

The accountant's compilation report has been issued

Financial statements 2023

Momo Medical B.V.

DELFT

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Balance sheet as at 31 december 2023

After appropriation of results

	2023	2022
	EUR	EUR
Assets		
Non-current assets		
Property, plant and equipment		
Machinery	74,947	44,292
Other tangible assets	1,292,689	784,641
Total of property, plant and equipment	<u>1,367,636</u>	<u>828,933</u>
Total of non-current assets	<u>1,367,636</u>	<u>828,933</u>
Current assets		
Inventories		
Raw materials and consumables	294,767	309,335
Finished and trade goods	144,377	125,005
Total of inventories	<u>439,144</u>	<u>434,340</u>
Receivables		
Trade receivables	312,145	154,329
Prepayments and accrued income	48,159	8,799
Total of receivables	<u>360,304</u>	<u>163,128</u>
Cash and cash equivalents	47,174	22,201
Total of current assets	<u>846,622</u>	<u>619,669</u>
Total of assets	<u><u>2,214,258</u></u>	<u><u>1,448,602</u></u>

	2023	2022
	EUR	EUR
Equity and liabilities		
Equity		
Share capital paid up and called up	120	120
Share premium	225,000	225,000
Other reserves	(4,799,169)	(3,572,592)
Total of equity	<u>(4,574,049)</u>	<u>(3,347,472)</u>
Non-current liabilities		
Payables relating to taxes and social security contributions	34,515	38,286
Non-current other payables	806,503	822,989
Total of non-current liabilities	<u>841,018</u>	<u>861,275</u>
Current liabilities		
Advances received	363,232	225,586
Trade payables	118,572	60,056
Payables to other legal entities and companies with a participating interest in the legal entity or to participating interests of the legal entity	5,175,663	3,386,656
Payables relating to taxes and social security contributions		
Value added tax	104,762	64,397
Wage tax	15,481	31,670
Total of payables relating to taxes and social security contributions	<u>120,243</u>	<u>96,067</u>
Repayment obligations of non-current borrowings	49,330	49,330
Current other payables	6,900	3,230
Accruals and deferred income	113,349	113,874
Total of current liabilities	<u>5,947,289</u>	<u>3,934,799</u>
Total of equity and liabilities	<u><u>2,214,258</u></u>	<u><u>1,448,602</u></u>

Profit and loss account 2023

	2023	2022
	EUR	EUR
Total operating income		
Net revenue	1,998,631	598,589
Other operating income	58,507	-
Total operating income	<u>2,057,138</u>	<u>598,589</u>
Operating expenses		
Expenses of employee benefits		
Wages	1,051,164	778,978
Severance payments	-	5,340
Social security contributions	271,283	166,291
Other employee benefits expenses	216,906	170,964
Total of expenses of employee benefits	<u>1,539,353</u>	<u>1,121,573</u>
Amortisation of intangible assets and depreciation of property, plant and equipment		
Depreciation of property, plant and equipment		
Depreciation of machinery	17,460	7,856
Depreciation of other tangible assets	176,949	77,081
Total of depreciation of property, plant and equipment	<u>194,409</u>	<u>84,937</u>
Total of amortisation of intangible assets and depreciation of property, plant and equipment	<u>194,409</u>	<u>84,937</u>
Other operating expenses		
Accommodation costs	93,268	51,881
Sales related expenses	674,901	304,360
Car and transport costs	79,708	19,646
Office related expenses	124,798	71,091
General expenses	368,883	249,160
Total of other operating expenses	<u>1,341,558</u>	<u>696,138</u>
Total of operating expenses	<u>3,075,320</u>	<u>1,902,648</u>
Operating result	(1,018,182)	(1,304,059)
Interest expenses and related expenses	(208,395)	(141,609)
Result before tax	<u>(1,226,577)</u>	<u>(1,445,668)</u>
Income tax expense	-	-
Result after tax	<u>(1,226,577)</u>	<u>(1,445,668)</u>

Notes to the financial statements

General notes

Description of the activities of the entity

The main activities of Momo Medical B.V. are developing, producing and selling BedSenses, as well as the import and export of BedSenses and the required materials for this activity.

Entity information

Momo Medical B.V. is a private company. The company has its registered office in DELFT and is listed in the Commercial Register of the Chamber of Commerce under the file number 68346832.

Disclosure of going concern

The company realized a loss in 2023 of € 1,226,577. Including this result the entity has an equity per December 31, 2023 of € 4,574,049 negative and a working capital position of € 5,100,667 negative. This circumstance indicates the existence of an uncertainty on the basis of which there could be doubt about the company's continuity assumption. The Board of management has prepared a cashflow forecast for the group which contains a not yet secured investment round. Because of this the shareholders of Momo Medical Holding B.V. has committed a financial support up to € 1,500,000 to Momo Medical Holding B.V. in order to meet the liabilities. Momo Medical Holding B.V. has committed the same financial support to Momo Medical B.V. This commitment will remain valid for a period of 24 months after date of the comfort letter (March 12, 2024) until a new funding round of more than € 2,000,000 is completed. Based on the before mentioned, the company is able to meet its debts and obligations when they fall due for at least a year after the preparation of the financial statements.

Group relationship

Momo Medical B.V. is part of a group. The head of this group is Momo Medical Group Inc. in Camden, Delaware, United States.

Disclosure of estimates

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

General accounting principles

Accounting standards used to prepare the financial statements

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

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

Policy of conversion of amounts denominated in foreign currency

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

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

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

Policy of operating leases

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

Accounting principles

Policy of machinery

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

Policy of other property, plant and equipment

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

Policy of inventories

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

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

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

Policy of receivables

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

Policy of cash

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

Policy of share premium

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

Policy of other reserves

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

Policy of non-current liabilities

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

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

Policy of current liabilities

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

Accounting principles for determining the result

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

Policy of net turnover

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

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

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

Policy of wages and salaries

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

Policy of depreciation of property, plant and equipment

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

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

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

Policy of other operating expenses

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

Policy of financial income and expenses

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

Balance sheet

Receivables

General

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

In accordance with law and regulations an amount of approximately € 541,984 has been settled of the balance sheet items trade receivables and advances received.

Non-current liabilities

Maturity of non-current liabilities

The non-current liabilities with a remaining term longer than one year amount to a total of € 841,018.

Of the total amount of non-current liabilities an amount of € 18,537 has a remaining duration of longer than 5 years.

Assets and liabilities not recognised in balance sheet

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

Description of off-balance sheet commitments relating to guarantees

Momo Medical B.V. is jointly liable in the long term loans of Momo Medical Holding B.V. with the Rabobank and NPEX.

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

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

Disclosure of operating leases

Momo Medical B.V. has entered into operating leases for cars as lessee. The face value of the future lease payments is approximately € 207,000 (2022: € 103,000). The average maturity of the operating lease contracts per balance sheet date is 4 years (2022: 4 years).

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

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

Other notes

Average number of employees

The average number of employees employed on a full-time basis during the year 2023 was: 38 (2022: 24).