

Direct Healthcare Group Danmark A/S

Bredgade 45, 7400 Herning

Company reg. no. 27 22 57 80

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 25 June 2021.

Robert Brodie
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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Management's report

Today, the board of directors and the managing director have presented the annual report of Direct Healthcare Group Danmark A/S for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Herning, 25 June 2021

Managing Director

Juha Antero Lange

Board of directors

Robert Brodie
Chairman of the Board

Juha Antero Lange

Andrew McCartney

Independent auditor's report

To the shareholder of Direct Healthcare Group Danmark A/S

Opinion

We have audited the financial statements of Direct Healthcare Group Danmark A/S for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 25 June 2021

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Jacob Helly Juell-Hansen

State Authorised Public Accountant
mne36169

Company information

The company

Direct Healthcare Group Danmark A/S
Bredgade 45
7400 Herning

Company reg. no. 27 22 57 80

Domicile:

Financial year: 1 January - 31 December

Board of directors

Robert Brodie, Chairman of the Board
Juha Antero Lange
Andrew McCartney

Managing Director

Juha Antero Lange

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Bankers

DNB

Parent company

DHG Sweden Holding AB
Box 2, 333 03 Reftele, Sverige

Management commentary

The principal activities of the company

Like previous years, the principal activities are sales, marketing and service of own developed aids to seniors and disabled. Furthermore, the company handles professional consultancy of practitioners, and users of aids.

Development in activities and financial matters

The company's financial statements of 2020 shows a profit of DKK 860.233, and the balance sheet of 2020 shows an equity of DKK 3.115.873. The results are in line with management's expectations. Management expect a result for 2021 in line with 2020.

Events occurring after the end of the financial year

There has been no subsequent events, that could materially affect the financial statements for 2020.

Accounting policies

The annual report for Direct Healthcare Group Danmark A/S 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 annual report is presented in DKK.

Changes in the accounting policies

The item “Staff costs” has been reclassified so that certain types of expenses previously recognised under “Staff costs” will, in the future, be recognised under the item “Other external charges”.

The change in classification has no effect on the net profit or loss for the year, nor on the statement of financial position, neither for the current financial year, nor the previous financial year. The comparative figures have been adjusted in accordance with the reclassification.

Except for the above, the accounting policies for the financial statements remain unchanged from last year.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

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

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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales. Time of transition of the most material benefits and risks is based on the standardized terms of delivery according to Incoterms® 2010.

Accounting policies

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

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. Staff costs are less government reimbursements.

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

Equipment

Equipment is measured at cost plus revaluations and less accrued depreciation and writedown for impairment.

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.

Accounting policies

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	3-10 years

Profit or loss derived from the disposal of 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 are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

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 market 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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Accounting policies

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

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

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

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

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2020</u>	<u>2019</u>
Gross profit	2.706.102	1.871.586
1 Staff costs	-1.315.576	-1.025.124
Depreciation and impairment of property, land, and equipment	-93.498	-223.478
Operating profit	1.297.028	622.984
2 Other financial income	6.008	3.606
3 Other financial costs	-206.107	-27.890
Pre-tax net profit	1.096.929	598.700
4 Tax on net profit or loss for the year	-233.777	-132.911
Net profit or loss for the year	863.152	465.789
Proposed appropriation of net profit:		
Extraordinary dividend adopted during the financial year	16.560.257	0
Transferred to retained earnings	0	465.789
Allocated from retained earnings	-15.697.105	0
Total allocations and transfers	863.152	465.789

Statement of financial position at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Non-current assets			
5	Other fixtures and fittings, tools and equipment	135.033	157.259
	Total property, plant, and equipment	135.033	157.259
6	Other receivables	42.874	0
	Total investments	42.874	0
	Total non-current assets	177.907	157.259
Current assets			
	Raw materials and consumables	42.544	67.458
	Total inventories	42.544	67.458
	Trade receivables	2.048.955	1.583.078
	Receivables from group enterprises	0	486.106
	Deferred tax assets	90.524	109.211
	Total receivables	2.139.479	2.178.395
	Cash and cash equivalents	5.216.448	18.377.147
	Total current assets	7.398.471	20.623.000
	Total assets	7.576.378	20.780.259

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity		
Contributed capital	2.200.000	2.200.000
Retained earnings	914.969	16.612.074
Total equity	3.114.969	18.812.074
Liabilities other than provisions		
Prepayments received from customers	300.000	0
Trade payables	38.254	36.715
Payables to group enterprises	1.353.479	243.467
Income tax payable	87.514	172.424
Other payables	2.299.419	1.205.609
Accruals and deferred income	382.743	309.970
Total short term liabilities other than provisions	4.461.409	1.968.185
Total liabilities other than provisions	4.461.409	1.968.185
Total equity and liabilities	7.576.378	20.780.259

7 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	2.200.000	16.146.285	18.346.285
Profit or loss for the year brought forward	0	465.789	465.789
Equity 1 January 2020	2.200.000	16.612.074	18.812.074
Profit or loss for the year brought forward	0	-15.697.105	-15.697.105
Extraordinary dividend adopted during the financial year	0	16.560.257	16.560.257
Distributed extraordinary dividend adopted during the financial year.	0	-16.560.257	-16.560.257
	2.200.000	914.969	3.114.969

Notes

All amounts in DKK.

	2020	2019
1. Staff costs		
Salaries and wages	1.229.554	963.852
Pension costs	80.488	53.129
Other costs for social security	5.534	8.143
	1.315.576	1.025.124
Average number of employees	2	2
2. Other financial income		
Interest, trade debtors	513	400
Interest, group enterprises	46	0
Exchange differences	5.449	3.206
	6.008	3.606
3. Other financial costs		
Financial costs, group enterprises	21.237	3.016
Other financial costs	184.870	24.874
	206.107	27.890
4. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	222.618	140.439
Adjustment for the year of deferred tax	18.686	-7.528
Adjustment of tax for previous years	-7.527	0
	233.777	132.911

Notes

All amounts in DKK.

5. Other fixtures and fittings, tools and equipment

Cost 1 January 2020	1.448.280	1.303.547
Additions during the year	75.005	144.733
Cost 31 December 2020	1.523.285	1.448.280
Amortisation and writedown 1 January 2020	-1.291.021	-1.067.542
Depreciation for the year	-97.231	-223.479
Amortisation and writedown 31 December 2020	-1.388.252	-1.291.021
Carrying amount, 31 December 2020	135.033	157.259

6. Other receivables

Additions during the year	42.874	0
Cost 31 December 2020	42.874	0
Carrying amount, 31 December 2020	42.874	0

7. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into leases with an average annual lease payment of DKK 129.000. The leases have 10-25 months to maturity and total outstanding lease payments of DKK 198.000.

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Andrew McCartney

Bestyrelsesmedlem

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Andrew McCartney

JUHA LANGE

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JUHA LANGE

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Statsautoriseret revisor

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Robert Brodie

Dirigent

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R Brodie

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