

Milvik UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



Company Registration No. 09022636 (England and Wales)

Milvik UK Limited

Company Information

Directors	M Strom G Agartson
Company number	09022636
Registered office	Aviation House 125 Kingsway WeWork London England WC2B 6NH
Auditor	Moore Kingston Smith LLP 4 Victoria Square St Albans Hertfordshire AL1 3TF
Bankers	Handelsbanken 35 Hay's Mews London W1J 5PY Standard Chartered Bank 6th Floor, 1 Basinghall Avenue London EC2V 5DD

Milvik UK Limited

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Milvik UK Limited

Directors' Report

For the year ended 31 December 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The company is a wholly owned subsidiary of Milvik AB, which is the ultimate parent company of Milvik Group which provides the technology delivery of microinsurance and health services including access to doctors over the phone to customers.

The principle activity of the company is that of provision of strategic direction and services such as software and product solutions, marketing, finance, legal and HR to the group's operating companies.

The company also receives an administration fee for the management and co-ordination of reinsurance in some of the countries that the group operates in.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Strom

G Agartson

G Lumsdon

(Resigned 1 May 2021)

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Milvik UK Limited

Directors' Report (Continued)

For the year ended 31 December 2021

Statement of disclosure to auditor

Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

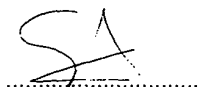
Going concern

As set out in Note 1.2, the directors have considered the company's liquid resources to include continued financial support from the parent company, Milvik AB. Since Milvik AB is a venture capital backed business, the group will still require to raise additional funds periodically. The group has secured additional financing of US\$5m from existing shareholders at start of September 2022 which, based on forecasts, should provide sufficient funds for 2022. The group is also working on securing additional financing that should provide sufficient funds for 2023 from both existing and new investors. Contingent on further fundraising, of which Milvik AB Group has a successful historical track record, and within the context of cash optimisation measures both already enacted and planned for the near future, the directors' believe that the company will continue to operate as a going concern.

The directors' have a reasonable belief that they will be successful securing additional financing to deliver on its business plan. Considering this, it is the opinion of the directors, that the company will have sufficient resources to meet its liabilities as they fall due and consequently the financial statements have been prepared on a going concern basis.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



G Agartson

Director

30/09/2022

Milvik UK Limited

Independent Auditor's Report

To the Member of Milvik UK Limited

Opinion

We have audited the financial statements of Milvik UK Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the company has net liabilities of £21,374,802 as of 31 December 2021 and is reliant on support from its parent entity, Milvik AB. Milvik AB has identified the need to raise additional finance in 2023 and whilst the directors have a reasonable belief that they will be successful, uncertainties do exist as the finance has yet to be secured.

These events or conditions, along with other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Milvik UK Limited

Independent Auditor's Report (Continued)

To the Member of Milvik UK Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Milvik UK Limited

Independent Auditor's Report (Continued)

To the Member of Milvik UK Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milvik UK Limited

Independent Auditor's Report (Continued)

To the Member of Milvik UK Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

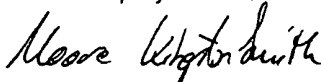
The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.



Darren Jordan (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Date: 30.09.2022

Chartered Accountants
Statutory Auditor

4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

Milvik UK Limited

Profit And Loss Account

For the year ended 31 December 2021

		2021	2020
	Notes	£	£
Turnover		1,652,404	9,295,920
Administrative expenses		(12,972,575)	(14,106,641)
Other operating income		493,942	758,370
Operating loss		(10,826,229)	(4,052,351)
Interest receivable and similar income		15	-
Interest payable and similar expenses	5	(387,183)	(386,382)
Loss before taxation		(11,213,397)	(4,438,733)
Tax on loss	6	-	-
Loss for the financial year		(11,213,397)	(4,438,733)

Milvik UK Limited

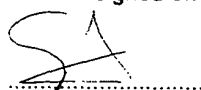
Balance Sheet

As at 31 December 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	7	1,511,272		-	
Tangible assets	8	16,146		30,064	
Investments	9	4,781		4,986	
		<u>1,532,199</u>		<u>35,050</u>	
Current assets					
Debtors	10	1,093,743		756,126	
Cash at bank and in hand		71,819		670,148	
		<u>1,165,562</u>		<u>1,426,274</u>	
Creditors: amounts falling due within one year	11	(24,072,563)		(16,848,721)	
Net current liabilities			(22,907,001)		(15,422,447)
Net liabilities			<u>(21,374,802)</u>		<u>(15,387,397)</u>
Capital and reserves					
Called up share capital	12	5,226,092		100	
Profit and loss reserves		(26,600,894)		(15,387,497)	
Total equity		<u>(21,374,802)</u>		<u>(15,387,397)</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime, and in accordance with the provisions of FRS 102 Section 1A relating to small entities.

The financial statements were approved by the board of directors and authorised for issue on 30/09/2022..... and are signed on its behalf by:



G Agartson
Director

Company Registration No. 09022636

Milvik UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies

Company information

Milvik UK Limited is a company limited by shares and incorporated in England and Wales. The registered office is Aviation House, 125 Kingsway, WeWork, London, England, WC2B 6NH.

1.1 Accounting convention

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime, and in accordance with the provisions of FRS 102 Section 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company has net liabilities of £21,374,802 at the year end, and is reliant on the support of its parent company, Milvik AB, in the form of inter-group loan finance of which £21,984,973 remains outstanding at the year end. As disclosed in Note 13, events after the reporting date, the company allotted additional shares to its sole shareholder for cash consideration which has been substantially used to repay the inter-group loan with Milvik AB.

Milvik AB remains a venture capital backed business and the group will still require to raise additional funds. The group has secured additional financing of US\$5 million from existing shareholders at the start of September 2022, which based on the forecasts, should provide sufficient funds for 2022. The group will need to raise additional finance early in 2023 and the directors of Milvik AB have a reasonable belief that they will continue to be successful in securing additional shareholder funds to deliver on its business plans, including those of the company.

Within the context of the above, the directors believe that the company will continue to operate into the foreseeable future and that as shareholders and financier of the company, Milvik AB will be able continue to provide financial support to the company to enable it to operate as a going concern and to meet its obligations. The support includes an agreement not to call in a loan due to the parent company until the company is in a position to repay the debt. Consequently the financial statements have been prepared on a going concern basis.

The financial statements do not include any adjustments that would result from the consequences of the company not being able to continue to trade.

Milvik UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.3 Turnover

Revenue is recognised when the services have been performed and rendered.

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development Costs	5 Years straight line
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% Reducing balance
Plant and machinery	3 Years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Milvik UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Milvik UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1.10 Financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income and expenditure on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

Milvik UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic life of intangible fixed assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

The company amortises the intangible assets over the useful economic life which reflects management's estimate for the period the company intends to derive future economic benefits from use of those assets. The value in use calculations requires the company to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. The carrying amount of the intangible assets is disclosed in note 7 and note 1.4 for the useful economic lives for such assets.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 31 (2020: 31).

4 Directors' remuneration

	2021 £	2020 £
Remuneration paid to directors (including benefits)	598,183	500,695

5 Interest payable and similar expenses

	2021 £	2020 £
Interest payable to group undertakings	387,183	386,382
	<u>387,183</u>	<u>386,382</u>

Milvik UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

6 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(11,213,397)	(4,438,733)
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</i>	(2,130,545)	(843,359)
Tax effect of expenses that are not deductible in determining taxable profit	85,986	91,021
Unutilised tax losses carried forward	1,878,758	752,203
Permanent capital allowances in excess of depreciation	(1,351)	(1,254)
Adjustments in respect of financial assets	171,365	-
Under/(over) provided in prior years	(4,213)	1,389
Taxation charge for the year	-	-

The company has losses of £23,828,237 (2020: £13,986,031) that are available to carry forward against future trading profits. A deferred tax asset of £5,957,059 (2020: £2,657,346) has not been recognised due to the uncertainty of future profits arising.

7 Intangible fixed assets

	Development Costs £
Cost	
At 1 January 2021	-
Additions	1,856,923
At 31 December 2021	1,856,923
Amortisation and impairment	
At 1 January 2021	-
Amortisation charged for the year	345,651
At 31 December 2021	345,651
Carrying amount	
At 31 December 2021	1,511,272
At 31 December 2020	-

During the year, the company was assigned all intellectual property rights from its sole shareholder under an assignment agreement for a consideration of \$2,210,000.

Milvik UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

8 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2021	78,801
Additions	8,548
Disposals	(13,130)
At 31 December 2021	74,219
Depreciation and impairment	
At 1 January 2021	48,737
Depreciation charged in the year	15,662
Eliminated in respect of disposals	(6,326)
At 31 December 2021	58,073
Carrying amount	
At 31 December 2021	16,146
At 31 December 2020	30,064

9 Fixed asset investments

	2021 £	2020 £
Shares in group undertakings and participating interests	4,781	4,986

The company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Milvik UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

9 Fixed asset investments		(Continued)	
Movements in fixed asset investments			Shares £
Cost or valuation			
At 1 January 2021			4,986
Valuation changes			(205)
At 31 December 2021			<u>4,781</u>
Carrying amount			
At 31 December 2021			<u>4,781</u>
At 31 December 2020			<u>4,986</u>
10 Debtors		2021	2020
		£	£
Amounts falling due within one year:			
Amounts due from group undertakings		263,201	-
Other debtors		830,542	756,126
		<u>1,093,743</u>	<u>756,126</u>
11 Creditors: amounts falling due within one year		2021	2020
		£	£
Trade creditors		444,934	189,667
Amounts owed to group undertakings		22,983,824	16,087,800
Taxation and social security		94,745	137,148
Other creditors		549,060	434,106
		<u>24,072,563</u>	<u>16,848,721</u>
12 Called up share capital		2021	2020
		Number	Number
Ordinary share capital			
Issued and fully paid			
Ordinary Shares of £1 each		<u>5,226,092</u>	<u>100</u>

During the year, 5,225,992 ordinary shares were allotted at par, to the sole shareholder.

Milvik UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021 £	2020 £
Within one year	203,770	171,961
Between two and five years	17,220	26,145
	<u>220,990</u>	<u>198,106</u>

14 Events after the reporting date

After the reporting date, 29,755,816 Ordinary shares were allotted at par value to the sole shareholder.

15 Related party transactions

The company has taken advantage of the exemption available in section 33 of FRS 102 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

16 Parent company

The ultimate parent company is Milvik AB, a company registered in Sweden.

Milvik AB prepares group accounts. Copies can be obtained from - Skeppsbron 18 Box 2094, Stockholm, Sweden, 103 13.