

**Liita Care ApS**  
Kronprinsensgade 3, 4. sal, 1114 København K

Company reg. no. 34 35 38 59

**Annual report**

**1 January - 31 December 2022**

The annual report was submitted and approved by the general meeting on the 6 July 2023.

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**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

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	<u>Page</u>
<b>Reports</b>	
Management's statement	1
Independent auditor's report	2
<b>Management's review</b>	
Company information	5
Management's review	6
<b>Financial statements 1 January - 31 December 2022</b>	
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11
Accounting policies	13

## **Management's statement**

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Today, the managing director has presented the annual report of Liita Care ApS for the financial year 1 January - 31 December 2022.

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 2022 and of the company's results of activities in the financial year 1 January – 31 December 2022.

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, 6 July 2023

### **Managing Director**

Martin Albert Ohrt  
CEO

## **Independent auditor's report**

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### **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 2022, 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 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

#### **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' 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

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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**

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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.

DK-8960 Randers SØ, 6 July 2023

### **Kvist & Jensen**

Kvist & Jensen State Authorized Public Accountants  
Company reg. no. 36 71 77 85

#### **Finn J. Vammen**

State Authorised Public Accountant  
mne19677

## Company information

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**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**

Kvist & Jensen Statsautoriseret Revisionspartnerselskab

## **Management's review**

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### **The principal activities of the company**

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

### **Development in activities and financial matters**

The income statement of the Company for 2022 shows a loss of DKK 1,752,827, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 2,843,064.



**Income statement 1 January - 31 December**

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Gross profit</b>	<b>807.481</b>	<b>-1.453.522</b>
1 Staff costs	-1.295.431	-1.062.378
Depreciation and impairment of non-current assets	-1.226.881	-744.093
<b>Operating profit</b>	<b>-1.714.831</b>	<b>-3.259.993</b>
2 Other financial income	142	744.198
3 Other financial expenses	-38.138	-1.058.817
<b>Pre-tax net profit or loss</b>	<b>-1.752.827</b>	<b>-3.574.612</b>
Tax on net profit or loss for the year	0	305.229
<b>Net profit or loss for the year</b>	<b>-1.752.827</b>	<b>-3.269.383</b>
<b>Proposed distribution of net profit:</b>		
Allocated from retained earnings	-1.752.827	-3.269.383
<b>Total allocations and transfers</b>	<b>-1.752.827</b>	<b>-3.269.383</b>

**Balance sheet at 31 December**

All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Non-current assets</b>		
4 Completed development projects, including patents and similar rights arising from development projects	1.042.428	832.576
Total intangible assets	1.042.428	832.576
5 Other fixtures, fittings, tools and equipment	58.988	192.686
Total property, plant, and equipment	58.988	192.686
6 Deposits	77.703	77.703
Total investments	77.703	77.703
<b>Total non-current assets</b>	<b>1.179.119</b>	<b>1.102.965</b>
<b>Current assets</b>		
Manufactured goods and goods for resale	66.184	0
Total inventories	66.184	0
Trade receivables	46.150	181.328
Receivables from group enterprises	229.708	8.917.685
Other receivables	399.825	388.944
Total receivables	675.683	9.487.957
Cash on hand and demand deposits	4.615.958	1.294.865
<b>Total current assets</b>	<b>5.357.825</b>	<b>10.782.822</b>
<b>Total assets</b>	<b>6.536.944</b>	<b>11.885.787</b>

**Balance sheet at 31 December**

All amounts in DKK.

<b>Equity and liabilities</b>	<u>2022</u>	<u>2021</u>
<u>Note</u>		
<b>Equity</b>		
Contributed capital	80.000	80.000
Retained earnings	2.763.064	-5.629.118
<b>Total equity</b>	<u><b>2.843.064</b></u>	<u><b>-5.549.118</b></u>
<b>Liabilities other than provisions</b>		
7 Payables to group enterprises	2.639.320	16.747.512
Total long term liabilities other than provisions	<u>2.639.320</u>	<u>16.747.512</u>
Bank loans	30.564	23.109
Trade payables	114.850	520.873
Payables to shareholders and management	11.528	11.527
Other payables	897.618	131.884
Total short term liabilities other than provisions	<u>1.054.560</u>	<u>687.393</u>
<b>Total liabilities other than provisions</b>	<u><b>3.693.880</b></u>	<u><b>17.434.905</b></u>
<b>Total equity and liabilities</b>	<u><b>6.536.944</b></u>	<u><b>11.885.787</b></u>
<b>8 Charges and security</b>		
<b>9 Contingencies</b>		

**Statement of changes in equity**

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All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2021	80.000	-3.202.418	-3.122.418
Retained earnings for the year	0	-3.269.383	-3.269.383
Group subsidy, Liita Holdings Limited	0	842.683	842.683
Equity 1 January 2022	80.000	-5.629.118	-5.549.118
Retained earnings for the year	0	-1.752.827	-1.752.827
Group subsidy, Liita Group Holding ApS	0	10.145.009	10.145.009
	<b>80.000</b>	<b>2.763.064</b>	<b>2.843.064</b>

## Notes

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All amounts in DKK.

	<u>2022</u>	<u>2021</u>
<b>1. Staff costs</b>		
Salaries and wages	1.282.465	1.048.935
Other costs for social security	12.128	13.443
Other staff costs	<u>838</u>	<u>0</u>
	<b><u>1.295.431</u></b>	<b><u>1.062.378</u></b>
Average number of employees	<u>5</u>	<u>4</u>
<b>2. Other financial income</b>		
Exchange differences	142	0
Interest received from group enterprises	<u>0</u>	<u>744.198</u>
	<b><u>142</u></b>	<b><u>744.198</u></b>
<b>3. Other financial expenses</b>		
Financial costs, group enterprises	0	1.034.472
Other financial costs	<u>38.138</u>	<u>24.345</u>
	<b><u>38.138</u></b>	<b><u>1.058.817</u></b>
<b>4. Completed development projects, including patents and similar rights arising from development projects</b>		
Cost 1 January 2022	3.583.707	3.511.347
Additions during the year	<u>1.303.035</u>	<u>72.360</u>
<b>Cost 31 December 2022</b>	<b><u>4.886.742</u></b>	<b><u>3.583.707</u></b>
Amortisation and write-down 1 January 2022	-2.751.131	-2.146.782
Amortisation and depreciation for the year	<u>-1.093.183</u>	<u>-604.349</u>
<b>Amortisation and write-down 31 December 2022</b>	<b><u>-3.844.314</u></b>	<b><u>-2.751.131</u></b>
<b>Carrying amount, 31 December 2022</b>	<b><u>1.042.428</u></b>	<b><u>832.576</u></b>

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

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All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
<b>5. Other fixtures, fittings, tools and equipment</b>		
Cost 1 January 2022	650.876	650.876
<b>Cost 31 December 2022</b>	<b>650.876</b>	<b>650.876</b>
Depreciation and write-down 1 January 2022	-458.190	-318.446
Amortisation and depreciation for the year	-133.698	-139.744
<b>Depreciation and write-down 31 December 2022</b>	<b>-591.888</b>	<b>-458.190</b>
<b>Carrying amount, 31 December 2022</b>	<b>58.988</b>	<b>192.686</b>
<b>6. Deposits</b>		
Cost 1 January 2022	77.703	77.703
<b>Cost 31 December 2022</b>	<b>77.703</b>	<b>77.703</b>
<b>Carrying amount, 31 December 2022</b>	<b>77.703</b>	<b>77.703</b>
<b>7. Payables to group enterprises</b>		
<b>Total payables to group enterprises</b>	<b>2.639.320</b>	<b>16.747.512</b>
<b>8. Charges and security</b>		
The following assets have been placed as security with credit institutes: Cash at bank, TDKK 50.		
<b>9. Contingencies</b>		
<b>Contingent liabilities</b>		
Rental liabilities		
The Company has a lease agreements with a notice period of 3 and 6 months which total amounts to TDKK 54.		

## Accounting policies

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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.

### Changes to the annual report FY2021

There have been a group subsidy in previous period which result in a change in equity. Old equity = 6,391,801 DKK. New equity 5,549,118 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 profit

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

## Accounting policies

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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.

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.

### 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.

### Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

## 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.



## Accounting policies

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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

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

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

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

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.

### 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.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

### Investments

#### Deposits

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

## **Accounting policies**

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### **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.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

### **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.

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.

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.

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.