitivity piezoelectric membrane. The stethoscope has been developed with Littman 3200 as a reference and is comparable in terms of performance. The stethoscope is based on a robust and durable design which makes it particularly well suited to registering low frequency heart sounds remotely and in the patient's home. In the standard configuration of Coala Heart Monitor, a synchronous and simultaneous recording of heart sounds and ECG takes place which are presented together once the reading has been completed. The simultaneous registration of heart sounds and ECG by Coala Heart Monitor enhances unexpected or uncertain findings in the ECG curve.

The system architecture behind Coala Heart Monitor is based on a SaaS solution¹¹⁾ with standardized interfaces, ensuring favorable conditions for collaborating and developing functionality alongside other suppliers. The company strives to be the market leader in terms of technological

11) SaaS (Software as a Service) is defined as a type of cloud service that provides software and services via the Internet.

development. Furthermore, Coala Heart Monitor has an internal rechargeable lithium polymer battery which guarantees at least 40 registrations per charge, and the product is delivered with a charging station that can be connected to a power socket. This means that no external batteries or other single-use products are needed. The product does not require servicing or calibration. No data or information is stored in the product.

Coala App

The Coala App can be downloaded free of charge onto the patient's phone and is available both for Apple iOS-based smartphones (Coala App iOS) and Android-based smartphones (Coala App Android).

The Coala Heart Monitor connects to the Coala App via Bluetooth. The patient can start registration and is given instructions for carrying out measurements in the Coala App. Symptoms or wellbeing can be registered during the measurement, which are also presented to healthcare providers alongside the results. Once the reading has been completed, the patient can immediately access their automatically analyzed results. The Coala App stores results under "My journal". "My journal" can also be accessed using two factor authentication via Mobile BankID.

A simplified overview of the ECG signal then appears in the Coala App where the recording can be played back. A PDF file containing ECG from the recording is generated and can be displayed and saved on the patient's smartphone. The app includes "My", where healthcare providers can send messages and notes via Coala Care Portal. Patients are unable to reply to messages.

Coala App is the main user interface, accessed through the patient's own compatible smartphone. The Coala App has interfaces with Coala Heart Monitor and Coala Care Portal. Communication with Coala Heart Monitor takes place via Bluetooth, which enables the Coala App to receive data from physical signals (ECG and sound). Communication with Coala Care Portal takes place over the smartphone data network (e.g. WiFi or 3G/4G/5G network). This allows recordings to be stored and cardiac arrhythmia to be detected via a software package for ECG analysis in Coala Cloud.

Coala Cloud and Care Portal

Coala Care Portal is an online portal that does not require special software. The portal is used to administrate patients, analyze and review ECG results, and generate reports. The portal provides the user with a quick overview of the latest ECG registrations. ECG registration can be annotated and analyzed with tools such as Caliper. This allows users to carry out a detailed analysis. In addition to ECG-specific functions users are given the opportunity to flag and filter readings and create notes. This simplifies workflows and communication between colleagues and different professional groups. The portal also supports login with mobile BankID and SITHS-cards.¹²⁾ The system offers a number of different access modules, allowing access to data and functionality to be individualized on the basis of user needs.

Coala Cloud consist of a validated software package on a platform from Microsoft Azure® for the analysis and identification of arrhythmia for readings with Coala Heart Monitor. ECG readings made with Coala Heart Monitor are transferred to Coala Cloud for analysis through smartphone functionality in the Coala App. The results are transferred back to the Coala App using the same datacomms functionality and presented in the Coala App.

The implementation in Coala Heart Monitor follows American Heart Association guidance and is an FDA-cleared product (DXH, DPS, DQD, DQC product codes for both ECG and electronic stethoscope and Phonocardiograph) that complies with the requirements under HIPAA (the US federal Health Insurance Portability and Accountability Act from 1996). Product efficacy has been validated in the RedHeart study (see more below under "Almost everyone experiences palpitations at some point").

At present, Coala Heart Monitor supports the following languages: Swedish, English, German, Dutch, Italian and French according to the product's CE certification. It also supports Japanese for use in clinical trials in Japan.

Commercialization strategy

The company's primary focus is currently sales to healthcare providers in the US who prescribe products and services to patients for use in their daily life, minimizing the need to make physical medical appointments. OTC products are only marketed directly to consumers on the Swedish market, mainly with the aim of continuously developing the offering to healthcare services by generating data to further improve algorithms, efficacy and functionality.

Sales to healthcare services

In Sweden, product sales are mainly made using in-house sales staff. Coala Heart Monitor Pro is currently used by a several Swedish regional authorities in both primary and specialist care. The main characteristics of the product are its accuracy in terms of diagnostics support alongside the high quality of ECG curves and the associated sound recordings.¹³⁾ This means that Coala Heart Monitor is appreciated for its clinical value as a resource and cost-efficient diagnostics tool in connection with primary care assessments, although the product can also be used in specialist care if the registered data requires manual review.

In the US, sales are made through a proprietary sales force and various local partners. QorumPartners' business model is based on a subscription structure where healthcare providers are invoiced for the services delivered by QorumPartners on a monthly basis. There are no fixed fees or separate costs associated with the service, which is invoiced based on actual reimbursement to healthcare providers within the healthcare insurance system. Of the reimbursement amount paid out by the healthcare insurance system, approximately 70 percent is received by QorumPartners and some 30 percent goes to the healthcare provider.

The business model for Coala Heart Monitor is based on a pay-per-use model with a term of up to 36 months, where

12) SITHS is an electronic identity document used for login, signing, secure access to - and communication between - national healthcare systems and services.

13) Olsson A, Samuelsson M. 2019. Evaluation of an enhanced, cloud-based AF detection algorithm based on real-world arrhythmic recordings. European Heart Journal, Volume 40, Issue Supplement_1, October 2019, ehz748.0221

healthcare providers are invoiced when patients use the Coala Heart Monitor. Accordingly, there is no fixed fee or cost for the respective product or unit.

In other countries, sales are made through distributors at local prices and applying local business models.

Sales to consumers

On the Swedish market, Coala Heart Monitor is marketed directly to consumers in a dedicated webstore and in selected pharmacies. Private individuals can order and sign up to subscribe to the product directly on Coala Life's website.

Clinical studies, research and development

Coala Heart Monitor enables clinical studies of the heart. The product simplifies studies as participants can carry out examinations themselves at home, facilitating the collection of large data volumes of ECG and heart sounds across geographically distributed groups. Product performance is clinically evaluated and based on research findings

presented at multiple national and international research conferences. The company's view is that Coala Heart Monitor is the first and only integrated smartphone-based system that detects atrial fibrillation through the analysis of both P-Wave and R-R variability in the ECG registration according to clinical guidelines, for more information see "Product portfolio". The system also automatically detects a range of other arrhythmias, while the dual registration from chest and thumb ECG ensures a high level of accuracy. The Coala Life team also continuously develops the system so that more physiological and pathophysiological cardiovascular processes can be registered and evaluated.

The company mainly conducts product development using internal resources based at its head office in Uppsala. Product development focuses on algorithms, cloud services, software platform and user interfaces. Resources are continuously invested in the expansion of intended use to include broader areas of application. Future initiatives include intensified development in the field of artificial intelligence (AI) and prediction of heart and lung disease.



Coala Life's Share

Coala Life's share was listed on Nasdaq First North Growth Market on November 9, 2021. All the shares confer the right to an equal number of votes and rights to participate in the company's profit and capital.

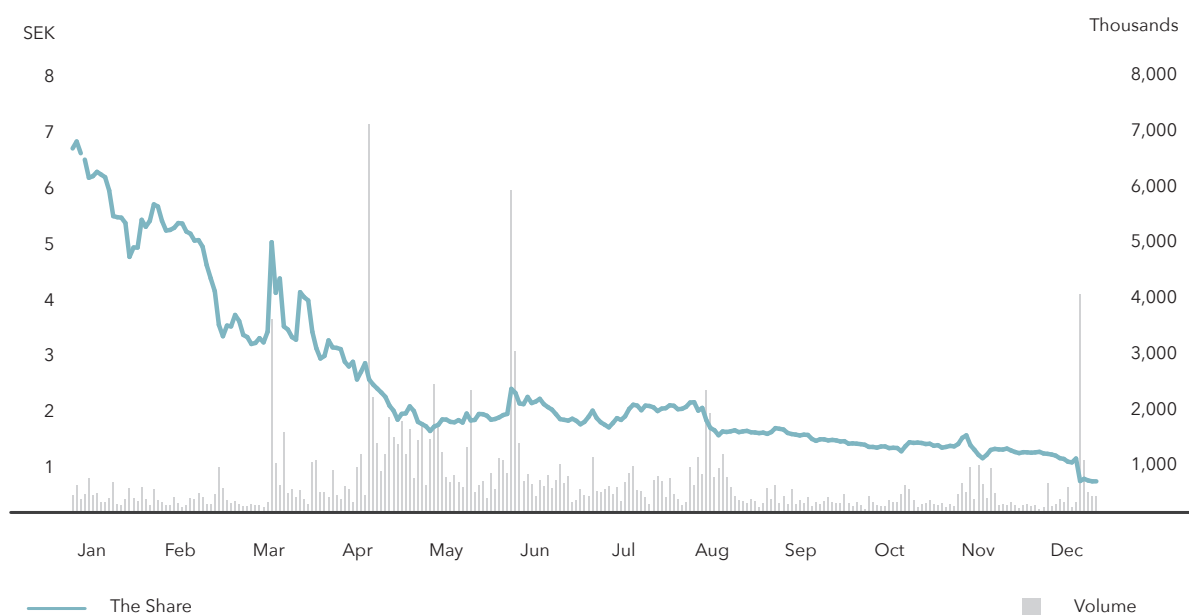
Coala Life's Share, Jan 1, 2022 - Dec 31, 2022

Ticker	COALA
ISIN code	SE0017083983
Highest price paid	SEK 6.66
Lowest price paid	SEK 0.57
Closing share price	SEK 0.57
Share price change in the period	-91%
Outstanding shares as of Dec. 31, 2022	79,481,634
Market capitalization as of Dec. 31, 2022	SEK 45 M
No. of shareholders Dec. 31, 2022	14,461

Shareholders Dec. 31, 2022

	Holding	%
20 North Street CO AB	10,853,629	13.7%
SEB Life International	8,729,613	11.0%
Konsumentföreningen Stockholm	4,765,874	6.0%
Åke Sundvall Holding AB	3,555,583	4.5%
eQ Nordic Small Cap	3,500,000	4.4%
Sörlander Klas Anders Magnus	2,930,604	3.7%
JRS Asset Management AB	1,656,577	2.1%
SHB Luxembourg cl acct Sweden	1,589,968	2.0%
Regovita AB	1,555,967	2.0%
SEB Life International Assurance	900,000	1.1%
Ten largest shareholders	40,037,815	50.4%
Other	39,443,819	49.6%
Total	79,481,634	100.0%

Shares





Share capital

Year, transaction	Increase in no. of shares	Accumulated no. of shares	Increase in share capital	Accumulated share capital	Quotient value /share, SEK
1997, Opening balance		90,000		9,000,000	100
1998, New issue	11,250	101,250	1,125,000	10,125,000	100
2000, New issue	106,125	207,375	10,612,500	20,737,500	100
2001, Split 25:1	4,977,000	5,184,375		20,737,500	4
2001, New issue	150,000	5,334,375	600,000	21,337,500	4
2001, New issue	253,740	5,588,115	1,014,960	22,352,460	4
2001, New issue	2	5,588,117	8	22,352,468	4
2001, New issue	1,916,320	7,504,437	7,665,280	30,017,748	4
2005, New issue	800,000	8,304,437	3,200,000	33,217,748	4
2005, Split 2:1	8,304,437	16,608,874		33,217,748	2
2006, Split 2:1	16,608,874	33,217,748		33,217,748	1
2006, New issue	20,871,016	54,088,764	20,871,016	54,088,764	1
2006, New issue	1,083,562	55,172,326	1,083,562	55,172,326	1
2006, New issue	755,286	55,927,612	755,286	55,927,612	1
2006, New issue	151,220	56,078,832	151,220	56,078,832	1
2006, Conversion of debt instrument	1,000,000	57,078,832	1,000,000	57,078,832	1
2008, New issue	57,078,832	114,157,664	57,078,832	114,157,664	1
2009, New issue	34,959,350	149,117,014	34,959,350	149,117,014	1
2009, New issue	16,308,237	165,425,251	16,308,237	165,425,251	1
2013, New issue	6,617,009,949	6,782,435,200	38,047,805	203,473,056	0.03
2013, Merger 200:1	-6,748,523,024	33,912,176		203,473,056	6
2019, Share capital reduction		33,912,176	-193,299,403	10,173,653	0.3
2019, New issue	67,824,352	101,736,528	20,347,306	30,520,959	0.3
2020, Share capital reduction		101,736,528	-26,451,498	4,069,461	0.04
2021, Share capital reduction		101,736,528	-3,560,779	508,682	0.005
2021, Merger 50:1	-99,701,797	2,034,731		508,682	0.25
2021, Non-cash issue	28,260,146	30,294,877	7,065,028	7,573,710	0.25
2021, Debt conversion	697,894	30,992,771	174,474	7,748,183	0.25
2021, Bond conversion	4,332,400	35,325,171	1,083,100	8,831,283	0.25
2022, New issue	44,156,463	79,481,634	11,039,117	19,870,409	0.25

Executive management

Executive Management



1. Dan Pitulia

Position: President & CEO.

Born: 1956

Education and experience: M.Sc. (Econ.), Stockholm School of Economics. Serial entrepreneur in life science.

Holding: 900,000 shares, indirect ownership 17,318,936 shares. Warrants holding: 1,397,479.

Other assignments: Chairman of Neoventa Holding Aktieföretag. Board member of Pitulia&Co Ltd.



2. Magnus Samuelsson

Position: CTO, Medical Director & Co-founder.

Born: 1978

Education and experience: M.Sc. Electrical Engineering at KTH in Stockholm. Magnus Samuelsson has previous experience from several Due Diligence processes, including the acquisition of Radi Medical Systems AB and LightLab Imaging Inc. He also has experience in knowledge transfer.

Holding: 9,642 shares directly and through closely related parties/companies. Warrants holding: 317,927.

Other assignments: Owner and Board member of Canel Consulting AB.



3. Richard Roa

Position: Chief Financial Officer (CFO).

Born: 1985

Education and experience: MBA from Stockholm University. Richard Roa has previously held leading positions in Finance at Cherry AB (publ) and RNB Retail and Brands AB.

Holding: 83,333 shares Warrants holding: 317,927.

Other assignments: Owner and Board member of ROA Finance AB and Apelsin AB.



4. Amy Davalle

Position: President Coala Life, Inc.

Born: 1951

Education and experience: MBA, Northwestern University - Kellogg. Sales background in medtech, including Guidant and Boston Scientific.

Holding: 168,705 shares Warrants holding: 794,816.

Other assignments: N/A



5. Johan Eckerdal

Position: VP R&D

Born: 1972.

Education and experience: M.Sc. in Engineering Biology from Linköping University. Johan Eckerdal previously held the position of CTO at Zenicor Medical Systems and has experience of senior management.

Holding: 12,000 shares
Warrants holding: 317,927.

Other assignments: N/A



6. Tomas Tiseus

Position: International Sales and Marketing Director.

Born: 1976.

Education and experience: B.Sc. (Nursing), Uppsala University, and further specialist training at Mälardalen University. Previous experience as CEO and other senior positions in international management.

Holding: 377,869 shares
Warrants holding: 87,342.

Other assignments: N/A



7. Jasmin Gasi

Position: Director of Regulatory & Quality affairs.

Born: 1977.

Education and experience: B.A.Sc. Solid State Electronics from Uppsala University.

Holding: 100,000 shares
Warrants holding: 79,482.

Other assignments: N/A

Board of Directors

Per Carendi

Position: Chairman of the Board

Born: 1948

Education and experience: M.Sc. (Econ.), Gothenburg School of Economics. Diploma from IFL (Swedish Institute of Management) and IFL Financing Background in insurance, real estate, venture capital and investment companies. Directorships in over 60 companies and experience as Chairman of several listed companies.

Other assignments: Chairman of Montico AB and tenant-owner association Sjöhem in Mölle. Board member of Paradinero Aktiebolag and Paradinero Uno AB Deputy Board member of Renz Sweden AB and Paradinero Dos AB.

Previous assignments in the last five years: Previously Board member of Combiplate Sweden AB and Chairman of Renz Sweden AB.

Share holding, direct and through closely related parties/companies: 2,058,822.

Warrants holding: 655,068.

Dependent in relation to the company, management and major shareholders: No

Ebba Fåhraeus

Position: Board member

Born: 1963

Education and experience: M.Sc. (Econ.), Stockholm School of Economics and certified Board member of Styrelseakademin. Fåhraeus has over 20 years' experience of Board assignments and management in listed companies.

Other assignments: CEO at SmiLe Incubator AB. Chairman of AcuCort AB and SmiLe Inject Capital AB. Board member of Wifstrand Rapidus AB, Prevas Aktiebolag, 3HF Response AB, Michi Capital AB and Lysaeus AB. Deputy Board member of Fåhraeus Institute AB, Fårö Capital AB, ApoEco Sverige AB, Wranne Fåhraeus Design AB and Theope Seed Capital AB.

Previous assignments in the last five years: Board member of Carasent AB, SISP Service & Development AB, SensoDetect Aktiebolag, ArcAroma AB, Polygiene AB and CONNECT Sverige Non-profit association with the company CONNECT Sverige.

Share holding, direct and through closely related parties/companies: 147,058 shares, indirect ownership totaled 44,694 shares through Michi Capital AB, part-owner of 20 North Street CO AB.

Warrants holding: 349,369.

Dependent in relation to the company, management and major shareholders: No

Peter Troija

Position: Board member

Born: 1969

Education and experience: Executive MBA, Stockholm School of Economics; M.Sc. (Econ.), Gothenburg School of Economics; B.Sc. (transport management), Gothenburg University. Peter Troija has held several Board assignments in companies in the UK, Netherlands, South Africa and Germany during 2008-2012.

Other assignments: Sr. Director at Thermo Fisher Scientific and Board member of the Swedish-American Chambers of Commerce, San Diego.

Previous assignments in the last five years: Deputy CEO at Quidel Corporation, General Manager at Abbott Laboratories and Deputy CEO and General Manager at Danaher Corporation and HemoCue America with Beckman Coulter.

Share holding, direct and through closely related parties/companies: 196,078 shares

Warrants holding: 349,369.

Dependent in relation to the company, management and major shareholders: No

Christian Joergensen

Position: Board member

Born: 1959

Education and experience: MBA INSEAD and M.Sc. (Econ.), University of Copenhagen. Christian has extensive experience of the medical device sector, with leading roles in Hill-Rom, Baxter and Coloplast, and as CEO of mobile operator 3 in Denmark. In addition, he has previous experience from multiple Board assignments.

Other assignments: Chairman of the Board of Stibo Complete Group and Genan Holding. Board member in IPU P/S and IPU Foundation.

Previous assignments in the last five years: CEO of Biotec Pharmacon and President Europe of Hill-Rom. Board member at Amonea GmbH and Chairman of the Board at Tytex A/S.

Share holding, direct and through closely related parties/companies: 0.

Warrants holding: 349,369.

Dependent in relation to the company, management and major shareholders: No

Per Lindeberg (appointed in Jan 2023)

Position: Board member

Born: 1972

Education and experience: B. Sc. Engineering at KTH Royal Institute of Technology. Per Lindeberg has previous experience of management work with listed companies such as JonDeTech Sensors AB.

Other assignments: Vice President of Mobility Safety Solutions at Autoliv AB, board member of Memberson Pte Ltd, and founder of Maximizeconsulting Pte Ltd.

Previous assignments in the last five years: CEO of JonDeTech Sensors AB and Aura Light Group AB.

Share holding, direct and through closely related parties/companies: 96,701.

Warrants holding: 0.

Dependent in relation to the company, management and major shareholders: No



Directors' Report

The Board of Directors and Chief Executive Officer of Coala-Life Group AB (publ) Corp. ID no. 556495-4682 hereby submit the Annual Report and Consolidated Financial Statement for the Parent Company and Group for the financial year January 1, 2022 - December 31, 2022.

Information about the operations

Coala Life in brief

Since the beginning of 2022, Coala Life operates in the US in the area of remote monitoring of chronically ill patients under the brand QorumPartners, which is currently Coala Life's largest business area. The business area includes acquired company Vitrics Management Group Inc ("Vitrics"). Remote monitoring is offered as SaaS (Subscription as a Service), partly provided through Coala Heart Monitor and partly using third-party equipment, including parameters such as ECG, blood pressure, glucose levels, oxygenation, weight and lung capacity. Coala Life is originally a Swedish medtech company active in smartphone and cloudbased heart and lung diagnostics. The company developed and launched Coala Heart Monitor, a FDA- and CE-approved product platform for long-term remote monitoring, analysis and algorithm-based diagnosis of heart and lung conditions.

Operations

The services marketed under the brand QorumPartners include 24-hour monitoring of several vital parameters such as blood pressure, glucose levels, weight etc. These vital parameters are monitored around the clock by Qorum's personnel - including ECG from Coala Heart Monitor. Through collaboration agreements, QorumPartners becomes an integrated part of healthcare providers' patient flows by offloading clinics. The company also offers an invoicing service on behalf of healthcare providers for the remote monitoring carried out. This creates a complete solution as well as delivering a product, and establishes a more solid and long-term relationship with customers.

Coala Heart Monitor is mainly marketed to care providers that prescribe products and services to patients for use in everyday life, without necessitating visiting a clinic. Products are also marketed directly to consumers on the Swedish market, mainly with the aim of continuously improving the offering to healthcare services by generating data to further improve algorithms, efficacy and functionality.

Some SEK 500 M has been invested in Coala Life since the company was founded. The head office is in Uppsala, Sweden, and the subsidiary Coala Life Inc., with its

registered office in Houston, Texas, USA has been responsible for the US market since 2019. Development is mainly carried out by a dedicated department within the Company. Manufacture takes place through partners in Finland and Estonia.

Significant events in 2022

In April, the company completed a preferential rights issue raising SEK 150.188 M before transaction-related expenses of SEK 23.41 M. The net proceeds of the issue were used in part for the acquisition of Vitrics Management which was concluded in mid-August.

On November 15, the company signed a loan agreement with a consortium of shareholders totaling SEK 25 M.

On December 15, the company announced its decision to expand Managed RPM services in the US. The expanded service offering provides more extensive analysis and reporting to healthcare providers. Fully implemented, the expanded service will increase income per patient by some 50%.

On December 23, the company communicated its intention to complete a preferential rights issue of units, 75% guaranteed, consisting of shares and warrants and totaling some SEK 101 M.

Revenue and earnings

Consolidated net sales for the financial year 2022 amounted to SEK 16.765 M (4.058). Sales were primarily attributable to B2B. Other revenue primarily derived from letting of premises to former subsidiaries.

Operating income for the Group totaled SEK -139.103 M (-160.121) In 2021, the company recognized an acquisition cost of SEK -102.271 M in connection with the reverse acquisition of Coala-Life AB. The acquisition cost of SEK -102.271 M did not affect cash flow.

Net financial items for the period totaled SEK 0.538 M (9.462) The Group's current tax liability is SEK -3.6 M

due to an increase in tax payable by subsidiary Portwear AB for the 2021 tax year. Profit for the year totaled SEK -141.924 M (-150.811). Earnings per share (weighted) before and after dilution was SEK -2.1 (-25.4) for the full year.

Financial position

The Group's cash and cash equivalents totaled SEK 19.595 M (30.497) as of December 31, 2022.

The Group's interest-bearing liabilities were SEK 31.184 M (3.825) as of December 31, 2022. As of December 31, 2022, Coala Life had outstanding short-term borrowing of SEK 25 M drawn down under a credit facility.

The Group's equity/asset ratio was SEK 37 percent (65) as of December 31, 2022. Group equity amounted to SEK 39.328 M (52.334). Equity per share attributable to Parent Company shareholders was SEK 0.49 as of December 31, 2022.

The share price was SEK 0.57 (13.7) as of the record date.

Cash flow

Cash flow from operating activities for the period January - December 2022 amounted to SEK -127.793 M (-60.713). Cash flow from financing activities totaled SEK 141.765 M (35.983), mainly comprising proceeds from a new issue in the year totaling SEK 115.738 M and the drawdown of SEK 25 M under a loan facility. Total cash flow for the period was SEK -11.514 M (18.538).

Investments

In the period January-December 2022, investments totaled SEK -25.486 M (43.268), mainly attributable to the acquisition of subsidiary Vitrics Management. Investments in the previous year were also mainly attributable to acquisitions of subsidiaries. Depreciation/amortization totaled SEK -5.486 M (-4.945).

Financing

In the second quarter of 2022, Coala-Life Group AB raised SEK 150.188 M in a completed preferential rights issue. The net proceeds from the preferential rights issue were used to finance accelerated market penetration in the US, carry out research and development, and in the company's ongoing operations. In the fourth quarter 2022, Coala-Life Group AB announced its intention to complete a preferential rights issue of units, completed in the first quarter 2023, and which raised SEK 44.678 M for the company after issue expenses and loan offset. Remaining and as yet unutilized warrants issued under the preferential rights issue confer holders with the right to subscribe for new shares in the company

during September 2023, which could potentially raise a further SEK 13.7-38.5 M for the company before issue expenses, which are estimated at a maximum of some SEK 2.2 M. In order to further secure the company's financial sustainability during a period of strong growth, the company is examining the possibility of factoring or other means of financing trade receivables in the US, which would ensure faster payment of all trade receivables in the US.

Parent Company

The Parent Company currently does not conduct operations. In the period January 2022 - December 2022 income amounted to SEK 2.073 M (24.365) and comprehensive income was SEK -111.750 M (-176.510), comparative figures relate to the most recent financial year which spanned a period of 16 months. Profit for the previous year was attributable to impairment of assets and profit on divestment of shares in subsidiaries. Net income for the year was mainly attributable to impairment of the value of shares in the subsidiary Coala Life AB by SEK -100 M. Parent Company equity totaled SEK 442.526 M (425.376).

Employees

The Group had an average of 42 (25) employees for the full year and 52 (33) employees as of December 31, 2022. The Parent Company had an average of 1 (4) employees for the full year and 0 (3) employees as of December 31, 2022.

Assessment of going concern

The Board and CEO continuously monitor Group liquidity and financial resources in the short and long term. The company continuously works to generate the ongoing necessary working capital until Coala Life's cash flow becomes positive. Against the background of the ongoing work relating to working capital and recent developments in the company, the Board and Chief Executive assess that the outlook is favorable for continuing to develop operations and successfully meet the targets set. In the event that the operations do not progress as expected or financing becomes unavailable, this would imply a material uncertainty factor that could generate significant doubts about the company's ability to continue operations according to the current plan.

Risks

Several factors affect, or could affect, Coala Life's operations, both directly and indirectly. The following description, while not exhaustive, outlines some of the risk factors and circumstances that can be considered of material significance to the company's operations and future progress. The risks described are not the only risks that the company and shareholders may be exposed to. There may be other risks that are not judged to be material but that could also negatively affect the company's operations, financial position or operating profit. Such risks could also lead to a decrease in the company's share price and investors could risk losing part or all of their investment. In addition to this section, investors should also review other information included in the Annual Report.

SECTOR AND OPERATIONAL RISKS

Competition

The medtech industry and Remote Patient Monitoring in general is a highly competitive segment characterized by rapid technological progress and substantial investments, while market operators include several potential global competitors. Some of the company's competitors are multinationals with significantly more extensive financial resources than Coala Life, and who are thereby potentially better equipped to invest in areas such as product and service development. Such competitors may also be better equipped to compete on price in order to strengthen, retain or defend their market position.

Coala Life faces challenges from competitors such as major technology and pharmaceuticals companies, new start-ups with innovative and rapidly expanding business concepts and other companies active in healthcare services, where certain competitors have access to substantial financial resources. Some competitors have also developed products that are similar to the Company's, and there is a risk that other competitors develop similar products or alternative technologies or methods that prove to be more successful, which could have a negative impact on the Company's operations.

MACROECONOMIC, SURROUNDING WORLD FACTORS, GEOPOLITICS

Coala Life's operations are affected by the general economic cycle. The Covid-19 pandemic is a factor that may continue to affect the Company's sales, as well as recruitment and components supply. The war in Ukraine affects the company's surrounding world and the general global situation. Factors such as inflation, consumption, political decisions, corporate investments and volatility affect the financial and business climate. A less favorable economic

cycle and changes to external factors could affect the conditions applying to new investments and maintenance amongst the company's customers and suppliers.

Progress

Coala Life was founded in 2004, and is continuously developing. The company obtained CE clearance in 2016 and FDA (K182040) clearance in 2019. In 2022, the company started to offer expanded services in remote monitoring through the brand QorumPartners. Accordingly, Coala Life has a relatively short business history which makes it difficult to evaluate the company's potential and prospects due to the absence of historical information. Overall, this could increase the risk of incorrect decisions regarding, but not limited to, strategic choices relating to the company's geographical expansion that could affect the company's profit, which would not be the case if the company had a longer business history.

Exchange rate risk

Coala Life's sales are largely denominated in USD related to the US B2B operations, while the Company also has sales denominated in SEK. All manufacture of Coala Heart Monitor currently takes place in Estonia while purchasing from subcontractors largely takes place in China. Procurement of software (platform) and hardware for the service offering under the brand QorumPartners takes place through a supplier in Canada who, in turn, relies on hardware subcontractors based in China. Accordingly, the Group is exposed to exchange rate risk through business transactions and the comparability of the company's results, mainly relating to costs of raw materials and effect on gross margin, between different periods, which can also be affected by exchange rate fluctuations. The company does not currently use currency hedging, which means that unfavorable exchange rate fluctuations could have a negative effect on the company's costs, income and profit. For example, a 10 percent decrease in the USD/SEK exchange rate would have reduced income by some SEK 1.480 M in the period January 1, 2022 - December 31, 2022.

GDPR and personal data management

Within its operations, Coala Life processes personal data used in its operations in accordance with EU-directive 2016/679 ("GDPR") and is required to continuously ensure that regulatory demands are met. Incorrect or unsatisfactory personal data management, failure by the company to fulfill its obligations to the individuals whose personal data it manages and other breaches of GDPR, particularly with regard to sensitive data such as information relating to health, could lead to sanctions being imposed in the form of fines, which would have a negative impact on the company's profit.

In addition to GDPR, it is important that personal data is managed according to applicable national data protection legislation and the corresponding local legislation in other jurisdictions.

Within the framework of its US operations, Coala Life is also bound by regulatory frameworks such as the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), which stipulate protective measures aimed at protecting the individual's integrity and information regarding their health. Incorrect or unsatisfactory management of information relating to health and failure by the company to fulfill its obligations to those whose health-related data it processes could lead to sanctions being imposed in the form of fines, which would have a negative impact on the company's profit.

Dependence on key executives

Coala Life currently has a relatively modest organization where certain key employees have extensive competencies related to technology and markets. This means that operations are dependent on individual key executives and on the ability to identify, recruit or hire and retain qualified and experienced members of staff in the future. The loss of qualified management staff or key executives could lead to the loss of important competencies, that set goals are not achieved, or a negative effect on the implementation of the business strategy.

Dependence on suppliers and sub-contractors

Coala Life provides services for monitoring patients remotely for parameters such as ECG, blood pressure, glucose levels, oxygenation, weight and lung capacity. To deliver these monitoring services, the company requires equipment, including monitors and software, which are supplied by third-party subcontractors. Disruption in such subcontractors' production or supply chains could compromise the company's ability to deliver its monitoring services. Coala Life's hard- and software products offered to end customers through QorumPartners are currently provided by a supplier in Canada, while most of the company's subcontractors are based in China. Coala Life Heart Monitor, which is offered to end customers under the brand Coala Life, is produced by a supplier in Estonia, while most subcontractors are located in China. Delays would risk damaging the company's business and customer relations, which could lead to customer losses and the associated decrease in net sales.

Higher supplier prices could have a negative impact on the company's profit as, given the intense competition in the sector, it would not necessarily be possible to pass on such cost increases to customers through commensurate price increases on the company's products.

LEGAL RISKS

Tax

Coala Life conducts its operations in several different countries. The company's business operations, including intra-Group transactions, are carried out and executed according to the company's understanding and interpretation of applicable tax law, tax agreements and other tax regulations, and demands made by the relevant tax authorities. There is a risk that the company's understanding or interpretation of these laws and regulations is not correct in all respects.

Tax authorities in the relevant countries could make assessments and decisions that differ from the company's understanding or interpretation of the relevant tax legislation and regulations. This is particularly applicable to intra-Group transactions involving several countries, where the tax authorities in one country could adopt a position that differs from the position of the company or tax authorities in other countries regarding interpretations of laws, agreements or other regulations. Furthermore, the company has accumulated tax loss carry-forwards from previous years. The accumulated tax loss carry-forwards can be used to reduce taxable gains and thus reduce the effective tax rate, but are subject to certain restrictions that could mean that such losses, wholly or partly, cannot be utilized.

Regulatory compliance, product and service liability and registration and permits

Coala Life's Coala Heart Monitor has patented technology that is CE-marked and FDA-cleared, and follows the Medical Devices Directive 93/42/EEC, "MDD". In May 2020, MDD was replaced by the EU Medical Device Regulation 2017/745, "MDR", which means that all companies are required to transfer to the new regulatory framework before January 2029. Coala Life has already started the transfer process to MDR, but there is a risk that Coala Life is unable to complete all the required changes in time. Coala Life's products also have FDA 510-k clearance from February 2019, which enables sales in the US. There is a risk that the company is unable to retain existing approvals or meet demands in connection with transitions to new regulatory frameworks, which could affect the company's potential to market and sell its products on certain markets, and thereby negatively affect sales.

Coala Life conducts development and sales of medtech products and is therefore exposed to risks associated with product liability. The company also provides services relating to monitoring individuals with chronic diseases and is therefore exposed to risks associated with legal claims resulting from failures in the delivery of these services. Unsatisfactory quality or technical faults relating to the

company's products, shortcomings in the company's oral or written instructions relating to the use of the products, or shortcomings in the company's execution of monitoring services for patients could lead to incorrect assessments relating to medical conditions which could lead to health-care measures being introduced, or avoided, based on incorrect medical decision-making data, resulting in personal injury or death. Coala Life is continuously expanding its operations in the US, a market with a high frequency of legal claims and where the costs associated with such proceedings and compensation or settlement amounts can be higher than in many other jurisdictions, which increases the Company's exposure to risks related to shortcomings in the provision of the company's products and services. If a claim were to be made against Coala Life as a result of shortcomings relating to the company's products and services, this could lead to significant costs and have a negative impact on the company and its operations.

Patents and intellectual property rights

Coala Life's operations and the product Coala Heart Monitor are partly dependent on patent protection, trademark protection and other protections related to its intellectual property rights. There is a risk that the company's patent portfolio and other intellectual property rights will not provide full commercial protection for Coala Life's product, which could have a negative impact on the company's operations, profit and financial position. Furthermore, there is a risk that

external parties infringe on Coala Life's intellectual property rights related to the product, or that Coala Life is accused of infringing on the rights of other parties with the associated risk that the company becomes involved in legal proceedings, which could be time-consuming and costly.

Financing requirement and capital

The company is in a capital-intensive growth phase as a result of product procurement, development expenses and marketing costs. The company holds the right conditions for achieving positive operating profit in future, given a high gross margin and scalable business model.

The company continuously works to generate the ongoing necessary working capital in the period until Coala Life's cash flow becomes positive. Against the background of the ongoing work relating to working capital

and recent developments in the company, the company assesses that the prospects are favorable for continuing to develop operations and successfully meet the targets set. In the event that the operations do not progress as expected or financing becomes unavailable should it be required, this would imply a material uncertainty factor that could generate significant doubts about the company's ability to continue operations according to the current plan.



Key ratios and other information - Group

SEK 000	Jan-Dec 22	Jan-Dec 21
Gross profit, SEK 000	12,981	4,057
Gross margin, %	77%	100%
EBITDA, SEK 000	-133,617	-155,177
EBITDA - margin, %	-797%	-3,824%
Profit/loss after financial items	-138,565	-150,659
Profit/loss after financial items - margin, %	-830%	-3,713%
Equity/assets ratio, %	37%	65%
Earnings per share (weighted) before dilution, SEK	-2.1	-25.4
Earnings per share (weighted) after dilution, SEK	-2.1	-25.4
Average number of employees	42	25

Parent Company profit/loss after financial items amounted to SEK -111.750 M (176.510) and mainly comprises impairment of the value of shares in the subsidiary Coala Life AB of SEK -100 M. The Parent Company's equity/asset ratio was 90 percent (96).

Significant events after the end of the financial year

- On February 23, the company announced the outcome of the preferential rights issue, which raised SEK 84.1 M before issue expenses and debt offset.
- On February 8, the company announced that it was expanding the guarantee consortium for the new issue to some 83 percent.
- On February 6, the company published the prospectus related to the preferential rights issue.
- On January 28, the company announced an agreement relating to an expanded service offering in RPM, covering just over 40 of connected patients.
- On January 26, the company held an Extraordinary General Meeting which approved the new issue and elected Per Lindeberg to the Board.

Proposed distribution of earnings

The following funds are at the disposal of the Annual General Meeting, SEK:	Dec 31, 2022
Retained earnings	534,404,956
Net income for the year	-111,749,499
The Board proposes that retained earnings be allocated as follows:	
Carried forward	422,655,457

Consolidated Statement of Comprehensive Income

SEK 000	Note	2022	2021
Operating income			
Net sales	3	16,765	4,058
Other operating income	7	2,315	3,504
Total net sales		19,080	7,562
Operating expenses			
Change in inventories	13	-3,784	-
Other external expenses*	6,26	-60,334	-134,791
Personnel expenses	4,5	-88,579	-27,948
Depreciation and amortization	11,12,23	-5,486	-4,945
Operating income		-139,103	-160,121
Profit/loss from financial investments			
Profit/loss from Group companies	25	-	881
Financial income etc.		2,107	8,672
Financial expenses etc.	8	-1,569	-91
Profit/loss after financial items		-138,565	-150,659
Tax on net income for the year	9	-3,358	-59
Profit/loss attributable to Parent Company shareholders		-141,924	-150,718
Other comprehensive income			
Translation differences		209	-102
Net income for the year		209	-102
Comprehensive income for the year attributable to Parent Company shareholders			
		-141,714	-150,820
Earnings per share (weighted) before dilution, SEK	10	-2.1	-25.4
Earnings per share (weighted) after dilution, SEK	10	-2.1	-25.4

*Other external expenses were charged with costs for market listing of SEK -102.3 M, see Note 25.

Consolidated Statement of Financial Position

SEK 000	Note	12/31/2022	12/31/2021
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
	11		
Software		3,540	4,764
Customer agreements		11,229	-
Goodwill		27,030	-
Patent		956	1,116
		42,756	5,879
<i>Property, plant and equipment</i>			
Equipment	12	7,869	1,113
Right-of-use assets	23	4,328	4,026
		12,197	5,140
<i>Financial non-current assets</i>			
Deferred tax assets	9	863	252
		863	252
Total non-current assets		55,816	11,271
Current assets			
Inventories	13	9,787	11,902
		9,787	11,902
Trade receivables	26,27	2,354	723
Other receivables	15,26	4,265	23,069
Prepaid expenses and accrued income	14,26	13,593	2,707
		20,211	26,499
Cash and cash equivalents	16,26	19,595	30,497
Total current assets		49,594	68,899
TOTAL ASSETS		105,409	80,170

SEK 000	Note	12/31/2022	12/31/2021
EQUITY AND LIABILITIES			
Equity	17		
Share capital		19,870	8,831
Other contributed capital		144,841	141,301
Retained earnings		-125,384	-97,798
Total equity attributable to parent company shareholders		39,328	52,334
Non-current liabilities			
Long-term lease liabilities	18.23	2,882	614
Deferred tax liabilities	9	3,301	227
Other non-current liabilities	18	131	-
Total non-current liabilities		6,314	841
Current liabilities			
Current lease liabilities	18.23	1,305	3,211
Trade payables	19.26	9,695	15,163
Current tax		6,823	410
Other liabilities	20.26	26,866	976
Accrued expenses and deferred income	21.26	15,077	7,234
Total current liabilities		59,767	26,995
TOTAL EQUITY AND LIABILITIES		105,409	80,170

Consolidated Changes in Shareholders' Equity

SEK 000	Share capital	Other contributed capital	Translation reserves	Retained earnings	Total Shareholders' equity
Shareholders' equity, December 31, 2020	1,748			21,149	22,898
Net income for the year				-150,718	-150,718
Other comprehensive income					
Translation differences			-102	-	-102
Total comprehensive income for the year			-102	-150,718	-150,820
Transactions with shareholders					
Change to legal Group	6,809			-6,809	0
Non-cash issue		141,301			141,301
Warrants 2019/2020-2021		-356			-356
Rights issue	275			39,037	39,312
Transactions with shareholders for the year	7,084	140,945		32,228	180,257
Shareholders' equity, December 31, 2021	8,831	140,945	-102	-97,340	52,334
Net income for the year				-141,924	-141,924
Other comprehensive income					
Change in fund for development costs		-869		869	0
Translation differences			209		209
Total comprehensive income for the year		-869	209	-141,055	-141,714
Transactions with shareholders					
Warrants 2022-2025		1,930			1,930
Rights issue	11,039	139,148			150,187
Issue expenses		-23,410			-23,410
Transactions with shareholders for the year	11,039	117,669	0	0	128,708
Shareholders' equity, December 31, 2022	19,870	257,744	107	-238,395	39,328

Consolidated Cash Flow Statement

SEK 000	Note	2022	2021
Operating activities			
Operating income		-139,103	-160,121
Interest received		509	509
Interest paid		-1,569	-92
Tax paid		5,592	-305
Adjustments for items not included in cash flow	24	5,599	108,941
Cash flow from operating activities before change in working capital		-128,973	-51,068
Cash flow from change in working capital			
Decrease (+) / increase (-) in inventories		2,679	-3,074
Decrease (+) / increase (-) in Trade receivables		-1,512	-
Decrease (+) / increase (-) in current receivables		-7,380	3,184
Decrease (+) / increase (-) in non-current liabilities		131	-
Decrease (-) / increase (+) in current liabilities		7,262	-9,755
Cash flow from operating activities		-127,793	-60,713
Investing activities			
Acquisitions of equipment and software		-9,569	-309
Acquisition of subsidiaries	25	-35,916	52,738
Divestment of subsidiaries		20,000	-9,161
Cash flow from investing activities		-25,486	43,268
Financing activities			
Drawdown of loan		40,000	-
Amortization of loan		-15,000	-454
Amortization of lease liability		-904	-2,875
Warrants		1,930	-
Rights issue		139,148	39,312
Issue expenses		-23,410	-
Cash flow from financing activities		141,765	35,983
Cash flow for the year			
Cash and cash equivalents at beginning of year		30,497	11,753
Exchange rate difference cash and cash equivalents		611	206
Cash and cash equivalents at end of year	16	19,595	30,497

Notes

Note 1 General information

Coala-Life Group AB (publ), Corp. Reg. No. 556495-4682, is a Swedish public limited liability company with its registered office in the municipality of Stockholm, Stockholm county. These Financial Statements for the 2022 financial year have been approved by the Board of Directors and the CEO on April 24, 2023 and will be presented for adoption at the AGM on May 16, 2023.

Assessment of going concern

The Board and CEO continuously monitor Group liquidity and financial resources in the short and long term. The company is continuously working to generate the necessary working capital until Coala Life's cash flow is positive. In view of the ongoing work on operational financing and the recent development of the company, the Board and the CEO believe that the prospects are good for the continued development of the business and the achievement of the targets set. In the event that the operations do not progress as expected or financing becomes unavailable, this would imply a material uncertainty factor that could generate significant doubts about the company's ability to continue operations according to the current plan.

Note 2 Accounting principles

The Note includes a list of significant accounting principles applied in the preparation of these Consolidated Financial Statements. These policies have been applied consistently for all the years presented unless otherwise stated.

2.1 Basis for preparation of the reports

The Consolidated Financial Statements for Coala-Life AB (publ) have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS), as approved by the EU. The Consolidated Financial Statements have been prepared according to the acquisition value method.

New standards coming into force on January 1, 2023 or later
None of the IFRS or IFRIC interpretations that have not yet come into effect are expected to have any significant impact on the Group.

2.2 Revenue

The Group's net sales are derived from two revenue streams. The first is a subscription model for chronically ill patients who are monitored remotely through Qorumpartners. The second is a subscription model for heart monitors through Coala-Life.

Subscription model for chronically ill patients

Performance obligations: the company is responsible for providing patients with equipment for measuring vital parameters such as ECG, blood pressure, glucose levels,

oxygenation, weight and lung capacity, and for monitoring these and reporting abnormalities to the doctor prescribing our service. The agreements are ongoing and have no fixed term. Income is recognized when patients have used the service as prescribed by their doctors, for example registering certain vital parameters on a monthly basis. The company receives payment when the prescribing doctor/clinic/customer is reimbursed by the patients' insurers.

Subscription model for heart monitors

In the US, the company uses a pay-per-use model and receives payment each time a Coala Heart Monitor is used on a patient in a clinic. For sales in the US, income is recognized in the month a Coala Heart Monitor is used.

In Sweden, the subscription model is mainly sold to healthcare providers but also directly to private consumers and to pharmacies. Income from sales of subscriptions to healthcare providers is generated over 12, 24 or 36 months from signing the agreement, and revenue is recognized over the subscription period. Payment is made in the form of advances for the entire subscription period. Income from sales to private consumers is derived from subscriptions spanning 12 months from signing and income is either recognized directly at the time of subscription in the form of advance payments, or over the entire subscription period in the form of monthly payments. Payment is mainly made in the form of advances for the entire subscription period. Income from sales to pharmacies is derived from subscriptions spanning 12 months from signing, and income is recognized over the entire subscription period. Payment is made via advances for the entire subscription period.

Right of return and guarantees

For private consumers, right of return is governed by the Swedish Consumer Purchase Act. For healthcare providers and pharmacies, right of return is governed by agreements. The company provides, and guarantees the functionality of, a Coala Heart Monitor for as long as the customer has a subscription.

2.3 Consolidated Financial Statements

Subsidiaries

Subsidiaries are defined as all entities over which the Group exercises control. The Group exercises a controlling influence over a company when it is exposed to or is entitled to variable returns relating to its holding in the company and is able to influence returns through its influence on the company. Subsidiaries are included in the Consolidated Financial Statements from the date the controlling influence is transferred to the Group. They are excluded from the Consolidated Financial Statements from the day the controlling influence ceases.

The acquisition method is applied to reporting of the Group's business combinations, see 2.4 Business combinations.

Intra-Group transactions, Balance Sheet items and unrealized gains and losses on intra-Group transactions are eliminated. The accounting principles for subsidiaries have, where applicable, been changed to guarantee the consistent application of the Group's principles.

Reverse takeover

A reverse takeover is a process whereby a company acquires shares in another company by issuing its own shares in sufficient volumes to create a controlling interest in the new Group for the shareholders in the acquired company. This means that the acquired company's assets and liabilities are valued at fair value on the acquisition date when preparing the acquisition analysis. Accordingly, in the Consolidated Financial Statements the legal parent company is treated as a subsidiary, and the legal subsidiary as a parent company, for accounting purposes.

2.4 Business combinations

The Group applies the acquisition method in the recognition of business combinations, regardless of whether the acquisition consists of equity shares or other assets. The purchase consideration paid for the acquisition of a subsidiary is comprised of the fair value of shares issued by the Group.

Identifiable acquired assets, assumed liabilities and assumed contingent liabilities in a business combination are, with few exceptions, initially valued at fair value as of the acquisition date. Acquisition-related costs are expensed when they arise.

The Group entered an agreement relating to the acquisition of Tenet through Coala Life Inc. An additional purchase consideration that is conditional upon continued employment is recognized as a personnel expense.

2.5 Foreign currency translation Functional currency and reporting currency

The different units in the Group use local currency as functional currency. In the Consolidated Financial Statements, Swedish krona (SEK) is the Parent Company's functional currency and the Group's presentation currency. All figures, unless otherwise stated, are rounded to the nearest thousand (SEK 000).

Transactions and Balance Sheet items

Transactions in foreign currency are translated to the entity's functional currency using the exchange rate applicable on the transaction date. Receivables and liabilities in foreign currencies are translated at the exchange rate prevailing on the Balance Sheet date. Exchange rate gains and losses attributable to operating receivables and liabilities are recognized in operating income. Profit and loss on financial receivables and liabilities are recognized as financial items.

Group companies

The profit and financial position of all Group companies with a functional currency other than the Group's presentation currency are translated as follows:

- assets and liabilities are translated at the closing day rate, and
- revenues and costs for each of the Income Statements are translated at the average exchange rate, and
- all exchange rate differences that arise are recognized under other comprehensive income.

2.6 Leases

The Group as lessee

The lease agreements normally relate to fixed periods of one to two years with potential for extension. The terms are negotiated separately for each agreement and contain a large number of different terms and conditions. The lease agreements are recognized as right-of-use assets and the corresponding liability is recognized on the date the leased asset is available for use by the Group. Each lease payment is divided between debt amortization and financial expenses. Financial expenses are divided over the lease period so that each reporting period is charged with an amount corresponding to a fixed interest rate for the debt reported in the period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the term of the lease contract.

Assets and liabilities arising from lease contracts are initially recognized at present value. The lease liability includes the present value of fixed fees and/or variable lease charges linked to an index or interest rate. The lease payments are discounted at the marginal borrowing rate.

The right-of-use assets are valued at cost and include the following:

- the initial valuation of the lease liability and
- payments made on or before the date the leased asset is made available to the lessee.

The Group recognizes the main payment attributable to a lease agreement under financing activities and as amortization of the lease liability in cash flow. The interest rate portion is recognized under operating activities, under interest paid.

2.7 Remuneration to employees

Short-term remuneration

Short-term remuneration to employees is calculated without discounting and is recognized as a cost when the related services are received. Provisions are recognized for the anticipated cost of payments when the company has an applicable obligation to make such payments as a result of services obtained from employees and the obligation can be reliably calculated.

Remuneration upon termination of employment

A cost for remuneration is recognized in conjunction with termination of employment if the company is unquestionably obligated, according to a formal plan, to terminate employment prior to the scheduled time.

Remuneration after terminated employment

For defined contribution pension plans, the company pays fees to pension insurance schemes. The company has no other payment obligations once the fees have been paid. The fees are recognized as personnel expenses when they become due for payment. Prepaid fees are recognized as an asset to the extent that cash repayment or a reduction in future payments can benefit the Group.

2.8 Current and deferred income tax

The current tax expense is calculated on the basis of tax regulations that have been decided, or in practice decided, on the record date in the countries where the Parent Company and its subsidiaries are active and generate taxable income. Deferred tax receivables relating to unutilized tax-loss carry-forwards and deductible temporary differences are recognized only to the extent that they are likely to be utilized against future taxable gains. As there is uncertainty regarding when the company's tax-loss carry-forwards will be utilized for offset against taxable profit, deferred tax receivables are only recognized to the extent that future taxable temporary differences arise. The remaining part of tax-loss carry-forwards are not assigned any value.

Nor is deferred tax recognized if it arises as a result of a transaction that comprises initial recognition of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect recognized or taxable profit. Deferred income tax is calculated by applying tax rates and laws that have been decided or announced as of the record date and that are expected to apply when the relevant deferred tax receivable is realized or the deferred tax liability settled.

Deferred tax relating to temporary differences from holdings in subsidiaries are not recognized as the Parent Company can control the timing of the reversal of the temporary differences and it is not considered likely that such reversal will take place in the foreseeable future.

Deferred tax receivables and liabilities are reported as a net amount when there is a legal right to offset current tax receivables and liabilities, and when the deferred tax receivables and liabilities pertain to taxes charged by the same tax authority and pertain either to the same taxpayer or to different taxpayers, where there is an intention to settle balances through a net payment.

2.9 Research and development expenses

Research expenses are defined as costs associated with research aimed at obtaining new scientific or technical knowledge. Development expenses are defined as costs associated with the application of research findings or other expertise to develop new or improved products or processes in accordance with IAS 38 Intangible Assets.

Research expenses are expensed in the period they arise.

2.10 Fixtures and fittings

Fixtures and fittings are recognized at cost less accumulated depreciation. The acquisition cost includes expenses that are directly attributable to the acquisition of the asset. Fixtures and fittings are depreciated using the straight-line method with a depreciation period of five years. The heart monitors have an expected useful life of 3 years.

2.11 Inventories

Inventories are measured at the lower of cost and net realizable value, calculated on a first in, first out basis. Net sales value has been calculated as sales value less estimated selling expense. The acquisition cost of the heart monitors is based on the procurement cost of materials and costs arising in connection with manufacture of the heart monitors. For other goods, the acquisition cost is based on the purchase price.

2.12 Impairment of non-financial assets

Assets that are impaired are evaluated for potential decrease in value when events or changed conditions indicate that the recognized value may not be recoverable. Assets are impaired at an amount corresponding to the amount at which the recognized value of an asset exceeds the recoverable amount. The recoverable amount is defined as the higher of the fair value of the asset less selling expenses and value in use. In connection with impairment testing, assets are grouped at the lowest level where independent cash flow exists (cash generating units). Assets that have previously been impaired are tested on each record date to determine whether a reversal should be made.

2.13 Financial Instruments

Financial instruments are defined as all contracts that give rise to a financial asset, financial liability or equity instrument in another company. For the Group, financial assets encompass cash and cash equivalents, other current receivables and trade receivables.

Financial liabilities encompass trade payables, accrued expenses and other liabilities.

Reporting of financial instruments

A financial asset or financial liability is recognized in the Balance Sheet when the Group becomes a party to the contractual terms and conditions of the instrument. A liability is recognized when the counterparty has performed a service and a contractual payment obligation prevails, even if the invoice has not yet been received. Trade payables are recognized when the invoice has been received. A financial asset is derecognized from the Balance Sheet when the contractual rights to the asset are realized, extinguished or the Group loses control over them. The same applies to a portion of a financial asset. A financial liability is derecognized from the Balance Sheet when the contractual obligation has been fulfilled or in some other manner extinguished. The same applies to a portion of a financial liability. Acquisitions and divestments of financial assets are recognized on the business date, which comprises the date the company undertakes to acquire or divest the asset. As the conditions for financial liabilities have been renegotiated, and not derecognized from the Balance Sheet, profit/loss has been posted to the Statement of Comprehensive Income. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Classification and valuation of financial instruments

Classification is dependent on the intention of the financial instrument. The Group classifies and values its financial assets in the category accrued cost. The classification of investments as debt instruments is dependent on the Group's business model for managing financial assets and the contractual terms for the cash flow associated with the assets.

Financial assets at accrued cost

Assets held for the purpose of collecting contractual cash flows and where these cash flows only comprise capital amounts and interest are valued at accrued cost. The recognized value of these assets is adjusted for potential credit losses that have been recognized (see Impairment of

financial assets below). Financial assets are recognized as current assets with the exception of items with a due date that falls more than 12 months after the record date, which are classified as non-current assets.

Impairment of financial assets

The Group values expected future credit losses related to investments in debt instruments recognized at accrued cost based on forward-looking information. The Group chooses the method for making provisions based on whether the credit risk has increased significantly or not.

Financial liabilities at accrued cost

Trade payables are initially recognized at cost after deductions for transaction expenses, and at accrued cost after the first reporting date.

Offset of financial assets and financial liabilities

Financial assets and financial liabilities are offset and recognized as a net amount in the Balance Sheet only when there is a legal right to offset, and when settlement of the net amount is intended, or when a simultaneous sale of the asset and settlement of the debt is intended.

2.14 Share capital

Ordinary shares are classified as equity. Transaction expenses directly attributable to the issue of new ordinary shares in the company are recognized net of tax in equity as a deduction from the issue proceeds.

2.15 Trade payables

Trade payables are financial instruments that relate to obligations to pay for goods and services acquired from suppliers in operating activities.

2.16 Operating segments

The CEO makes decisions to allocate resources and evaluates results on the basis of the Group as a whole. Internal reporting is also based on the Group's overall results of operations. The Group has no operating segments.

2.17 Cash flow analysis

The cash flow analysis has been prepared using the indirect method. The recognized cash flow only includes transactions that involve incoming or outgoing payments.

2.18 Share-based remuneration

Share-based remuneration relates to remuneration to employees under warrants programs in Sweden and the US, comprising a total of four different programs. The warrants premium paid by Swedish warrants holders is recognized as equity. In the US, the warrants have been transferred without payment as different tax regulations apply on that market. The value of the warrants is recognized continuously as a personnel expense, and as an increase in equity over the vesting period. The tax is paid by the holder on the date the warrants are redeemed.

Note 3 Revenue from customer contracts

Net sales by country

2022	At a point in time	Agreements over time	Total
Sweden	-	1,929	1,929
USA	14,836	-	14,836
Other national markets	-	0	0
Total	14,836	1,929	16,765

The Group has two customers in the US who together provided 69% of total sales in 2022. The largest customer, Valley Physicians Group, generated 47% and the second largest, Intermountain Heart Center, 22% of total sales.

At the end of 2022, the Group had contractual assets and corresponding contractual liabilities totaling SEK 13.014 M.

The contractual assets in Sweden amounted to SEK 1.415 M, and the reason for the contractual assets and contractual liabilities is that income in Sweden is recognized on a straight line basis over the period in which the company's performance obligations are fulfilled, but full payment is made at one point in time.

The contractual assets in the US amounted to SEK 11.599 M, and the reason for the contractual assets and contractual liabilities is that income in the US is recognized when the patient's performance obligations are fulfilled, but full payment is made at one point in time.

The increase in contractual assets in 2022 was because the US was not included in 2021.

Non-current assets

The company's contractual assets amounted to SEK 55.816 M as of December 31, 2022 divided over SEK 10.095 M in Sweden, SEK 0.014 M in the UK and SEK 45.707 M in the US.

Net sales by country

2021	At a point in time	Agreements over time	Total
Sweden	-	3,465	3,465
USA	593	-	593
Other national markets	-	0	-
Total	593	3,465	4,058

At the end of 2021, the Group had contractual assets with corresponding contractual liabilities totaling SEK 1.2 M. The reason for the contractual assets and contractual liabilities is that income in Sweden is recognized on a straight line basis over the period in which the company's performance obligations are fulfilled, but full payment is made at a different time.

Non-current assets

The company's contractual assets amounted to SEK 11.271 M as of December 31, 2021 divided over SEK 10.770 M in Sweden, SEK 0.009 M in the UK and SEK 0.492 M in the US.

Note 4 Number of employees

Average number of employees by country as of December 31

Group	Jan-Dec 22		Jan-Dec 21	
	Total	Of which men	Total	Of which men
Sweden	19	13	16	9
USA	22	10	8	5
United Kingdom	1	1	1	1
Total	42	23	25	15

Average number of employees in the Board and management as of December 31

Group	Jan-Dec 22		Jan-Dec 21	
	Total	Of which men	Total	Of which men
Board of Directors	4	3	4	2
Management incl. CEO	6	4	4	4
Total	10	7	8	6

Note 5 Remuneration to employees

Expensed salaries, other remuneration and social security expenses

Group total	Jan-Dec 22		
	Board of Directors and CEO	Other employees	Total
Salaries and other remuneration	5,613	58,960	64,572
Social security expenses	948	7,708	8,656
Pension expenses	-	2,107	2,107
Total	6,561	68,775	75,336

Group total	Jan-Dec 21		
	Board of Directors and CEO	Other employees	Total
Salaries and other remuneration	4,679	24,116	28,795
Social security expenses	787	3,078	3,865
Pension expenses	26	1,193	1,219
Total	5,492	28,387	33,879

Remuneration and other benefits 2022

Group total	Board remuneration/ Basic salary	Variable remuneration	Other benefits	Pension expenses	Consultancy fee	Total
Chairman of the Board - Per Carendi	400	-	-	-	-	400
Board Member - Beverly Huss	83	-	-	-	-	83
Board Member - Ebba Fåhraeus	200	-	-	-	-	200
Board Member - Peter Troija	200	-	-	-	-	200
Board Member - Christian Jørgensen	117	-	-	-	-	117
Chief Executive Officer - Dan Pitulia	5,013	-	-	-	-	5,013
Other senior executives	9,684	-	2,576	974	3,621	16,855
Other employees	32,089	115	5,090	1,133	5,786	44,212
Total	47,385	115	7,666	2,107	9,406	66,680

Remuneration and other benefits 2021

Group total	Board remuneration/ Basic salary	Variable remuneration	Other benefits	Pension expenses	Consultancy fee	Total
Chairman of the Board - Per Carendi	57	-	-	-	-	57
Board Member - Ebba Fåhraeus	17	-	-	-	-	17
Board Member - Peter Troija	29	-	-	-	-	29
Chief Executive Officer - Dan Pitulia	4,551	-	-	-	-	4,551
Other Senior executives	2,459	-	73	178	3,553	6,264
Other employees	13,475	35	376	1,402	4,145	19,432
Total	20,587	35	449	1,580	7,698	30,349

Severance pay

Senior executives including the CEO are subject to a notice period of 3-6 months; no other severance pay is payable.

Warrants program

Warrants program Sweden 2022/2025:1A

The warrants in the program are intended for participants outside the United States. Participants refer to current and future employees and contractors of the Group. Participants in the program have acquired warrants from the company at fair value, which has been calculated at SEK 0.27 per warrant. The fair value has been calculated based on the share price during the measurement 1.67 the 10-day period from April 28, 2022 to May 11, 2022, risk-free interest rate of 1.67 percent, and volatility of 42.5 percent. The company has the right, but not the obligation, to repurchase these warrants if the employee terminates employment during the term. The subscription price per share in the warrant program, if the warrants were to be exercised, amounts to SEK 5.16 which is 200% of the volume-weighted average share price over the 10-day period from April 28, 2022 to May 11, 2022. The warrants expire on December 31, 2025 and can be exercised during the last six months before their expiration.

Warrants issued under the plan 2022/2025:1A

(Number)	Total number issued
CEO	1,397,479
Senior executives	1,120,605
Other employees	798,309
Total	3,316,393

Warrants program Sweden 2022/2025:2A

The warrants in the program are intended for participants outside the United States. Participants refer to current and future employees and contractors of the Group. Participants in the program have acquired warrants from the company at fair value, which has been calculated at SEK 0.27 per warrant. The fair value has been calculated based on the share price during the measurement 67 the 10-day period from April 28, 2022 to May 11, 2022, risk-free interest rate of 1.67 percent, and volatility of 42.5 percent. The company has the right, but not the obligation, to repurchase these options if the employee terminates employment during the term. The subscription price per share in the warrant program, if the warrants were to be exercised, amounts to SEK 5.16 which is 200% of the volume-weighted average share price over the 10-day period from April 28, 2022 to May 11, 2022. The warrants expire on December 31, 2025 and can be exercised during the last six months before their expiration.

Warrants issued under the plan 2022/2025:2A

(Number)	Total number issued
Chairman	655,068
Other Board members	698,738
Total	1,353,806

Warrants USA 2022/2025:1B

The warrants in the program are for participants in the United States. Participants refer to current and future employees and contractors of the Group. Participants in the program have subscribed for warrants free of charge. The company has the right, but not the obligation, to revoke these warrants if the employee terminates employment during the term. The subscription price per share in the warrant program, if the warrants were to be exercised, amounts to SEK 5.16 which is 200% of the volume-weighted average share price over the 10-day period from April 28, 2022 to May 11, 2022. The warrants expire on December 31, 2025 and can be exercised during the last six months before their expiration. The costs as at December 31, 2022 amount to SEK 114,036 in total for this program and the social security contributions amount to SEK 163, based on the current tax rate of 7.65 percent, volatility of 42.5 percent and risk-free interest rate of 2.28 percent.

Warrants issued and subscribed for under the program 2022/2025:1B

(Number)	Total number issued
President in the USA	873,424
Senior executives	-
VP USA	214,425
Other employees	1,042,209
Total	2,130,058

Warrants USA 2022/2025:2B

The warrants in the program are for participants in the United States. Participants refer to current and future employees and contractors of the Group. Participants in the program have subscribed for warrants free of charge. The company has the right, but not the obligation, to revoke these warrants if the employee terminates employment during the term. The subscription price per share in the warrant program, if the warrants were to be exercised, amounts to SEK 5.16 which is 200% of the volume-weighted average share price over the 10-day period from April 28, 2022 to May 11, 2022. The warrants expire on December 31, 2025 and can be exercised during the last six months before their expiration. The costs as of December 31, 2022 amounted to SEK 17,095 in total for this program and the social security contributions amounted to SEK 24, based on the current tax rate of 7.65 percent, volatility of 42.5 percent and risk-free interest rate of 2.28 percent.

Warrants issued under the plan 2022/2025:2B

(Number)	Total number issued
Other Board members	349,369
Total	349,369

Note 6 Remuneration to auditors

	Group	
	Jan-Dec 22	Jan-Dec 21
PricewaterhouseCoopers AB		
Audit assignment	712	257
Audit work outside of the audit assignment	708	61
Tax consultancy	45	297
Other services	38	77
Total	1,503	692
Ernst & Young AB		
Audit assignment	1,235	500
Audit work outside of the audit assignment	1,120	-
Tax consultancy	-	-
Other services	8	-
Total	2,362	500
Other auditing firms		
Audit assignment	357	-
Audit work outside of the audit assignment	240	-
Tax consultancy	-	-
Other services	604	-
Total	1,200	-

Audit activities outside of audit assignments refer to various forms of quality assurance services resulting in reports, certificates etc., administration and advisory services or other assistance resulting from observations made during such review, or carrying out of other similar duties.

Tax consultancy services include advice relating to tax, VAT and private taxation. Everything else is regarded as other services.

Other services under other audit firms mainly comprise costs associated with the acquisition of Vitrics Management Group.

Note 7 Other operating income

	Group	
	Jan-Dec 22	Jan-Dec 21
Sick pay	2	55
Invoiced rent	2,232	1,658
Exchange rate gains	-	1,791
Net sales, other	81	1
Total	2,315	3,504

Note 8 Financial expenses etc.

	Group	
	Jan-Dec 22	Jan-Dec 21
Financial expenses etc.	-1,524	-65
Leases	-45	-26
Total	-1,569	-91

Note 9 Income tax

	Group	
	Jan-Dec 22	Jan-Dec 21
Tax on net income for the year		
Current tax	-17	-67
Effect of tax change attributable to previous years	-3,553	-
Deferred tax	211	8
Total	-3,358	-59

	Group	
	Jan-Dec 22	Jan-Dec 21
Deferred tax for the year		
Deferred tax income pertaining to other temporary differences	211	8
Deferred tax expense pertaining to other temporary differences	-	-
Total	211	8

Difference between the Group's tax expense and tax expense based on the current tax rate	Group	
	Jan-Dec 22	Jan-Dec 21
Reported profit before tax	-138,565	-150,659
Reported profit before tax	- 138,565	-150,659
Tax at the current tax rate, 20.6% (20.6%)	28,544	31,036
<i>Tax effect of non-deductible items</i>		
Profit from divestment of subsidiaries	-	-4,566
Non-deductible interest expenses	-	-
Other non-deductible	-1,439	21,087
<i>Tax effect of non-deductible items</i>		
Other, non-taxable	55	-
Tax pertaining to items recognized directly in equity*	4,823	-
Effect of tax change attributable to previous years	-3,553	-
Effect of other tax rates in foreign subsidiaries	7	-59
Unutilized loss carry-forwards	-28,454	-47,556
Tax on net income for the year	-17	-59

* Items recognized against equity relate to costs attributable to the new share issue in the year.

Temporary differences relating to the following items resulted in deferred tax liabilities and deferred tax assets:	Group	
	Jan-Dec 22	Jan-Dec 21
Deferred tax liabilities		
Leases	-859	-227
Customer agreements	-2,442	-
Deferred tax assets		
Leases	863	252
Total	-2,439	25

Given the past earnings trend, deferred tax assets attributable to loss carry-forwards in the Group are recognized only insofar as deferred tax liabilities exist against which to offset them. Unutilized, unrecognized loss carry-forwards are found in both the Group's foreign and Swedish entities. The Group's loss carry-forwards are not subject to any time limitation.

The Group's total unutilized loss carry-forwards as of December 31, 2022 totaled SEK 763.775 M.

Note 10 Earnings per share

Coala Life has no outstanding equity instruments that imply dilution. The calculation of the average number of shares is based on the reconciliation items indicated in the following table. On October 29, 2021, the company announced that the number of outstanding shares would be reduced in a 50:1 share merger. In the reconciliation point for December 31, 2020, and for the comparative figure for the average number of outstanding shares, the number of shares has been adjusted for the 50:1 share merger to accurately reflect the average number of outstanding shares.

Period	Jan-Dec 22	Jan-Dec 21
Earnings per share (weighted) before dilution, SEK	-2.1	-25.4
Earnings per share (weighted) after dilution, SEK	-2.1	-25.4
Weighted number of shares for the period before dilution	66,016,339	5,929,404
Weighted number of shares for the period after dilution	66,016,339	5,929,404
Number of shares as of the reporting date	79,481,634	35,325,171
Number of shares as of the reporting date after dilution	79,481,634	35,325,171

The average number of outstanding shares based on the above amounted to 66,016,339 (5,929,404).

The Group's earnings per share (weighted) is obtained by dividing net income for the year by the average number of shares.

The 7,860,820 warrants allocated on May 16, 2022 have not been included in the calculation of Earnings per share after dilution as they do not give rise to any dilution effect for the financial year ending December 31, 2022. However, the warrants may have a dilution effect on Earnings per share in future periods. See Note 5 for more information about the terms of the warrants.

Note 11 Software and other intellectual property

Software

Group	Dec 31, 22	Dec 31, 21
Opening cost	9,046	8,692
Divestments/disposals in the year	-354	-
Purchases in the year	-	354
Closing accumulated cost	8,692	9,046
Opening depreciation and amortization	-4,282	-3,413
Depreciation and amortization in the year	-869	-869
Closing accumulated depreciation and amortization	-5,151	-4,282
Opening planned residual value	3,540	4,763

Customer agreements

Group	Dec 31, 22	Dec 31, 21
Purchases in the year	12,093	-
Translation differences	47	-
Closing accumulated cost	12,140	-
Depreciation and amortization in the year	-910	-
Closing accumulated depreciation and amortization	-910	-
Opening planned residual value	11,229	-

Goodwill

Group	Dec 31, 22	Dec 31, 21
Purchases in the year	26,898	-
Translation differences	132	-
Closing accumulated cost	27,030	-
Closing accumulated depreciation and amortization	-	-
Opening planned residual value	27,030	-

Goodwill for the Vitrics acquisition will be tested for impairment annually from 2023 onwards.

Patent

Group	Dec 31, 22	Dec 31, 21
Opening cost	1,594	1,594
Closing accumulated cost	1,594	1,594
Opening depreciation and amortization	-478	-319
Depreciation and amortization in the year	-159	-159
Closing accumulated depreciation and amortization	-638	-478
Opening planned residual value	956	1,116

In 2022, SEK 19.794 M of Research & Development costs were expensed, compared to SEK 10.877 M in 2021.

Note 12 Fixtures and fittings

Group	Dec 31, 22	Dec 31, 21
Opening cost	1,897	1,857
Purchases in the year	9,221	715
Divestments/disposals in the year	-	-711
Translation difference	128	37
Closing accumulated cost	11,246	1,897
Opening depreciation and amortization	-784	-592
Divestments/disposals in the year	-251	711
Depreciation and amortization in the year	-2,301	-900
Translation difference	-41	-3
Closing accumulated depreciation and amortization	-3,377	-784
Opening planned residual value	7,869	1,113

Note 13 Inventories

Group	Dec 31, 22	Dec 31, 21
Inventories	5,973	9,756
Goods in transit	1,389	-
Supplier advances	2,425	11,902
Total	9,787	11,902

Inventories exclusively comprise heart monitors and SEK 2.425 M in prepaid goods and services for production. The acquisition cost for the heart monitors is based on the procurement cost of materials and costs arising upon manufacture of the heart monitors. For other goods, the acquisition cost is based on the procurement cost from suppliers.

Note 14 Accrued expenses, deferred income

Group	Dec 31, 22	Dec 31, 21
Prepaid rent	25	928
Prepaid other expenses	1,970	1,559
Accrued income	11,599	220
Total	13,593	2,707

Note 15 Other receivables

Group	Dec 31, 22	Dec 31, 21
Other receivables, purchase consideration Departments & Stores Europe AB, See Note 26.	-	20,216
Other receivables	4,265	2,853
Total	4,265	23,069

Note 16 Cash and cash equivalents

	Exchange rate		Dec 31, 22	Dec 31, 21
	Dec 31, 22	Dec 31, 21		
SEK	-	-	15,181	29,554
USD	10.44	9.04	4,036	570
GBP	12.58	12.18	378	373
Total			19,595	30,497

Cash and cash equivalents comprise disposable bank balances.

Note 17 Equity

As of December 31, 2022, share capital comprised 79,481,634 shares with a quotient value of SEK 0.25 each. All shares are ordinary shares. The company completed a preferential rights issue in the year, with proceeds used for the acquisition of Vitrics Management in the US, research and development, and the company's ongoing operations. See Note 13 for the Parent Company and allocation of profit.

Note 18 Interest bearing liabilities

Group	Dec 31, 22	Dec 31, 21
Non-current liabilities		
Liabilities to credit institutions	-	-
Long-term lease liabilities	2,882	614
Other liabilities	131	-
Total	3,013	614
Current liabilities		
Liabilities to shareholders	25,000	-
Current lease liabilities	1,305	3,211
Other liabilities	1,866	-
Total	28,172	3,211

Maturity structure of long-term borrowing:	Dec 31, 22	Group Dec 31, 21
1-2 years	3,013	614
2-5 years	-	-
More than 5 years	-	-
Total	3,013	614

Note 19 Trade payables

Trade payables are held in the following currencies.

	Exchange rate		Dec 31, 22	Dec 31, 21
	Dec 31, 22	Dec 31, 21		
SEK			6,633	15,162
USD	10.44	9.04	3,063	1
GBP	12.58	12.18	-	-
Total			9,695	15,163

The payment terms of trade payables are 10-90 days.

Note 20 Other liabilities

Group	Dec 31, 22	Dec 31, 21
Personnel-related taxes	1,226	971
Customer advances	352	-
Liabilities to shareholders	25,287	-
Other liabilities	0	6
Total	26,866	977

Liabilities to shareholders relate to the convertible loan totaling SEK 25 M raised on November 15. The loan attracts annual interest of 8% which is calculated based on the number of days remaining until repayment.

Note 21 Accrued expenses and deferred income

Group	Dec 31, 22	Dec 31, 21
Accrued vacation and payroll liabilities	9,539	1,347
Accrued social security expenses	910	203
Accrued interest	104	-
Prepaid income	1,415	1,218
Other accrued expenses	3,109	4,466
Total	15,077	7,234

See Note 3 for more information on revenue recognition.

Note 22 Assets pledged

For liabilities to credit institutions and overdraft facilities

Group	Dec 31, 22	Dec 31, 21
Chattel mortgages	-	-
Mortgaged bank funds	-	-
Shares in subsidiaries	-	-
Total	-	-

Note 23 Leases

Right-of-use asset, premises and vehicles

	Dec 31, 22	Dec 31, 21
Opening balance, right-of-use	4,026	2,384
Terminated lease agreements	-2,899	-
Additional lease contracts	4,088	4,638
Translation difference	17	-
Depreciation and amortization in the year	-904	-2,996
Closing balance	4,328	4,026

Lease liabilities, premises and vehicles

	Dec 31, 22	Dec 31, 21
Opening lease liabilities	3,827	2,142
Additional lease contracts	1,264	4,560
Amortization	-904	-2,875
Closing balance	4,187	3,827

The following table shows lease amounts recognized in the Income Statement in the year

	Group Dec 31, 22
Depreciation and amortization of right-of-use assets	904
Interest expenses, lease liabilities	45
Total	949

The Group's future commitments for lease agreements rental contracts are as follows:

Fees due	Group Dec 31, 22
Within 1 year	1,305
Within 2- 5 years	2,882
Total	4,187

The Group's future minimum lease charges are as follows:

Group	Within 1 year	1-5 years	After 5 years	Total
12/31/2022	35	-	-	35
12/31/2021	83	35	-	118
Total	118	35	-	153

Lease expenses totaled SEK 76,000 (83,000) in the reporting period

Note 24 Cash Flow Statement

Adjustments for items not included in cash flow

Group	Dec 31, 22	Dec 31, 21
Depreciation and amortization	5,479	4,790
Unrealized exchange rate gains	671	-
Profit/loss from divestment of company	-31	1,880
Effect of lease management according to IFRS	-520	-
Profit effect from reverse takeover, see Note 27	-	102,271
Total	5,599	108,941

Note 25 Acquisition and divestment of operations and shares

Acquisition of Vitrics Management

On August 15, 2022 Coala Life acquired 100 percent of the share capital of the US company Vitrics Management Group, Inc. (VMG).

VMG is a service company offering managed Remote Patient Monitoring (mRPM). VMG was founded by physicians and entrepreneurs in Houston, Texas, to provide RPM services to healthcare providers. Vitric's turnkey solutions in RPM include various types of monitoring services and platform solutions for monitoring chronically ill patients at home, commissioned by US healthcare providers. At the time of the acquisition, the company had more than 1,000 chronically ill patients monitored long-term using various connected medical devices in their homes.

Remote Patient Monitoring (RPM) is a new healthcare model in the US that is developing rapidly accelerated by Covid-19. RPM is now reimbursed by all US insurance companies and millions of patients are now regularly followed remotely by their healthcare providers. To qualify as an RPM patient, a person must have an acute or chronic medical condition, which over 150 million Americans have. The challenge of RPM for healthcare providers is that the management of products, data and patient follow-up is extensive. Vitrics has developed a holistic service that efficiently runs RPM programs on behalf of healthcare providers and shares reimbursement.

Income of SEK 5.5 M from Vitrics was included in the Group's Statement of Comprehensive Income for the period. Profit of SEK -7.4 M from Vitrics was included in the Group's Statement of Comprehensive Income for the period. Vitrics has now been integrated into the Group, which means that the company was charged with shared Group costs that would not otherwise have been included, which means that the result is misleading. If Vitrics had been acquired at the start of the period, income of SEK 10.6 M from Vitrics would have been included in the Group's Statement of Comprehensive Income for the period. Profit of SEK -8.6 M from Vitrics would then have been included

in the Group's Statement of Comprehensive Income for the reporting period. Vitrics has now been integrated into the Group, which means that the company was charged with shared Group costs that would not otherwise have been included, which means that the result is misleading.

Information about purchase consideration and information about acquired net assets are indicated below

Purchase consideration and net asset analysis as of 15 August 2022

The purchase consideration and distribution of Group excess values for each acquired asset.

SEK M

Purchase consideration

Cash and cash equivalents	36,351
Total purchase consideration	36,351

Acquired net assets

36,351

Distributed as follows:

Goodwill	26,898
Customer agreements	12,081
Deferred tax	-2,628

Acquisition of Tenet Holding LP

At the start of 2022, the company QorumPartners LLC ("Qorum") was incorporated in the US in collaboration with a local partner in the form of a planned joint venture (50/50) for providing services in remote monitoring of chronically ill patients. However, Coala Life Inc. acquired all the partner's shares in Qorum, becoming the sole owner of the company. The aim was to avoid the need to release the partner from their 50 percent stake in what was expected to become the Group's largest business area. In connection with this, the Group also acquired Tenet Holding LP ("Tenet") from the partner as outlined below.

Through Coala Life Inc., the Group entered an agreement relating to the acquisition of Tenet in May 2022. According to the agreement, the partner shall be employed by Coala Life Inc. for a four-year period in connection with the acquisition, whereupon the purchase consideration payable by the Group for the acquisition of Tenet is determined by the number of new patients the partner recruits in the respective quarters over a four-year period from January 1, 2022 to December 31, 2025. Payment is made in the form of partial settlement at the end of each quarter of the four-year period, at an amount based on the number of patients recruited in the relevant quarter. Payment for the four quarters of 2022 totaled some USD 1.0 M. Due to the conditions relating to continued employment, the purchase consideration is recognized as a personnel expense.

Divestment of RNB Retail Development AB

In December 2022, Coala Life Group AB dissolved RNB Retail Development AB which had been dormant since the reverse acquisition in 2021.

Acquisition of Coala-Life AB

On September 27, 2021, Coala-Life Group AB (publ), formerly RNB Retail and Brands AB, announced that the company had entered into a binding agreement with Coala-Life AB to acquire all the shares in Coala-Life AB. The transaction was finalized on November 8, 2021. Coala Life is a medtech company active in smartphone and cloudbased heart and lung diagnostics. The company has developed and launched Coala Heart Monitor - an award-winning and FDA- and CE-approved product platform for long-term remote monitoring, analysis and algorithm-based diagnosis of heart and lung conditions. The acquisition was financed through a non-cash issue of 28,260,146 new shares in Coala-Life Group AB, formerly RNB Retail and Brands AB. The transaction meant that the former owner of the acquired company Coala-Life AB, from an accounting perspective, obtained a controlling influence over the acquired company Coala-Life Group AB (publ), formerly RNB Retail and Brands AB. Accordingly, the acquisition has been reported as a reverse takeover.

A reverse takeover is a process whereby a company acquires shares in another company by issuing its own shares in sufficient volumes to create a controlling interest in the new Group for the shareholders in the acquired company (Coala-Life AB). Legally, the acquiring company is the Parent Company (Coala-Life Group AB, formerly RNB Retail and Brands AB). However, the financial implication of the transaction is that the former owners of the acquired company Coala-Life AB have a controlling influence over the acquiring company. This means that the consolidated accounts have been prepared according to the financial implications of the transaction. This means that it is the acquiring company's (Coala-Life Group AB, formerly RNB Retail and Brands AB) assets and liabilities that have been valued at fair value on the acquisition date when preparing the acquisition analysis. Coala-Life Group AB, formerly RNB Retail and Brands AB, is the legal parent company but, for accounting purposes, is treated as a subsidiary and Coala-Life AB is the legal subsidiary but, for accounting purposes, is treated as the Parent Company in the Consolidated Financial Statements.

The following table summarizes the purchase consideration paid and fair value of acquired net assets and the expenses associated with listing of Coala-Life Group AB, formerly RNB Retail and Brands AB, recognized as of the date the shares in Coala-Life Group AB, formerly RNB Retail and Brands AB was transferred to the owners of Coala-Life AB on November 19, 2021 when the new owners gained access to a majority of the newly issued shares:

	Purchase consideration
Number of shares in Coala-Life Group AB (publ)	2,034,731
Offset issue to bond holders	36,351
Offset issue to creditors relating to transaction costs	697,884
Number of outstanding shares in Coala-Life Group AB before the acquisition of Coala-Life AB	7,065,037
Closing price of the Coala-Life Group AB share as of November 19, 2021	20.0
Estimated fair value of the shares in Coala-Life Group AB (SEK 000)	141,301
Total purchase consideration (SEK 000)	141,301
Acquired net assets (SEK 000) (Equity)	39,030
Distributed as follows (SEK 000):	
<i>Non-current assets</i>	372
<i>Current assets</i>	59,020
<i>Total Equity</i>	39,030
<i>Current liabilities</i>	20,362
Cost of market place (Recognized under Other external expenses in the Consolidated Income Statement)	102,271

The purchase consideration in connection with the reverse acquisition has been estimated at the fair value of Coala-Life Group AB, formerly RNB Retail and Brands AB. The purchase consideration is based on the share price prevailing on the date control was transferred to the owners of Coala-Life AB. The purchase consideration is calculated based on the number of outstanding shares in Coala-Life Group AB, formerly RNB Retail and Brands AB, before the transaction, 7,065,037 shares, and a share price of SEK 20.0 per share. The cost of market listing of SEK 102.271 M from the transaction has been recognized under Other external expenses in the Consolidated Income Statement. At the time of acquisition, acquired cash and cash equivalents amounted to SEK 52.738 M.

Divestment Departments & Stores Europe AB

On December 30, 2021 Coala-Life Group AB (publ) announced that the company had signed a conditional agreement with Sagax AB relating to the divestment of all the shares in Departments & Stores Europe AB through the subsidiary Portwear AB. When completed, the transaction will raise sales proceeds of some SEK 22.2 M, of which SEK 2 M was paid upon signature of the agreement.

SEK 000

Total purchase consideration	22,216
Acquired net assets (Equity)	11,035
Distributed as follows:	
<i>Current assets</i>	12,261
<i>Total Equity</i>	11,035
<i>Current liabilities</i>	1,226
Consolidated capital gains	11,181

Note 26 Financial Instruments

Financial assets

The financial assets that are available and utilized by the Group consist of cash and cash equivalents, trade receivables, other receivables and prepaid expenses, which are valued at accrued cost. Carrying amounts are judged to correspond to the fair value of the respective liabilities. The amounts are assessed on a continuous basis, if an impairment need of financial assets arises, this is done at the time the need arises. The company has a long history of low impairment need, and accordingly does not have a credit risk reserve, although this is reviewed on an ongoing basis. Carrying amounts are judged to correspond to the fair value of the respective liabilities.

Cash and cash equivalents

Cash and cash equivalents are deposited in bank accounts at standard rates of interest. As of December 31, 2022, cash and cash equivalents were SEK 30.497 M (11.753) for the Group.

Financial liabilities

The financial assets that are available and utilized by the Group consist of trade payables, other liabilities and accrued expenses which are valued at accrued cost. Carrying amounts are judged to correspond to the fair value of the respective liabilities.

Trade payables

The Group's trade payables consist mainly of liabilities denominated in SEK and USD. The payment terms for trade payables are 10-90 days. For more information, see Note 20

Group, December 31, 2022

Financial assets	Financial assets measured at fair value through profit or loss	Assets valued at accrued cost	Total
Trade receivables	-	2,354	2,354
Other receivables	-	4,265	4,265
Accrued income	-	13,593	13,593
Cash and cash equivalents	-	19,595	19,595
Total	-	39,807	39,807

Financial liabilities	Liabilities measured at fair value through profit or loss	Liabilities valued at accrued cost	Total
Trade payables	-	9,695	9,695
Other liabilities	-	25,640	25,640
Accrued expenses	-	4,628	4,628
Total	-	39,963	39,963

Group, December 31, 2021

Financial assets	Financial assets measured at fair value through profit or loss	Assets valued at accrued cost	Total
Trade receivables	-	723	723
Other receivables	-	23,069	23,069
Accrued income	-	220	220
Cash and cash equivalents	-	30,497	30,497
Total	-	54,509	54,509

Financial liabilities	Liabilities measured at fair value through profit or loss	Liabilities valued at accrued cost	Total
Trade payables	-	15,163	15,163
Other liabilities	-	976	976
Accrued expenses	-	6,016	6,016
Total	-	22,155	22,155

Note 27 Trade receivables

Trade receivables are held in the following currencies

Group	Exchange rate		Dec 31, 22	Dec 31, 21
	Dec 31, 22	Dec 31, 21		
SEK			553	214
USD	10.44	9.04	1,800	510
Total			2,354	723

Age analysis trade receivables

Group	Dec 31, 22	Dec 31, 21
Not due	1,487	243
0-30 days	285	141
31-60 days	113	62
61-90 days	29	25
> 91 days	440	252
Total	2,354	723

Trade receivables are continuously assessed for credit risk, although because amounts are expected to remain low, no provisions have been considered necessary. This is continuously reviewed considering the current market conditions.

Note 28 Transactions with related parties

In the financial year, Coala-Life AB purchased consultancy services from companies where:

- Magnus Samuelsson is a Board member, totaling SEK 1.889 M (1.754). Pricing was on market terms. Magnus Samuelsson works on a consultancy basis and is not employed by the company. As of December 31, 2022, Coala Life had an outstanding debt of SEK 0.155 M to the company.

- Jane Wall is a Board member, totaling SEK 1.732 M (1.799). Pricing was on market terms. Jane Wall works on a consultancy basis and is not employed by the company. As of December 31, 2022, Coala Life had an outstanding debt of SEK 1.582 M to the company.

- Philip Siberg is a Board deputy and CEO, totaling SEK 0.740 M (0.480). Pricing was on market terms. Philip Siberg works on a consultancy basis and is not employed by the company. As of December 31, 2022, Coala Life had an outstanding debt of SEK 23 M to the company.

On November 15, the Company signed a loan facility agreement with 20 North Street totaling SEK 11 M and Otiva J/T of SEK 8 M as part of the convertible loan totaling SEK 25 M.

An incentive program was introduced in the year, see Note 5.

Note 29 Financial risks

The Group's operations are exposed to several financial risks. The main risk areas are Market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument varies due to changes in market prices. There are three types of market risk: currency, interest rate and other price risks.

Currency risk

The risk that fair value or future cash flows vary as a result of exchange rate fluctuations. The Group's currency risk is partly due to components purchases in foreign currencies, such as EUR, plus sales to countries outside Sweden. Of total components purchases, 100 percent is denominated in foreign currency, with EUR the most significant.

Interest rate risk

The risk that future cash flows or fair value are affected by changes in market interest rates. Coala Life has interest bearing lease liabilities. A one-percentage unit change in the interest rate applying to lease liabilities would affect interest expenses by SEK 42,000 based on outstanding lease liabilities as of December 31, 2022.

Transaction exposure

The company does not currently use currency hedging, which means that unfavorable exchange rate fluctuations could have a negative effect on the company's costs, income and profit. The Group is mainly exposed to USD and a 10 percent deterioration of the USD against the SEK would reduce income by SEK 1.484 M, while reducing costs by SEK 0.696 M. This would mean a negative net effect of SEK 0.788 M in the period January 1, 2022 - December 31, 2022.

Other price risks

The Group is not exposed to any other material price risks.

Analysis of credit risk

Credit risk represents the risk of a counterparty failing to meet its obligations towards the Group. The Group is exposed to this risk through various financial assets such as cash and cash equivalents held with banks and trade receivables. Credit risk relating to cash and cash equivalents held with banks is managed by restricting deposits to well-reputed financial institutions. Trade receivables and non-invoiced receivables recognized as interim receivables largely pertain to receivables from healthcare providers. To a degree, the item also consists of receivables on private individuals. These are monitored continuously to minimize credit loss risk. The terms for payment of trade receivables are 10-30 days.

Liquidity risk

The Group manages its liquidity requirements by monitoring forecast deposits and payments in daily operations. The liquidity requirement in daily operations is also monitored.

The long-term liquidity requirement for a 12-month period is identified on a quarterly basis. The net requirement for liquidity is compared to available funds in order

to determine the margin of error or potential deficits, see going concern in Note 1. Based on data used in the analysis of contractual terms below. This analysis indicates that available funds are expected to be sufficient in the period. As of the reporting date, the Group's financial liabilities are subject to the following contractual maturities:

Maturity structure of the Group's financial liabilities

2022	0-3 months	4-12 months	1-2 years	2-3 years	3-4 years	More than 4 years	Total contracted cash flows
Lease liabilities	326	979	2,882	-	-	-	4,187
Trade payables	9,695	-	-	-	-	-	9,695
Other liabilities	25,640	-	-	-	-	-	25,640
Accrued expenses	4,628	-	-	-	-	-	4,628

2021	0-3 months	4-12 months	1-2 years	2-3 years	3-4 years	More than 4 years	Total contracted cash flows
Leasing liabilities	2,754	457	614	-	-	-	3,825
Trade payables	15,163	-	-	-	-	-	15,163
Other liabilities	976	-	-	-	-	-	976
Accrued expenses	6,016	-	-	-	-	-	6,016

Note 30 Financial liabilities

Financial liabilities	Liabilities attributable to financing activities				Other assets	
	Loan liabilities	Trade finance	Lease liabilities	Total	Cash and cash equivalents	Total
Net debt as of January 1, 2021	0	-	-2,142	-2,142	11,753	9,611
Cash flow from financing activities	-454	-	2,875	2,421	18,744	21,165
New lease agreements	-	-	-4,560	-4,560	-	-4,560
Exchange rate differences	-	-	-	-	-	-
Interest expenses	454	-	-	454	-	454
Interest payments, operating activities	-	-	-	-	-	-
Net debt as of December 31, 2021	-	-	-3,827	-3,827	30,497	26,670
Cash flow from financing activities	-25,000	-	904	-24,096	-10,902	-34,998
New lease agreements	-	-	-1,264	-1,264	-	-1,264
Exchange rate differences	-	-	-	-	-	-
Interest expenses	-227	-2	-45	-274	-	-274
Interest payments, operating activities	-	25	-	25	-	25
Net debt as of December 31, 2022	-25,227	23	-4,232	-29,436	19,595	-9,841

Note 31 Participations in subsidiaries

Company	Corp. ID no.	Reg. office	No. of shares	Share of Equity, %	Total
Portwear AB	556188-7513	Stockholm, Sweden	1,911,680	100	0
Departments & Stores Denmark ApS	30 27 43 18	Copenhagen, Denmark	1		
Coala-Life AB	556659-9626	Uppsala	202,243	100	424,582
Coala Life Inc.	84-1910245	Irvine, California, US	1		
QorumPartners	87-3881398	Magnolia, Texas, USA			
Vitrics Management Group	84-4559560	Austin, Texas, USA			
Coala Life Inc.	12029161	Borehamwood, UK	1		
Carrying amount					424,582

RNB Retail Development AB was terminated in the year

The share of equity and votes is equal in all companies.

Parent Company	Dec 31, 22	Dec 31, 21
Opening carrying amount	400,050	462,704
Investment in the year	124,532	400,000
Impairment/divestments in the year	-100,000	-462,654
Closing carrying amount	424,582	400,050

Note 32 Significant estimates and judgments

Leases

The Group defines the lease term as the non-cancellable lease period, including periods with the opportunity to extend the lease contract if the Group can determine with reasonable certainty that it will utilize this option, and periods with the opportunity to cancel the lease contract if the Group can determine with reasonable certainty that it will not utilize this option.

Impairment testing of intangible assets

Each year, the Group tests the need for impairment of the Group's intangible assets. The recoverable amount of cash-generating units has been determined on the basis of the units' value in use, which comprises the present value of future expected cash flows. The calculations are based on an assessment of future cash flow and margin performance according to the applicable business plan and management's expectations regarding operations.

Provision for potential credit losses

The Group continuously reviews its receivables to assess the need for provisions for potential credit losses. See Note 27 Trade receivables.

Loan facility

The loan facility entered into with shareholders in 2022 has been classified as a liability in the Balance Sheet, as repayment has been set at a fixed date and the loan was repaid in full in February 2023.

Revenue model

On the US market, the company provides services for remote monitoring in the form of services that are delivered according to pre-determined reimbursement codes. The company recognizes the lowest possible reimbursement revenue per code and geographic area. Pre-determined reimbursement lists are used, where the lowest reimbursement amounts are paid by Medicare while private insurers often pay out higher amounts for the services provided. In addition, the company includes a negative margin of error/reduction of lowest potential income from the reimbursement systems of approximately 15 percent.

For other markets, the revenue model is based on the company either signing agreements with healthcare providers that offer remote monitoring of patients, or consumers purchasing the products/services directly through the company or through pharmacies for home use. Revenue is recognized in full based on invoiced amounts and term.

Acquisition analysis

Vitrics Management Group was acquired on August 15. The value of the company's working capital is based on a return valuation of the company's estimated cash flow discounted by the weighted average cost of capital. The company was acquired with customer contracts valued at fair value and with an amortization period of 5 years as customer contracts are expected to generate cash flow for at least that length of period. Goodwill for the Vitrics acquisition will be tested for impairment annually from 2023 onwards.

Note **33** Events after the end of the financial year

On February 23, the company announced the outcome of the preferential rights issue, which raised SEK 84.1 M before issue expenses and debt offset.

On January 28, the company announced that it had signed an agreement relating to an expanded RPM service offering, encompassing just over 40 percent of connected patients. On March 24, the company announced that the number of connected patients had increased to over 90%.

Parent Company Income Statement

SEK 000	Note	2022	Sep. 20 - Dec. 21 16 months
Operating income			
Net sales		-	23,446
Other operating income	6	2,073	919
		2,073	24,365
Operating expenses			
Other external expenses	5	-15,954	-86,305
Personnel expenses	3,4	-1,947	-13,401
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	9,10	-35	-8,667
Operating income		-15,863	-84,008
Profit/loss from financial investments			
Profit from participations in Group companies	19	-100,031	-76,118
Financial income etc.		4,273	3,742
Financial expenses etc.	7	-128	-20,126
Profit/loss after financial items		-111,750	-176,510
Tax on net income for the year	8	-	-
Net income for the year	8	-111,750	-176,510

Comprehensive income for the year corresponds to net income for the year

Parent Company Balance Sheet

SEK 000

12/31/2022

08/31/2021

ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Software	9	-	354
		-	354
<i>Property, plant and equipment</i>			
Equipment	10	-	7
		-	7
<i>Financial non-current assets</i>			
Participations in subsidiaries		424,582	400,050
		424,582	400,050
Total non-current assets		424,582	400,411
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	21	52,944	20,000
Current tax receivable		2,128	-
Other receivables		112	1,108
Prepaid expenses and accrued income	11	613	1,920
		55,798	23,028
Cash and cash equivalent	12,20	11,971	20,534
Total current assets		11,971	43,563
TOTAL ASSETS		492,350	443,973

SEK 000

12/31/2022

12/31/2021

EQUITY AND LIABILITIES		
Equity	13	
<i>Restricted equity</i>		
Share capital		19,870
		8,831
Total restricted equity		19,870
		8,831
<i>Non-restricted equity</i>		
Share premium		631,498
Retained earnings		-97,093
Profit/loss for the year		-111,750
Total non-restricted equity		422,655
		416,544
Total equity		442,526
		425,376
Non-current liabilities		
Total non-current liabilities		-
		-
Current liabilities		
Trade payables	14	528
Liabilities to Group companies	17,19	22,246
Other liabilities	15,21	25,324
Accrued expenses and deferred income	16,21	1,726
Total current liabilities		49,824
		18,598
TOTAL EQUITY AND LIABILITIES		492,350
		443,973

Parent Company changes in Equity

SEK 000	Restricted equity		Non-restricted equity		Total Equity
	Share capital	Share premium	Retained earnings	Profit/loss for the year	
Equity, August 31, 2020	30,521	54,588	213,907	-253,455	45,561
Transfer of previous year's profit/loss			-253,455	253,455	0
Profit/loss for the year				-176,510	-176,510
Total comprehensive income for the year	0	0	0	-176,510	-176,510
Transactions with shareholders					
Share capital reduction	-30,012		26,451		0
Rights issue	8,322	466,437			474,759
Issue expenses		-5,266			-5,266
Unconditional shareholder contribution			90,393		86,832
Transactions with shareholders for the year	-21,690	461,171	116,844		556,325
Equity, December 31, 2021	8,831	515,760	77,294	-176,510	425,376
Transfer of previous year's profit/loss			-176,510	176,510	-
Profit/loss for the year				-111,750	-164,761
Total comprehensive income for the year				-111,750	-11,750
Transactions with shareholders					
Warrants			2,122		2,122
Rights issue	11,039	139,148			150,188
Issue expenses		-23,410			-23,410
Unconditional shareholder contribution					
Transactions with shareholders for the year	11,039	115,738	2,122	-	128,899
Equity, December 31, 2022	19,870	631,498	-97,093	-111,750	442,526

Parent Company Statement of Cash Flow

SEK 000	Note	2022	Sep. 20 - Dec. 21
Operating activities			
Operating income		-15,863	-84,008
Interest received		355	3,742
Interest paid		132	-20,127
Tax paid		-2,185	1,330
Adjustments for items not included in cash flow	18	342	-1,018
Cash flow from operating activities before change in working capital		-17,218	-100,081
Cash flow from change in working capital			
Decrease (+) / increase (-) in current receivables		-31,338	34,241
Decrease (-) / increase (+) in current liabilities		10,636	-97,174
Cash flow from operating activities		-37,920	-163,014
Investing activities			
Acquisition of property, plant and equipment and intangible assets		-	-
Divestment of intangible assets and property, plant and equipment		-	-
Investment of non-current receivables		-	-
Divestment of subsidiaries		37	342,216
Shareholder contribution for the year		-124,582	-
Cash flow from investing activities		-124,545	342,216
Financing activities			
Drawdown of loan		40,000	-
Amortization of loan		-15,000	-158,668
Rights issue		150,188	-
Costs, rights issue		-23,410	-
Repaid shareholder contribution		2,122	-
Cash flow from financing activities		153,900	-158,668
Cash flow for the year		-8,565	20,535
Cash and cash equivalents at beginning of year		20,535	0
Cash and cash equivalents at end of year		11,971	20,535

Notes Parent Company

Note 1 General information

Coala-Life Group AB (publ), Corp. Reg. No. 556495-4682, is a Swedish public limited liability company with its registered office in the municipality of Stockholm, Stockholm county. The company is the Parent Company of the Coala-Life Group. These Financial Statements have been approved by the Board of Directors and the CEO on April 24, 2023, and will be presented to the AGM for adoption on May 16, 2023.

Note 2 Accounting principles

The most important accounting policies applied in the preparation of this Annual Report are presented below. These policies have been applied consistently for all the years presented unless otherwise stated.

The Annual Report of the Parent Company has been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act. In cases where the Parent Company applies accounting principles that differ from the Group's accounting principles, as described in Note 2 of the Consolidated Financial Statements, this has been indicated below.

Presentation

The Income Statement and Balance Sheet follow the presentation requirement indicated in the Annual Accounts Act. The report on Changes in Shareholders' Equity follows the Group's presentation format plus the columns indicated in the Annual Accounts Act. This also implies changes to nomenclature compared to the Consolidated Financial Statements, mainly relating to financial income and expenses, and shareholders' equity.

Lease agreements

All lease agreements are reported as operating leases, regardless of whether the agreements relate to financial or operating leases. Lease fees are recognized as an expense on a straight line basis over the lease period.

Financial assets and liabilities

Due to the correlation between reporting and tax, the Parent Company does not recognize assets at fair value but applies the acquisition method in accordance with the Annual Accounts Act. This means that the Parent Company's financial non-current assets are valued at cost less potential impairment, and financial current assets are valued at the lower of cost or market.

Note 3 Number of employees

Average number of employees distributed between women and men

Parent Company	2022		Sep 20 - Dec 21	
	Total	Of which men	Total	Of which men
Sweden	1	0	4	1

Note 4 Remuneration to employees

Expensed salaries, other remuneration and social security expenses

Parent Company	2022		
	Board of Directors and CEO	Other employees	Total
Salaries and other remuneration	1,000	912	1,912
Social security expenses	314	286	600
Total	1,314	1,198	2,512

Parent Company	Sep 20 - Dec 21		
	Board of Directors and CEO	Other employees	Total
Salaries and other remuneration	5,287	743	6,030
Social security expenses	1,504	233	1,737
Pension expenses	959	212	1,171
Total	7,750	1,188	8,938

Remuneration and other benefits 2022

Group total	Board remuneration/ Basic salary	Variable remuneration	Other benefits	Pension expenses	Consultancy fee	Total
Chairman of the Board - Per Carendi	400	-	-	-	-	400
Board Member - Beverly Huss	83	-	-	-	-	83
Board Member - Ebba Fåhraeus	200	-	-	-	-	200
Board Member - Peter Troija	200	-	-	-	-	200
Board Member - Christian Jørgensen	117	-	-	-	-	117
Other Senior executives	440	-	-	-	-	440
Other employees	472	-	-	-	-	472
Total	1,912	-	-	-	-	1,912

Remuneration and other benefits 2021

Group total	Board remuneration/ Basic salary	Variable remuneration	Other benefits	Pension expenses	Consultancy fee	Total
Chairman of the Board - Per Thunell	506	-	-	-	-	506
Board Member - Joel Lindeman	264	-	-	-	-	264
Board Member - Michael Lemner	264	-	-	-	-	264
Chairman of the Board - Per Carendi	57	-	-	-	-	57
Board Member - Ebba Fåhraeus	29	-	-	-	-	29
Board Member - Beverly Huss	29	-	-	-	-	29
Board Member - Peter Troija	29	-	-	-	-	29
CEO - Kristian Lustin	3,610	500	-	959	-	5,069
Other Senior executives	220	-	-	-	-	220
Other employees	523	-	-	-	-	735
Total	5,530	500	-	1,171	-	7,201

Note 5 Remuneration to auditors

Parent Company	2022	Sep 20 - Dec 21
Öhrlings PricewaterhouseCoopers AB		
Audit assignment	295	-
Audit work outside of the audit assignment	708	-
Tax consultancy	45	-
Other services	18	-
Total	1,066	-
Ernst & Young AB		
Audit assignment	1,235	3,428
Audit work outside of the audit assignment	1,120	633
Tax consultancy	-	108
Other services	18	143
Total	2,362	4,312

Audit activities outside of audit assignments refer to various forms of quality assurance services resulting in reports, certificates etc., administration and advisory services or other assistance resulting from observations made during such review, or carrying out of other similar duties. Audit activities outside of audit assignments refer to various forms of quality assurance services resulting in reports, certificates etc., including review of interim reports. Tax consultancy services include advice relating to tax, VAT and private taxation. Everything else is regarded as other services.

Note 6 Other operating income

Parent Company	2022	Sep 20 - Dec 21
Divestment of subsidiaries	-	919
Net sales, other	2,073	-
Total	2,073	919

The divestment relates to Ängsviol Blomstern AB.

Note 7 Financial expenses etc.

Parent Company	Jan-Dec, 22	Sep 20 - Dec 21
Financial expenses etc.	-128	-20,126
Total	-128	-20,126

Parent Company interest expenses for the bond loan and similar items were SEK -0.128 M (-20.126) in 2022.

Note 8 Income tax

Difference between the Group's tax expense and tax expense based on the current tax rate	Parent Company	
	2022	Sep 20 - Dec 21
Reported profit before tax	-111,750	-176,510
Tax according to current tax rate, 20.6% (20.6%)	23,020	37,773
<i>Tax effect of non-deductible items</i>		
Impairment of participations in subsidiaries	-20,600	-50,345
Impairment of receivables from associated companies	-	-
Non-deductible interest expenses	-	-
Other non-deductible	-506	-12,049
<i>Tax effect of non-deductible items</i>		
Dividend received	-	8,560
Profit from divestment of subsidiaries	-	25,649
Non-taxable interest income	55	0.6
Reversal of non-deductible interest net	47	-3,609
Tax pertaining to items recognized directly in equity*	4,823	-
Unutilized loss carry-forwards	-6,839	-5,979
Tax on net income for the year	0	0

* Items recognized against equity relate to costs attributable to the new share issue in the year.

Given the past earnings trend, deferred tax assets attributable to loss carry-forwards in the Parent Company are recognized only insofar as deferred tax liabilities exist against which to offset them. The Parent Company has unutilized, not recognized, tax loss carry-forwards. The loss carry-forwards are not subject to any time limitation.

Note 9 Software and other intellectual property

Parent Company	Dec 31, 22	Dec 31, 21
Opening cost	53,394	64,252
Divestments/disposals in the year	-53,394	-10,858
Purchases in the year	0	0
Closing accumulated cost	0	53,394
Opening depreciation and amortization	-44,465	-47,563
Divestments/disposals in the year	44,465	3,098
Depreciation and amortization in the year		
Closing accumulated depreciation and amortization	0	-44,465
Opening impairment	-8,575	-4,577
Impairment in the year	-8,575	-3,998
Closing accumulated depreciation and amortization	0	-8,575
Opening planned residual value	0	354

There is no goodwill in intangible assets.

Note 10 Equipment

Parent Company	Dec 31, 22	Dec 31, 21
Opening cost	10,900	10,977
Divestments/disposals in the year	-10,900	-77
Closing accumulated cost	0	10,900
Opening depreciation and amortization	-9,844	-9,451
Depreciation and amortization in the year	9,844	-393
Closing accumulated depreciation and amortization	0	-9,844
Opening impairment	-1,049	-831
Impairment in the year	1,049	-218
Closing accumulated depreciation and amortization	0	-1,049
Opening planned residual value	0	7

Note 11 Accrued expenses and deferred income

Parent Company	Dec 31, 22	Dec 31, 21
Prepaid rent	-	928
Prepaid other expenses	613	992
Total	613	1,920

Note 12 Cash and cash equivalents

Parent Company	Dec 31, 22	Dec 31, 21
SEK	11,971	20,534
Total	11,971	20,534

Note 13 Equity and proposed distribution of earnings

As of December 31, 2021, share capital comprised 79,481,634 (35,325,171) shares with a quotient value of SEK 0.25 (0.25) each. All shares are ordinary shares.

Proposed distribution of earnings

The following funds are at the disposal of the Annual General Meeting, SEK:

	Dec 31, 22
Retained earnings	534,404,956
Profit/loss for the year	-111,749,499
Total	422,655,457
The Board proposes that retained earnings be allocated as follows:	
Carried forward	422,655,457
Total	422,655,457

Note 14 Trade payables

Parent Company	Dec 31, 22	Dec 31, 21
SEK	528	12,039
Total	528	12,039

The payment terms of trade payables are 10-90 days.

Note 15 Other liabilities

Parent Company	Dec 31, 22	Dec 31, 21
Personnel-related taxes	-324	-992
Liabilities to shareholders	-25,000	-
Total	-25,324	-992

Note 16 Accrued expenses and deferred income

Parent Company	Dec 31, 22	Dec 31, 21
Accrued vacation and payroll liabilities	-	-373
Accrued interest	-104	-
Other accrued expenses	-1,622	-3,193
Total	-1,726	-3,566

Note 17 Leases

Charges in the financial year	Parent Company	
	Dec 31, 22	Dec 31, 21
This relates exclusively to fixed minimum charges.	-	15,539
Total	-	15,539

The Parent Company's future commitments for lease and rental agreements are as follows:

Fees due	Parent Company	
	Dec 31, 22	Dec 31, 21
Within 1 year	-	2,028
Within 2- 5 years	-	275
Total	-	2,303

This refers to fixed and variable rental charges.

Note 18 Cash Flow Statement

Parent Company	Dec 31, 22	Dec 31, 21
Amortization, depreciation and impairment	35	67,110
Capital gains	307	-68,128
Total	342	-1,018

Note 19 Profit from participations in Group companies

Parent Company	Dec 31, 22	Dec 31, 21
Dividend from subsidiaries	-	40,000
Sales of shares in subsidiaries	-13	119,854
Impairment of participations in subsidiaries	-100,000	-235,259
Impairment of receivables in subsidiaries	-19	-713
Total	-100,031	-76,118

Shares in subsidiaries are tested for impairment annually. For 2022, this resulted in impairment of SEK 100 M for the shares in Coala Life AB. Important assumptions include: cost of capital (WACC), growth rate, operating profit and working capital.

Note 20 Financial Instruments

Financial assets

The financial assets that are available and utilized by the Parent Company consist of cash and cash equivalents and other receivables. Carrying amounts are judged to correspond to the fair value of the respective liabilities.

Cash and cash equivalents

Cash and cash equivalents are deposited in bank accounts at standard rates of interest. As of December 31, 2022, Parent Company Cash and cash equivalents totaled SEK 11.971 M (20.534).

Financial liabilities

The financial assets that are available and utilized by the Parent Company consist of trade payables, other liabilities and accrued expenses. All amounts stated below under financial liabilities correspond to carrying amounts in the Parent Company.

Carrying amounts are judged to correspond to the fair value of the respective liabilities.

Trade payables

Parent Company trade payables consist mainly of liabilities denominated in SEK and USD. The payment terms for trade payables are 10-90 days. Also refer to Note 16 for a description of the composition of trade payables by currency.

Parent Company as of December 31, 2022

Financial assets	Financial assets measured at fair value through profit or loss	Assets valued at accrued cost	Total
Other receivables	-	112	112
Cash and cash equivalents	-	11,971	11,971
Total	-	12,083	12,083

Financial liabilities	Liabilities measured at fair value through profit or loss	Liabilities valued at accrued cost	Total
Trade payables	-	528	528
Other liabilities	-	25,324	25,324
Accrued expenses	-	1,726	1,726
Total	-	27,578	27,578

Parent Company as of December 31, 2021

Financial assets	Financial assets measured at fair value through profit or loss	Assets valued at accrued cost	Total
Other receivables	-	21,108	21,108
Cash and cash equivalents	-	20,534	20,534
Total	-	41,643	41,643

Financial liabilities	Liabilities measured at fair value through profit or loss	Liabilities valued at accrued cost	Total
Trade payables	-	12,040	12,040
Other liabilities	-	992	992
Accrued expenses	-	3,566	3,566
Total	-	16,598	16,598

Fair value hierarchy

For all the above items, book value represents an approximation of fair value, which means that these items have not been divided into levels according to the fair value hierarchy.

Note 21 Parent Company intra-Group transactions

Parent Company

The Parent Company has not had net sales or purchased services from subsidiaries.

Parent Company	Receivable		Liability	
	Dec 31, 22	Dec 31, 21	Dec 31, 22	Dec 31, 21
Departments & Stores Europe AB		0		0
Departments & Stores Denmark ApS	122	0		0
Portwear AB		0	22,246	2,000
RNB Retail Development		0		0
Coala-Life AB	11,074	20,000		0
Coala Life Inc.	41,748	0		0
Coala Life Inc.		0		0
Brothers&Sisters		0		0
Brothers		0		0
Polarn O. Pyret		0		0
Polarn O. Pyret Norway		0		0
Blomstern		0		0
Total	52,944	20,000	22,246	2,000

Note 22 Financial risks

The Group applies joint risk management for all units. A description can be found in Note 29.

Accordingly, financial risks are also essentially applicable to the Parent Company.

The Board of Directors and CEO provide their assurance that the Annual Report has been prepared in accordance with generally accepted accounting practices, provides a true and fair view of the Parent Company's financial position and results of operations and that the Directors' Report provides a true and fair overview of the Parent Company's operations, financial position and results of operations and also describes the material risks and uncertainties faced by the Parent Company. The Board of Directors and CEO also provide their assurance that the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and results of operations, and also describes the material risks and uncertainties faced by the Group.

Stockholm, Sweden, April 24, 2023
The Board of Directors and Chief Executive Officer of
Coala-Life Group AB (publ)

Ebba Fåhraeus
Board member

Per Carendi
Chairman

Peter Troija
Board member

Christian Jørgensen
Board member

Per Lindeberg
Board member

Dan Pitulia
CEO

Our Audit Report was submitted on Monday, April 24, 2023
Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant

Auditor's Report

To the AGM of Coala Life Group AB (publ), Corp. ID no. 556495-4682

REPORT ON THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Opinions

We have audited the Annual Report and Consolidated Financial Statements of Coala-Life Group AB (publ) for 2022. The company's Annual Report and Consolidated Financial Statements can be found on pages 22-63 of this report.

In our opinion, the Annual Report has been prepared in accordance with the Annual Accounts Act and presents fairly, in all material respects, the financial position of the Parent Company as of Saturday, December 31, 2022 and its financial performance and cash flow for the period then ended in accordance with the Annual Accounts Act. The Consolidated Financial Statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2022 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory Director's Report is consistent with the other parts of the Annual Report and Consolidated Financial Statements.

We therefore recommend that the Annual General Meeting adopts the Income Statement and Balance Sheet for the Parent Company and the Group.

Basis for our statements

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Material uncertainty factors regarding assumption of going concern

Without affecting our statements above, we want to highlight pages 22-23 of the Directors' Report, under the headings Financial Position and Assumption of Going Concern in the Annual Report and Consolidated Financial Statements, which states that the Board assesses

that working capital needs to be strengthened and that this is achievable by reaching certain sales targets, utilizing warrants from the unit issue, and by entering into factoring agreements on the US market. It is also clear that the Board's assessment is that this means that financing has been secured, but that if operations do not develop sufficiently in scope or alternative financing cannot be obtained, this would give rise to an uncertainty factor relating to financing in 2023. These conditions indicate that there is a material uncertainty factor that could lead to significant doubts about the Company's ability to continue its operations.

Other disclosures

The audit of the Annual Report and Consolidated Financial Statements for the Parent Company's financial year September 1, 2020 - December 31, 2021 and for the Group's financial year January 1, 2021 - December 31, 2021 has been carried out by a different Auditor, who submitted an Audit Report on March 15, 2022 that includes unmodified statements in the Report on the Annual Report and Consolidated Financial Statements.

Other information than that provided in the Annual Report and Consolidated Financial Statements

This document also contains other information than the Annual Report and Consolidated Financial Statements, which can be found on pages 1-21 and 67-69.

Our opinion on the Annual Report and Consolidated Financial Statements does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the Annual Report and Consolidated Financial Statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the Annual Report and Consolidated Financial Statements. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Annual Report and Consolidated Financial Statements and that they give a fair representation in accordance with the Annual Accounts Act and, concerning the Consolidated Financial Statements, in accordance with IFRS as adopted by the EU and the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as determined necessary to ensure that the Annual Report and Consolidated Financial Statements are free from material misstatement, whether due to fraud or error.

In preparing the Annual Report and Consolidated Financial Statements, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the Annual Report and Consolidated Financial Statements, we have examined the administration of the Board of Directors and the Managing Director of Coala-Life Group AB (publ) for the financial year 2022 and the proposed distribution of the company's profit/loss.

We recommend to the Annual General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory Directors' Report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for our statements

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the Annual Report and Consolidated 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 opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the financial decisions of users taken on the basis of this Annual Report and Consolidated Financial Statements.

More information about our responsibility for the audit of the Annual Report and Consolidated Financial Statements can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This information forms part of the Audit Report.

Responsibilities of the Board of Directors and Managing Director

The Board of Directors is responsible for the proposed distribution of earnings of the company. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any measure or failed to undertake any measure that could give rise to a liability to pay compensation to the company or has in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

More information about our responsibility for the audit of the administration can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This information forms part of the Audit Report.

Uppsala, Sweden, April 24, 2023
Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant

Definition of key ratios

This report contains financial metrics not defined in IFRS. These financial metrics are used to follow-up, analyze and control operations and to provide the Group's stakeholders with financial information about the Group's financial position, results and performance. These financial key ratios are considered necessary to monitor and control progress of the Group's financial targets and are relevant to present on a continual basis.

A list of definitions of the key ratios used in this report follows.

MARGIN METRICS

Gross profit margin

Net sales less goods for resale in relation to net sales.

Purpose: The margin illustrates the proportion of net sales remaining to cover other expenses.

EBITDA margin

EBITDA as a percentage of net sales.

Purpose: The measure is used to measure operational profitability.

Profit/loss after financial items - margin

Profit/loss after financial items as a percentage of net sales.

Purpose: The measure is used to measure profitability before tax in the business.

FINANCIAL METRICS

Gross profit

Sales less goods for resale

Purpose: This illustrates the proportion of net sales remaining to cover other expenses.

EBITDA

Operating income before interest, tax, impairment losses, depreciation and amortization.

Purpose: Illustrates profitability of operations.

Profit/loss after financial items

Operating income after financial income and expense, before tax.

Purpose: Illustrates profitability before tax in the operations.

Equity/assets ratio

Shareholders' equity in relation to total assets.

Purpose: Equity/assets illustrates the proportion of assets financed by equity.

SHARE-BASED METRICS

Earnings per share

Net income divided by the weighted average number of shares during the period.

Purpose: The performance measure is used to evaluate investment performance from a shareholder perspective.

OTHER TERMS

Average number of employees

Average number of full time employees in a defined period.

Average number of shares

Weighted average of outstanding ordinary shares in the period.

Total expenses

Total expenses include: other external expenses, personnel expenses and depreciation/amortization.

Glossary

Atrial fibrillation

Atrial fibrillation is caused by abnormal electrical impulses in the atrium of the heart and is characterized by an irregular heartbeat (RR variability) and the absence of P-wave. Stress and high intake of coffee, alcohol or nicotine are important triggers for atrial fibrillation. Usually, underlying structural changes in the heart cause atrial fibrillation to arise, often due to high blood pressure, heart failure, valve disease or excess thyroid hormone.

Chronic diseases

Chronic diseases are usually defined as diseases that last over a person's lifetime or for a very long time. The U.S. National Center for Health Statistics defines chronic disease as a disease that lasts for three months or longer.

Auscultation

Auscultation is a common form of medical examination that involves listening to sounds generated by the patient's body. This usually refers to the heart and lungs, but it is also possible to listen to the bowels to obtain information about function. The examination is carried out using a stethoscope in a procedure known as indirect auscultation, in contrast with direct auscultation where the listener places their ear directly against the patient's body.

Palpitations

Palpitations are a less serious but common form of chronic heart disease. This common symptom means that the individual feels their own heartbeat. The causes vary, and in most cases palpitations are benign and may be caused by changes to the heart's autonomous tonus (due to mental stress or physical exertion, pregnancy) or harmless extra heartbeats which occur in all individuals to varying degrees, although the vast majority do not notice it.

Palpitations can also be a symptom of underlying non-cardiac disease, such as high blood pressure, hyperthyroidism or other metabolic disorders. To a lesser extent, palpitations can be caused by clinically significant arrhythmia such as atrial fibrillation or other supraventricular arrhythmia, and to an even lesser extent by ventricular arrhythmia in addition to ventricular extra beats.

Palpitations are common and often causes associated symptoms such as worry, anxiety and feelings of panic. The psychological symptoms are often caused by fears of having an underlying serious heart condition or that the heart will stop, causing sudden death.

Remote Patient Monitoring (RPM)

RPM is a relatively new US healthcare model introduced in the US in 2019 that enables remote monitoring of patients in the home. RPM allows healthcare providers to utilize connected, patient-centered technology that facilitates interaction between clinics and patients in the home. RPM differs from telemedicine as RPM includes connected medtech products and aims to provide better care between visits, find complications at an early stage and prevent them from deteriorating.

ECG

Electrocardiogram (ECG) is a method for measuring the electrical activity of the heart. ECG can be used to examine a patient for heart disease or heart arrhythmia. ECG is frequently included in regular health check-ups. ECG can be recorded while resting or during exercise, such as a tolerance test on an exercise bike. ECG can be recorded in a clinic, in an ambulance, at a hospital or at home.

P-wave

In ECG, P-wave represents the electrical depolarization of the atria of the heart which causes the atria to contract. The absence of P-wave in combination with a variable RR interval is an indication of atrial fibrillation. In connection with atrial flutter, several P-waves can be distinguished between each QRS complex, giving the baseline a characteristic sawtooth waveform.

RR variability

RR variability is measured using ECG and corresponds to the interval between two consecutive heartbeats

Phonocardiogram / PCG

A phonocardiogram is a recording of heart sounds that can be represented visually in a phonocardiography, frequently correlated with a simultaneous ECG recording. This can be useful for recording abnormal heart sounds for future reference, including follow-up to determine whether a patient is responding to treatment. Such testing can also be valuable for detecting subtle and sub-audible variations in heart sounds that indicate a medical problem that would otherwise not have been identified.



Financial calendar

Annual Report	April 25, 2023
Interim Report, first quarter 2023	May 4, 2023
Annual General Meeting	May 16, 2023
Interim Report, second quarter 2022	August 4, 2023
Interim Report, third quarter 2023	November 9, 2023
Year-end Report 2023	February 9, 2024



Coala-Life Group AB
(publ)

Kålsängsgränd 10B
SE-753 19 Uppsala
Sweden

www.coalalife.com