

Dolphin Care ApS

Unionsvej 11
4600 Køge

CVR no. 37 51 76 90

NORDKYST REVISION P/S

Annual report for 2022

(7th Financial year)

Adopted at the annual general meeting
on 26 June 2023

Jørn Terkelsen
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Dolphin Care ApS for the financial year 1 January - 31 December 2022.

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 company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Køge, 26 June 2023

Executive board

Jørn Terkelsen
CEO

Independent auditor's report

To the shareholder of Dolphin Care ApS

Opinion

We have audited the financial statements of Dolphin 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. 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 company's financial position 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' 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 and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

There exist an uncertainty regarding the funding of the company. To secure the going concern of the company additional capital is required. The management expects to reach an agreement with the current investors to secure the funding for 2023. These discussions has not been completed yet and the uncertainty exist until it has been completed.

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 the 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.

Independent auditor's report

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 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 Statements Act. We did not identify any material misstatement of management's review.

Hillerød, 26 June 2023

Nordkyst Revision P/S

CVR no. 37 60 52 55

Jens Jørgen Damberg

Godkendt revisor

MNE no. mne2940

Company details

The company

Dolphin Care ApS
Unionsvej 11
4600 Køge

CVR no.: 37 51 76 90

Reporting period: 1 January - 31 December 2022

Incorporated: 1 March 2016

Domicile: Køge

Executive board

Jørn Terkelsen, CEO

Auditors

Nordkyst Revision P/S
Høgevej 15A
3400 Hillerød

Management's review

Business review

The purpose of the company is to develop and manufacture creative, innovative and effective products based on UVC technology in order to kill bacteria, virus and fungi

Financial review

The company's income statement for the year ended 31 December 2022 shows a loss of DKK 2.149.665, and the balance sheet at 31 December 2022 shows equity of DKK 7.154.786.

The company has during 2022 entered into a large distribution contract and prepared the base for growth in revenue for 2023. There has been a general shortage in supply of critical components as consequence of the Covid-19 effect on suppliers specially in Asia, this still remain an issue for the company.

Financing

The Company has initiated a talk with its investors to raise additional capital to secure the financial status of the company during 2023. Based on initial talks the management expects that the sufficient funding will be agreed.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Research and development activities in or for the company

The development of the 3 product lines has been finished in 2020 and been promoted to primarily to hospitals in Europe during 2021.

Profit/(loss) for the year relative to the expectations most recently expressed

The management expect to realize a material profit in 2022 based on the new distribution contracts.

Accounting policies

The annual report of Dolphin Care ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Other external costs

Other external expenses covers selling and administration costs.

Accounting policies

Financial income and expenses

Financial expenses and income regarding the financial year. Exchange rate regulation for foreign currency transaction is also included.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development Projects

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Developments projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 8 years.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

Accounting policies

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Income tax and deferred tax

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Income statement
1 January 2022 - 31 December 2022

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> TDKK
Gross profit		-226.938	-3.040
Staff costs	1	<u>-342.446</u>	<u>-1.129</u>
Profit/loss before amortisation/depreciation and impairment losses		-569.384	-4.169
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1.845.014</u>	<u>-1.755</u>
Profit/loss before net financials		-2.414.398	-5.924
Financial income		5.512	0
Financial costs		<u>-455.552</u>	<u>-149</u>
Profit/loss before tax		-2.864.438	-6.073
Tax on profit/loss for the year	2	<u>714.773</u>	<u>1.241</u>
Profit/loss for the year		<u>-2.149.665</u>	<u>-4.832</u>
Recommended appropriation of profit/loss			
Transferred to reserve for development expenditure		-1.058.418	-965
Retained earnings		<u>-1.091.247</u>	<u>-3.867</u>
		<u>-2.149.665</u>	<u>-4.832</u>

Balance sheet at 31 December 2022

	Note	2022 DKK	2021 TDKK
Assets			
Completed development projects		5.527.624	6.884
Intangible assets	3	5.527.624	6.884
Other fixtures and fittings, tools and equipment		21.063	38
Leasehold improvements		62.552	112
Tangible assets	4	83.615	150
Total non-current assets		5.611.239	7.034
Raw materials and consumables		3.374.133	3.177
Finished goods and goods for resale		0	371
Stocks		3.374.133	3.548
Trade receivables		824.394	1
Other receivables		353.955	649
Deferred tax asset		1.178.665	464
Receivables		2.357.014	1.114
Cash at bank and in hand		1.486.360	1.917
Total current assets		7.217.507	6.579
Total assets		12.828.746	13.613

Balance sheet at 31 December 2022

	Note	2022 DKK	2021 TDKK
Equity and liabilities			
Share capital		50.000	50
Reserve for development expenditure		4.311.547	5.369
Retained earnings		2.793.239	3.886
Equity		7.154.786	9.305
Trade payables		325.142	237
Other payables		5.348.818	4.071
Total current liabilities		5.673.960	4.308
Total liabilities		5.673.960	4.308
Total equity and liabilities		12.828.746	13.613
Uncertainty about the continued operation (going concern)	5		
Contingent liabilities	6		
Mortgages and collateral	7		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
Equity at 1 January 2022	50.000	5.369.965	3.884.486	9.304.451
Revaluation for the year	0	-1.058.418	0	-1.058.418
Net profit/loss for the year	0	0	-1.091.247	-1.091.247
Equity at 31 December 2022	50.000	4.311.547	2.793.239	7.154.786

Notes

	2022	2021
	DKK	TDKK
1 Staff costs		
Wages and salaries	338.692	1.122
Other social security costs	3.754	7
	342.446	1.129
Average number of employees	1	2

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the executive board has not been disclosed.

2 Tax on profit/loss for the year		
Current tax for the year	0	-92
Deferred tax for the year	-714.772	-1.149
Adjustment of tax concerning previous years	-1	0
	-714.773	-1.241

3 Intangible assets	Completed development projects
Cost at 1 January 2022	8.678.449
Additions for the year	420.825
Cost at 31 December 2022	9.099.274
Revaluations at 31 December 2022	0
Impairment losses and amortisation at 1 January 2022	1.793.878
Depreciation for the year	1.777.772
Impairment losses and amortisation at 31 December 2022	3.571.650
Carrying amount at 31 December 2022	5.527.624

Notes

3 Intangible assets (continued)

Special assumptions regarding development projects and tax assets

The Company has assted the capitalized development cost with the projected income stream from the products in the next 5 years. The profit will be most higher than the expected amortization over the same period.

4 Tangible assets

	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2022	192.030	150.125
Cost at 31 December 2022	192.030	150.125
Revaluations at 1 January 2022	0	0
Revaluations at 31 December 2022	0	0
Impairment losses and depreciation at 1 January 2022	11.587	37.531
Depreciation for the year	159.380	50.042
Impairment losses and depreciation at 31 December 2022	170.967	87.573
Carrying amount at 31 December 2022	21.063	62.552

5 Uncertainty about the continued operation (going concern)

The Company has initiated a talk with its investors to raise additional capital to secure the financial status of the company during 2023. Based on initial talks the management expects that the sufficient funding will be agreed.

6 Contingent liabilities

The company is jointly taxed with its parent company Dolphin Invest ApS (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes for income year 2020 onwards as well as for payment of withholding taxes on dividends, interest and royalties which fall due for payment.

Notes

7 Mortgages and collateral

The Company has no pledged assets or other collateral.

NORDKYST REVISION P/S

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