

Grant Thornton
Godkendt
Revisionspartnerselskab

Tronholmen 3
8960 Randers SØ
CVR-nr. 34209936

T (+45) 86 41 21 00

www.grantthornton.dk

Liita Care ApS

Kronprinsensgade 3, 4. sal, 1114 København K

Company reg. no. 34 35 38 59

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 14 June 2024.

Martin Albert Ohrt
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Management's review	6
Financial statements 1 January - 31 December 2023	
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11
Accounting policies	14

Management's statement

Today, the managing director has presented the annual report of Liita Care ApS for the financial year 1 January - 31 December 2023.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2023 and of the company's results of activities in the financial year 1 January – 31 December 2023.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

København K, 24 May 2024

Managing Director

Martin Albert Ohrt
CEO

Independent auditor's report

To the Shareholders of Liita Care ApS

Opinion

We have audited the financial statements of Liita Care ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

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.

Independent auditor's report

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 Financial Statements Act.

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

Randers, 17 May 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Finn Jensen Vammen

State Authorised Public Accountant
mne19677

Company information

The company

Liita Care ApS
Kronprinsensgade 3
4. sal
1114 København K

Company reg. no. 34 35 38 59

Financial year: 1 January - 31 December

Managing Director

Martin Albert Ohrt, Engtoftevej 6, 4. th 1816 Frederiksberg C, CEO

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Tronholmen 3
8960 Randers SØ

Management's review

Description of key activities of the company

The Company's main activity is developing and commercializing consumer healthcare products based on the company's proprietary treatment platform.

Development in activities and financial matters

For the fiscal year 2023, the Company reported a financial loss of DKK 2,645,198, which was lower than anticipated due to the strategic realignment from a traditionally employed staff model to a virtual organization comprising specialized consultants, companies, and science organizations. This restructuring has optimized resource allocation, underscored by rigorous performance metrics and enhanced cost control. The shift not only prepares the company for incremental growth with reduced risks but also capitalizes on partner resource availability, effectively mitigating the risk of over or underutilization of human resources.

Management views the year's results as aligned with expectations and integral to the strategic growth plan.

Expected developments

Management is strategically investing in the expansion of market reach and product portfolio, following a diversified growth strategy. This approach is aimed at broadening our footprint and is expected to drive significant returns, aligning with the company's financial goals for 2025. Having successfully commercialized our products in our home market, which represents 1.4% of the EU market and 0.3% of the global market for over-the-counter products in the cough and cold category, we are now well-positioned for further expansion. This track record of success in our home market lays a solid foundation for tapping into larger markets under our diversified growth strategy

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	-1.044.214	807.481
1 Staff costs	-1.062.776	-1.295.431
Depreciation and impairment of non-current assets	-343.280	-1.226.881
Other operating costs	-66.184	0
Operating profit	-2.516.454	-1.714.831
2 Other financial income	12.002	142
3 Other financial expenses	-140.746	-38.138
Pre-tax net profit or loss	-2.645.198	-1.752.827
Net profit or loss for the year	-2.645.198	-1.752.827
Proposed distribution of net profit:		
Allocated from retained earnings	-2.645.198	-1.752.827
Total allocations and transfers	-2.645.198	-1.752.827

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
4 Completed development projects, including patents and similar rights arising from development projects	916.739	1.042.428
Total intangible assets	916.739	1.042.428
5 Other fixtures, fittings, tools and equipment	10.045	58.988
Total property, plant, and equipment	10.045	58.988
6 Deposits	72.903	77.703
Total investments	72.903	77.703
Total non-current assets	999.687	1.179.119
Current assets		
Manufactured goods and goods for resale	0	66.184
Total inventories	0	66.184
Trade receivables	82.833	46.150
Receivables from group enterprises	291.994	229.708
Other receivables	48.330	399.825
Total receivables	423.157	675.683
Cash on hand and demand deposits	1.722.586	4.615.958
Total current assets	2.145.743	5.357.825
Total assets	3.145.430	6.536.944

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity		
Contributed capital	80.000	80.000
Retained earnings	117.866	2.763.064
Total equity	197.866	2.843.064
 Liabilities other than provisions		
Payables to group enterprises	2.770.924	2.639.320
Total long term liabilities other than provisions	2.770.924	2.639.320
 Bank loans	26.137	30.564
Trade payables	94.608	114.850
Other payables	55.895	909.146
Total short term liabilities other than provisions	176.640	1.054.560
 Total liabilities other than provisions	2.947.564	3.693.880
 Total equity and liabilities	3.145.430	6.536.944

7 Charges and security**8 Contingencies**

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2023	80.000	-7.381.945	-7.301.945
Retained earnings for the year	0	-2.645.198	-2.645.198
Adjustment 1	0	10.145.009	10.145.009
	<u>80.000</u>	<u>117.866</u>	<u>197.866</u>

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Staff costs		
Salaries and wages	1.052.226	1.282.465
Other costs for social security	3.787	12.128
Other staff costs	<u>6.763</u>	<u>838</u>
	<u>1.062.776</u>	<u>1.295.431</u>
Average number of employees	<u>2</u>	<u>5</u>
2. Other financial income		
Exchange differences	151	142
Interest received from group enterprises	<u>11.851</u>	<u>0</u>
	<u>12.002</u>	<u>142</u>
3. Other financial expenses		
Financial costs, group enterprises	131.604	0
Other financial costs	<u>9.142</u>	<u>38.138</u>
	<u>140.746</u>	<u>38.138</u>
4. Completed development projects, including patents and similar rights arising from development projects		
Cost 1 January 2023	4.886.743	3.583.707
Additions during the year	<u>168.647</u>	<u>1.303.035</u>
Cost 31 December 2023	<u>5.055.390</u>	<u>4.886.742</u>
Amortisation and write-down 1 January 2023	-3.844.314	-2.751.131
Amortisation and depreciation for the year	<u>-294.337</u>	<u>-1.093.183</u>
Amortisation and write-down 31 December 2023	<u>-4.138.651</u>	<u>-3.844.314</u>
Carrying amount, 31 December 2023	<u>916.739</u>	<u>1.042.428</u>

Development costs comprise of investments in clinical trials, IP consultants, and patent applications associated with the further development of the LIITA Care technology platform, BreathBox.

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
5. Other fixtures, fittings, tools and equipment		
Cost 1 January 2023	<u>650.876</u>	<u>650.876</u>
Cost 31 December 2023	<u>650.876</u>	<u>650.876</u>
Depreciation and write-down 1 January 2023	-591.888	-458.190
Amortisation and depreciation for the year	<u>-48.943</u>	<u>-133.698</u>
Depreciation and write-down 31 December 2023	<u>-640.831</u>	<u>-591.888</u>
Carrying amount, 31 December 2023	<u>10.045</u>	<u>58.988</u>
6. Deposits		
Cost 1 January 2023	<u>72.903</u>	<u>77.703</u>
Cost 31 December 2023	<u>72.903</u>	<u>77.703</u>
Carrying amount, 31 December 2023	<u>72.903</u>	<u>77.703</u>
7. Charges and security		
The following assets have been placed as security with credit institutes: Cash at bank, TDKK 50.		
8. Contingencies		
Contingent liabilities		
Rental liabilities		
The Company has a lease agreements with a notice period of 3 and 6 months which total amounts to TDKK 54.		
Joint taxation		
With 10 Holding ApS, company reg. no 37321540 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.		
The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.		

Notes

All amounts in DKK.

8. Contingencies (continued)

Joint taxation (continued)

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Liita Care ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Accounting policies

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets as well as operating loss and conflict compensation. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

Accounting policies

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

The cost comprises acquisition cost and costs directly associated with 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, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets

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

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

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Accounting policies

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Liita Care ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.