DarsCare A/S

c/o Redmark, Statsautoriseret Revisionspartnerselskab, Dirch Passers Allé 76, 2000 Frederiksberg

Company reg. no. 27 64 10 32

Annual report

2018

The annual report was submitted and approved by the general meeting on the 24 June 2019.

Nicholas Liebach
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of DarsCare A/S for the financial year 1 January to 31 December 2018.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Frederiksberg, 24 June 2019

Managing Director

Tatiana Chernova
CEO

Board of directors

Nicholas Liebach | Tatiana Chernova | Kasper Solfjeld

Independent auditor's report

To the shareholders of DarsCare A/S

Opinion

We have audited the annual accounts of DarsCare A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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 the internal control that we identify during our audit.

Statement on the management's review
The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 24 June 2019

Redmark
State Authorised Public Accountants
Company reg. no. 29 44 27 89

Alex Michael Ankjær-Jensen
State Authorised Public Accountant
mne10427

Company data

The company	DarsCare A/S c/o Redmark, Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg	
	Company reg. no.	27 64 10 32
	Established:	2 March 2004
	Domicile:	
	Financial year:	1 January - 31 December
Board of directors	Nicholas Liebach Tatiana Chernova Kasper Solfjeld	
Managing Director	Tatiana Chernova, CEO	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg	
Parent company	Medelite Holding ApS	

Management's review

The principal activities of the company

The company's aim is to trade enterprise with import and export and production, including production of food supplements cosmetics and OTC medicies and associated activities.

Development in activities and financial matters

The gross profit for the year is DKK 203.232 against DKK 1.459.737 last year. The results from ordinary activities after tax are DKK -1.126.034 against DKK -639.667 last year. The management consider the results unsatisfactory.

Capital readiness

The company is subject to the capital loss rules in section 119 of the Danish Companies Act, as the company per 31 December 2018 has lost the entire equity. The company has received letter of subordination from Ruslan Nurievitch Kamalov, who has receivables of DKK 2.102.573 as of 31 December 2018. On this basis the company is considered a going concern. The re-establishment of the capital is expected to occur at future positive operating results.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Gross profit	**203.232**	**1.459.737**
2	Staff costs	-1.128.195	-1.641.352
	Depreciation and writedown relating to tangible fixed assets	0	-21.236
	Operating profit	**-924.963**	**-202.851**
	Other financial income	65.853	82.941
3	Other financial costs	-266.924	-273.578
	Results before tax	**-1.126.034**	**-393.488**
4	Tax on ordinary results	0	-246.179
	Results for the year	**-1.126.034**	**-639.667**
	Proposed distribution of the results:		
	Allocated from results brought forward	-1.126.034	-639.667
	Distribution in total	**-1.126.034**	**-639.667**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Fixed assets		
5	Other plants, operating assets, and fixtures and furniture	0	0
	Tangible fixed assets in total	0	0
	Fixed assets in total	**0**	**0**
	Current assets		
	Manufactured goods and trade goods	598.634	422.188
	Inventories in total	598.634	422.188
	Trade debtors	1.108.010	981.045
	Amounts owed by group enterprises	224.731	186.082
	Other debtors	174.009	357.055
	Debtors in total	1.506.750	1.524.182
	Available funds	526.851	1.418.034
	Current assets in total	**2.632.235**	**3.364.404**
	Assets in total	**2.632.235**	**3.364.404**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2018	2017
	Equity		
6	Contributed capital	500.000	500.000
7	Results brought forward	-1.294.064	-168.030
	Equity in total	**-794.064**	**331.970**
	Liabilities		
8	Other debts	2.102.573	2.062.574
	Long-term liabilities in total	2.102.573	2.062.574
	Bank debts	0	2
	Trade creditors	1.323.726	969.858
	Short-term liabilities in total	1.323.726	969.860
	Liabilities in total	**3.426.299**	**3.032.434**
	Equity and liabilities in total	**2.632.235**	**3.364.404**

1 Capital readiness

9 Mortgage and securities

10 Contingencies

Notes

All amounts in DKK.

1. Capital readiness

The company is subject to the capital loss rules in section 119 of the Danish Companies Act, as the company per 31 December 2018 has lost the entire equity. The company has received letter of subordination from Ruslan Nurievitch Kamalov, who has receivables of DKK 2.102.573 as of 31 December 2018. On this basis the company is considered a going concern. The re-establishment of the capital is expected to occur at future positive operating results.

	2018	2017
2. Staff costs		
Salaries and wages	1.046.295	1.528.611
Other staff costs	81.900	112.741
	1.128.195	**1.641.352**
Average number of employees	10	15
3. Other financial costs		
Other financial costs	266.924	273.578
	266.924	**273.578**
4. Tax on ordinary results		
Adjustment for the year of deferred tax	0	246.179
	0	**246.179**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
5.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	167.402	163.242
	Adjustment due to change of accounting policies	0	4.160
	Disposals during the year	-25.752	0
	Cost 31 December 2018	**141.650**	**167.402**
	Depreciation and writedown 1 January 2018	-167.402	-140.305
	Adjustment due to change of accounting policies	0	-5.861
	Depreciation for the year	0	-21.236
	Reversal of depreciation, amortisation and writedown, assets disposed of	25.752	0
	Depreciation and writedown 31 December 2018	**-141.650**	**-167.402**
6.	**Contributed capital**		
	Contributed capital 1 January 2018	500.000	500.000
		500.000	**500.000**
7.	**Results brought forward**		
	Results brought forward 1 January 2018	-168.030	471.637
	Profit or loss for the year brought forward	-1.126.034	-639.667
		-1.294.064	**-168.030**
8.	**Other debts**		
	Other debts in total	2.102.573	2.062.574
	Share of amount due within 1 year	0	0
	Other debts in total	**2.102.573**	**2.062.574**
	Share of liabilities due after 5 years	0	0

Notes

All amounts in DKK.

9. Mortgage and securities

The company has per 31 December 2018 not made a mortgage or secured collateral.

10. Contingencies

Joint taxation

Medelite Holding ApS, company reg. no 28 27 89 26 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The total tax payable under the joint taxation amounts to DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

Accounting policies used

The annual report for DarsCare A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. In addition, the company has chosen to follow certain rules for Class C companies.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies used

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank and in hand.

Liabilities

Liabilities are measured at amortised cost which usually corresponds to the nominal value.