
Liita Care ApS

Kronprinsensgade 3, 4. sal, DK-1114 København K

Annual Report for 2019

CVR-nr. 34 35 38 59

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 28/5 2020

Martin Ohrt
Chairman of the
general meeting



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Management's statement

The Executive Board has today considered and adopted the Annual Report of Liita Care ApS for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

København K, 28 May 2020

Executive Board

Martin Albert Ohrt
Executive officer

Independent Auditor's report

To the shareholder of Liita Care ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Liita Care ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 and the additional requirements applicable in Denmark 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, 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 purpose 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 Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements 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 contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent 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 internal control that we identify during our audit.

Hellerup, 28 May 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Carsten Nielsen

state authorised public accountant

mne30212

Company information

The Company Liita Care ApS
Kronprinsensgade 3, 4. sal
DK-1114 København K
CVR No: 34 35 38 59
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Executive board Martin Albert Ohrt

Auditors PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management's review

Key activities

The Company's main activity comprise of sale of health caring products and adaption of the Breathox concept to the scandinavian market.

Development in the year

The income statement of the Company for 2019 shows a profit of DKK 238,253, and at 31 December 2019 the balance sheet of the Company shows negative equity of DKK 4,161,027.

Subsequent events

Covid-19 has occurred after the balance sheet date, as mentioned in note 2.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2019	2018
		DKK	DKK
Gross profit/loss		2,635,126	773,639
Staff expenses	3	-954,535	-832,409
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-566,493	-474,497
Profit/loss before financial income and expenses		1,114,098	-533,267
Financial income		0	19,487
Financial expenses	4	-814,037	-435,194
Profit/loss before tax		300,061	-948,974
Tax on profit/loss for the year	5	-61,808	424,676
Net profit/loss for the year		238,253	-524,298

Distribution of profit

	2019	2018
	DKK	DKK
Proposed distribution of profit		
Retained earnings	238,253	-524,298
	238,253	-524,298

Balance sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Completed development projects		1,613,662	1,345,609
Intangible assets	6	1,613,662	1,345,609
Other fixtures and fittings, tools and equipment		453,468	195,431
Property, plant and equipment	7	453,468	195,431
Deposits		77,703	77,703
Fixed asset investments		77,703	77,703
Fixed assets		2,144,833	1,618,743
Trade receivables		119,801	0
Receivables from group enterprises		1,147,499	53,811
Other receivables		240,981	161,961
Corporation tax		0	1,086,961
Receivables		1,508,281	1,302,733
Cash at bank and in hand		3,637,180	1,085,983
Current assets		5,145,461	2,388,716
Assets		7,290,294	4,007,459

Balance sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		80,000	80,000
Reserve for development costs		1,560,109	1,292,069
Retained earnings		-5,801,136	-5,771,349
Equity	8	-4,161,027	-4,399,280
Provision for deferred tax		267,155	206,120
Provisions		267,155	206,120
Payables to group enterprises		10,623,531	868,634
Other payables		22,695	0
Long-term debt	9	10,646,226	868,634
Credit institutions		22,112	19,782
Trade payables		235,793	38,728
Payables to owners and Management		19,868	19,868
Other payables		121,467	7,114,907
Deferred income		138,700	138,700
Short-term debt		537,940	7,331,985
Debt		11,184,166	8,200,619
Liabilities and equity		7,290,294	4,007,459
Going concern	1		
Subsequent events	2		
Contingent assets, liabilities and other financial obligations	10		
Accounting Policies	11		

Notes to the financial statement

1. Going concern

The Company has a negative equity amounting to DKK 4,161k. The Company expects to reestablish its equity through its own earnings.

Furthermore, the Company has been granted a loan in February 2020 amounting to DKK 5,000k, which is due 31th December 2022. This give the Company the necessary ability to pay short term liabilities when due.

2. Subsequent events

The consequences of Covid-19, in which many governments around the world have decided to "shut down the countries", are of great importance to the world economy. Management considers the consequences of Covid-19 as an event that occurred after the balance sheet date of December 31, 2019 and therefore has no impact on the 2019 financial statements (non-regulatory event). It is the management's expectation that Covid-19 potentially will have a positive impact to the Company's revenue in 2020. At present, it is not possible to make a reliable estimate of the effect.

3. Staff Expenses

	2019	2018
	DKK	DKK
Wages and salaries	924,788	785,395
Other social security expenses	27,247	47,014
Other staff expenses	2,500	0
	<u>954,535</u>	<u>832,409</u>
Average number of employees	<u>4</u>	<u>4</u>

4. Financial expenses

	2019	2018
	DKK	DKK
Interest paid to group enterprises	765,591	0
Other financial expenses	48,446	434,909
Exchange loss	0	285
	<u>814,037</u>	<u>435,194</u>

Notes to the financial statement

	<u>2019</u>	<u>2018</u>
	DKK	DKK
5. Income tax expense		
Current tax for the year	0	-160,688
Deferred tax for the year	61,035	206,120
Adjustment of tax concerning previous years	773	-470,108
	<u>61,808</u>	<u>-424,676</u>

6. Intangible fixed assets

	<u>Completed development projects</u>
	DKK
Cost at 1 January	2,432,453
Additions for the year	708,759
Cost at 31 December	<u>3,141,212</u>
Impairment losses and amortisation at 1 January	1,086,844
Amortisation for the year	440,706
Impairment losses and amortisation at 31 December	<u>1,527,550</u>
Carrying amount at 31 December	<u>1,613,662</u>
Amortised over	<u>5 years</u>

Development projects relate to product development of Breathox.

Notes to the financial statement

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	286,053
Additions for the year	383,824
Cost at 31 December	<u>669,877</u>
Impairment losses and depreciation at 1 January	90,622
Depreciation for the year	125,787
Impairment losses and depreciation at 31 December	<u>216,409</u>
Carrying amount at 31 December	<u>453,468</u>
Amortised over	<u>3-5 year</u>

8. Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	80,000	1,292,069	-5,771,349	-4,399,280
Development costs for the year	0	268,040	-268,040	0
Net profit/loss for the year	0	0	238,253	238,253
Equity at 31 December	<u>80,000</u>	<u>1,560,109</u>	<u>-5,801,136</u>	<u>-4,161,027</u>

Notes to the financial statement

9. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2019</u>	<u>2018</u>
	DKK	DKK
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	<u>10,623,531</u>	<u>868,634</u>
Long-term part	<u>10,623,531</u>	<u>868,634</u>
Within 1 year	<u>0</u>	<u>0</u>
	<u>10,623,531</u>	<u>868,634</u>
Other payables		
After 5 years	0	0
Between 1 and 5 years	<u>22,695</u>	<u>0</u>
Long-term part	<u>22,695</u>	<u>0</u>
Other short-term payables	<u>121,467</u>	<u>7,114,907</u>
	<u>144,162</u>	<u>7,114,907</u>
	<u>2019</u>	<u>2018</u>
	DKK	DKK

10. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Cash at bank	50,106	50,106
Rental and lease obligations		
Lease obligations with a notice period of 3 months	38,496	37,000

Notes to the financial statement

11. Accounting policies

The Annual Report for Liita Care ApS for 2019 has been prepared in accordance with the Danish Financial Statements Act for companies in Class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the financial statement

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with 10 Holding IVS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Intangible assets comprise of development projects. Only direct Capex expenses has been capitalized.

Completed development projects are depreciated over 5 years, which is the expected useful lives of the projects.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Notes to the financial statement

Other fixtures and fittings, tool and equipment 3-5 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.