Konduto ApS

Erik Husfeldts Vej 7

DK-2630

CVR No. 37466891

Annual Report 2019

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 14 August 2020

Theis Sigbert Helmar Jensen
Chairman

Contents

Management's Statement

Today, Management has considered and adopted the Annual Report of Konduto ApS for the financial year 1 January 2019 - 31 December 2019.

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

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

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

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

Taastrup, 14 August 2020

Executive Board

Theis Sigbert Helmar Jensen
CEO

Supervisory Board

Theis Sigbert Helmar Jensen Chairman	Claus Zibrandtsen Member	Henrik Fribo-Søndergaard Member
Morten Egholm Member	Anders Dalgaard Sørensen Member	

Independent Auditors' Report

To the shareholders of Konduto ApS

Opinion
We have audited the financial statements of Konduto ApS for the financial year 1 January 2019 - 31 December 2019, which comprise an income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under “Auditors' responsibility for the audit of the financial statements”. As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, 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.

Management's responsibility 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 considers 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 either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

The auditor's responsibility for the audit of the financial statements
Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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.

Independent Auditors' Report

* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.

* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could 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 auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.

* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements 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 internal control which we identify during our audit.

Statement on Management's Review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 14 August 2020

KPMG P/S
CVR-no. 25578198

Morten Høgh-Petersen
State Authorised Public Accountant
mne34283

Company details

Company	Konduto ApS Erik Husfeldts Vej 7 DK-2630
Telephone	31137282
CVR No.	37466891
Supervisory Board	Theis Sigbert Helmar Jensen, CEO Claus Zibrandtsen Henrik Fribo-Søndergaard Morten Egholm Anders Dalgaard Sørensen
Executive Board	Theis Sigbert Helmar Jensen, CEO
Auditors	KPMG P/S Dampfærgevej 28 DK-2100 København Ø CVR-no.: 25578198

Management's Review

The Company's principal activities
The purpose of the company is to operate products and systems for the treatment of hospital infections, and any related activities.

Development in activities and financial matters
The Company's Income Statement of the financial year 1 January 2019 - 31 December 2019 shows a result of DKK -2.222.267 and the Balance Sheet at 31 December 2019 a balance sheet total of DKK 8.285.548 and an equity of DKK 2.665.337.

Management finds the result in accordance with the plan for the year 2019, and is satisfied with the progress and development of the company according to the long term plan. Progress of 2019 is slightly below the threshold of the overall plan but the result is considered as satisfactory taking the difficulties of introducing new technology in the healthcare industry into consideration.

Post financial year events
After the end of the financial year, no significant events have occurred which may change the financial position of the entity substantially. So far the COVID-19 outbreak at the beginning of 2020 has had a negative effect on the Entity's projected sales, which leaves the company with less revenue than expected. The entity is closely monitoring any potential impact from the COVID-19 on the Entity's business. It is management assessment that the company will have the sufficient liquidity from current and coming capital increases to continue the operation in the coming years.

Accounting Policies

Reporting Class
The Annual Report of Konduto ApS for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, with the adoption of individual rules from class C.

The accounting policies applied remain unchanged from last year.

Reporting currency
The Annual Report is presented in Danish kroner.

Translation policies
Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

General Information

Basis of recognition and measurement
The financial statement have been prepared under the historical cost princip.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. 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 accrue 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 attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Income Statement

Gross profit/loss
The Company has decided to aggregate certain items of the Income Statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

Accounting Policies

Gross profit is a combination of the items of revenue, change in inventories of finished goods, work in progress and goods for resale, other operation income, cost of raw and consumables and other external expenses.

Revenue
Income from the sale of goods for resale and finished goods is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer beforeyear-end, if it is possible to calculate the income reliably. The revenue is exclusive of VAT and net of sales discounts.

Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

Other external expenses
Other external costs include costs for distribution, sales, advertising, administration, premises. loss of debitors, operating leasing costs etc.

Staff expenses
Staff expenses comprise wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimburdement, pensions and social security costs.

Amortisation and impairment of tangible and intangible assets
Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

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

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under depreciations.

Financial income and expenses
Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect offinance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme.

Dividends equity investments are recognised as income in the financial year in which the dividends are declared.

Tax on net profit for the year
Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

Balance Sheet

Intangible assets

Accounting Policies

Clearly defined and identifiable development projects where the technical rate of utilisation, sufficient resources and a potential future market or development potential in the Company are provable and where the intention is to manufacture, market or use the product or process are recognised as intangible assets if the value in use can be determined reliably and it is sufficiently certain that future earnings can cover production, sales and administration costs as well as total development costs.

Other development costs are recognised as costs in the Income Statement as they incur.

Development costs comprise costs, including wages, salaries and amortisation, that are directly or indirectly attributable to the development activities of the enterprise and meet the recognition criteria.

Capitalised development costs are measured at cost on initial recognition and subsequently at the lower of cost less accumulated amortisation and the recoverable amount.

An impairment test of acquired intangible assets is performed in the event of indications of a decrease in value. Furthermore, annual impairment tests are performed for ongoing and activated development projects, if any. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Tangible assets
Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase priceand expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are seperately depreciated if the usefull lives of the individual components differ.

The carrying amounts of intangible assets and property plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Receivables
Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Accounting Policies

Impairment of accounts receivables past due is established on individual assessment of receivables.

Accrued income, assets
Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Equity
Equity comprises the working capital and a number of equity items that may be statutory or stipulated in tha articles of association.

Proposed dividend for the year is recognised as a separate item in equity.

Deferred tax
Deferred tax and the associated adjustments for the year are determined according to the balance-sheet liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Current tax liabilities
Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities
Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

Contingent assets and liabilities
Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Income Statement

	Note	2019 kr.	2018 kr.
Gross loss		**-779.483**	**209.034**
Employee benefits expense	1	-948.087	-279.091
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss		-953.005	0
Profit from ordinary operating activities		**-2.680.575**	**-70.057**
Other finance income		324	0
Finance expences		-133.235	-63.364
Profit from ordinary activities before tax		**-2.813.486**	**-133.421**
Tax expense on ordinary activities	2	591.219	29.353
Loss		**-2.222.267**	**-104.068**

Proposed distribution of results			
Reserve for development exenditure		1.640.792	1.934.708
Retained earnings		-3.863.059	-2.038.776
Distribution of loss		**-2.222.267**	**-104.068**

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Assets			
Completed development projects		6.853.051	4.749.470
Intangible assets		**6.853.051**	**4.749.470**
Plant and machinery		212.618	0
Property, plant and equipment		**212.618**	**0**
Long-term investments in group enterprises		50.000	50.000
Deposits		0	75.077
Investments		**50.000**	**125.077**
Fixed assets		**7.115.669**	**4.874.547**
Raw materials and consumables		108.741	194.006
Inventories		**108.741**	**194.006**
Short-term tax receivables		672.125	575.040
Other short-term receivables		102.292	0
Prepaid expenses		61.401	0
Receivables		**835.818**	**575.040**
Cash and cash equivalents		**225.320**	**416.683**
Current assets		**1.169.879**	**1.185.729**
Assets		**8.285.548**	**6.060.276**

Balance Sheet as of 31 December

	Note	2019 kr.	2018 kr.
Liabilities and equity			
Contributed capital		66.650	62.500
Reserve for development expenditure		5.345.379	3.704.587
Retained earnings		-2.746.692	-1.879.482
Equity	3	**2.665.337**	**1.887.605**
Provisions for deferred tax		1.096.436	1.044.883
Other provisions		43.358	0
Provisions		**1.139.794**	**1.044.883**
Other debt incurred by issuance of bonds		3.651.889	2.531.944
Long-term liabilities other than provisions		**3.651.889**	**2.531.944**
Debt to banks		84.481	77.318
Trade payables		551.952	418.755
Payables to participating interests		0	0
Other payables		192.095	63.378
Payables to shareholders and management		0	868
Deposits, liabilities other than provisions		0	35.525
Short-term liabilities other than provisions		**828.528**	**595.844**
Liabilities other than provisions within the business		**4.480.417**	**3.127.788**
Liabilities and equity		**8.285.548**	**6.060.276**

Contingent liabilities 4

Notes

	2019	2018

1. Employee benefits expense

	2019	2018
Wages and salaries	2.417.015	1.333.722
Social security contributions	35.167	26.061
Employee expenses transferred to assets	-1.578.830	-1.116.364
Other employee expense	74.735	35.672
	948.087	**279.091**
Average number of employees	6	3

2. Tax expense

	2019	2018
Selskabsskat, aktuel	-672.125	-575.040
Reg. af udskudt skat	80.906	545.687
	-591.219	**-29.353**

3. Statement of changes in equity

	Contributed capital	Retained earnings	Development expenditure
Equity, beginning balance	62.500	-1.879.483	3.704.587
Increase of capital	4.150	2.995.850	
Profit (loss)		-3.863.059	1.640.792
	66.650	**-2.746.692**	**5.345.379**

4. Contingent liabilities

Joint liabilities
The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.