

Direct Healthcare Group Danmark A/S

Stensmosevej 24C, 2620 Albertslund

Company reg. no. 27 22 57 80

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 3 August 2023.

Andrew Thomas McCartney
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 statement

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 2022.

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

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 at the Annual General Meeting.

Albertslund, 3 August 2023

Managing Director

Andrew Thomas McCartney

Board of directors

Kajsa Maria Palmgren
Chairman of the Board

Andrew Thomas McCartney

Andreas Claes Christer Ericson

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 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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 3 August 2023

Grant Thornton

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

Jacob Helly Juell-Hansen

State Authorised Public Accountant
mne36169

Rune Gottlieb Nielsen

State Authorised Public Accountant
mne49139

Company information

The company

Direct Healthcare Group Danmark A/S
Stensmosevej 24C
2620 Albertslund

Company reg. no. 27 22 57 80

Domicile:

Financial year: 1 January - 31 December

Board of directors

Kajsa Maria Palmgren, Chairman of the Board
Andrew Thomas McCartney
Andreas Claes Christer Ericson

Managing Director

Andrew Thomas McCartney

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Bankers

BNP Paribas

Lawyer

Plesner

Parent company

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

Management's review

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.

Unusual circumstances

The company has merged with Vendlet ApS with legal date 1. January 2022 and with Direct Healthcare Group Danmark A/S as the continuing company.

Development in activities and financial matters

The company's financial statements of 2022 shows af loss of TDKK 1.697 and the balance sheet of 2022 shows an equity of TDKK 6.659. Management considers the loss for the year to be within expectations.

Events occurring after the end of the financial year

There has been no subsequent events, that could materially affect the financial statements for 2022.

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.

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.

Business combinations

Business combinations (the carrying amount method)

In case of intercompany business combinations, the carrying amount method is applied. By this method, the two enterprises are united at carrying amounts, and differences are not identified. Any considerations exceeding the carrying amount in the acquired entity are recognised directly in equity.

The carrying amount method is implemented on the acquisition date, and comparative figures are not modified.

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.

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

Accounting policies

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

Intangible assets

Development projects, patents, and licences

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

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

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Accounting policies

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.

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.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

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.

Accounting policies

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.

Prepayments and accrued income

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

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.

Accounting policies

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.

Deferred income

Payments received concerning future income are recognised under deferred income.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	2.138.118	1.531.057
1 Staff costs	-9.534.643	-2.336.216
Depreciation, amortisation, and impairment	-1.306.848	-105.602
Operating profit	-8.703.373	-910.761
Indtægter af kapitalandele i tilknyttede virksomheder	5.666.733	0
2 Other financial income	50.611	332
3 Other financial expenses	-371.616	-56.701
Pre-tax net profit or loss	-3.357.645	-967.130
4 Tax on net profit or loss for the year	2.304.416	212.702
Net profit or loss for the year	-1.053.229	-754.428
Proposed distribution of net profit:		
Allocated from retained earnings	-1.053.229	-754.428
Total allocations and transfers	-1.053.229	-754.428

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Non-current assets		
5 Completed development projects, including patents and similar rights arising from development projects	2.844.380	0
6 Acquired concessions, patents, licenses, trademarks, and similar rights	483.668	398.832
7 Development projects in progress and prepayments for intangible assets	403.949	0
Total intangible assets	<u>3.731.997</u>	<u>398.832</u>
8 Other fixtures and fittings, tools and equipment	108.388	179.987
9 Leasehold improvements	7.774	12.022
Total property, plant, and equipment	<u>116.162</u>	<u>192.009</u>
10 Other receivables	0	7.500
Total investments	<u>0</u>	<u>7.500</u>
Total non-current assets	<u>3.848.159</u>	<u>598.341</u>
Current assets		
Raw materials and consumables	256.104	215.221
Manufactured goods and goods for resale	762.199	0
Total inventories	<u>1.018.303</u>	<u>215.221</u>
Trade receivables	6.638.474	2.597.512
Receivables from group enterprises	19.163.554	797.685
11 Deferred tax assets	1.459.776	303.226
Income tax receivables	184.973	0
Other receivables	67.919	0
Prepayments	2.216.003	18.538
Total receivables	<u>29.730.699</u>	<u>3.716.961</u>
Cash and cash equivalents	<u>3.049.308</u>	<u>1.067.014</u>
Total current assets	<u>33.798.310</u>	<u>4.999.196</u>
Total assets	<u>37.646.469</u>	<u>5.597.537</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity		
Contributed capital	2.300.000	2.200.000
Reserve for udviklingsomkostninger	2.648.306	0
Retained earnings	2.354.122	160.541
Total equity	<u>7.302.428</u>	<u>2.360.541</u>
 Liabilities other than provisions		
Prepayments received from customers	530.599	28.838
Trade payables	1.546.092	215.157
Payables to group enterprises	20.783.421	882.311
Income tax payable	0	164.939
Other payables	6.537.605	1.710.164
Accruals and deferred income	946.324	235.587
Total short term liabilities other than provisions	<u>30.344.041</u>	<u>3.236.996</u>
 Total liabilities other than provisions	<u>30.344.041</u>	<u>3.236.996</u>
 Total equity and liabilities	<u>37.646.469</u>	<u>5.597.537</u>

12 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	2.200.000	0	160.541	2.360.541
Cash capital increase from merger	100.000	0	0	100.000
Årets overførte overskud eller underskud	0	0	-1.053.229	-1.053.229
Transferred to reserve from merger	0	2.648.306	0	2.648.306
Transferred to results from merger	0	0	3.246.810	3.246.810
	2.300.000	2.648.306	2.354.122	7.302.428

Notes

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
1. Staff costs		
Salaries and wages	8.853.924	2.203.748
Pension costs	655.727	124.977
Other costs for social security	<u>24.992</u>	<u>7.491</u>
	<u>9.534.643</u>	<u>2.336.216</u>
Average number of employees	<u>9</u>	<u>3</u>
2. Other financial income		
Interest, group enterprises	8.851	332
Other financial income	<u>41.760</u>	<u>0</u>
	<u>50.611</u>	<u>332</u>
3. Other financial expenses		
Financial costs, group enterprises	44.436	5.493
Other financial costs	<u>327.180</u>	<u>51.208</u>
	<u>371.616</u>	<u>56.701</u>
4. Tax on net profit or loss for the year		
Årets regulering af udskudt skat	<u>-2.304.416</u>	<u>-212.702</u>
	<u>-2.304.416</u>	<u>-212.702</u>

Notes

All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
5. Completed development projects, including patents and similar rights arising from development projects		
Additions from merger	4.311.914	0
Cost 31 December 2022	<u>4.311.914</u>	<u>0</u>
Amortisation and impairment from merger	-834.470	0
Årets afskrivninger	-633.064	0
Amortisation and write-down 31 December 2022	<u>-1.467.534</u>	<u>0</u>
Carrying amount, 31 December 2022	<u>2.844.380</u>	<u>0</u>
6. Acquired concessions, patents, licenses, trademarks, and similar rights		
Cost 1 January 2022	400.656	0
Additions from merger	833.547	0
Tilgang i årets løb	0	400.656
Afgang i årets løb	-641.873	0
Cost 31 December 2022	<u>592.330</u>	<u>400.656</u>
Amortisation and writedown 1 January 2022	-1.824	0
Amortisation/impairment from merger	-589.945	0
Årets afskrivninger	-110.348	-1.824
Tilbageførsel af af- og nedskrivninger på afhændede aktiver	593.455	0
Amortisation and writedown 31 December 2022	<u>-108.662</u>	<u>-1.824</u>
Carrying amount, 31 December 2022	<u>483.668</u>	<u>398.832</u>

Notes

All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
7. Development projects in progress and prepayments for intangible assets		
Additions from merger	403.949	0
Cost 31 December 2022	403.949	0
Carrying amount, 31 December 2022	403.949	0
8. Other fixtures and fittings, tools and equipment		
Cost 1 January 2022	1.671.298	1.523.286
Additions from merger	2.695.773	0
Tilgang i årets løb	0	148.012
Afgang i årets løb	-2.521.601	0
Cost 31 December 2022	1.845.470	1.671.298
Amortisation and writedown 1 January 2022	-1.491.311	-1.388.252
Amortisation/impairment from merger	-1.847.342	0
Årets afskrivninger	-305.675	-103.059
Tilbageførsel af af- og nedskrivninger på afhændede aktiver	1.907.246	0
Amortisation and writedown 31 December 2022	-1.737.082	-1.491.311
Carrying amount, 31 December 2022	108.388	179.987

Notes

All amounts in DKK.

	<u>31/12 2022</u>	<u>31/12 2021</u>
9. Leasehold improvements		
Cost 1 January 2022	12.741	0
Additions from merger	756.180	0
Tilgang i årets løb	0	12.741
Afgang i årets løb	-756.180	0
Cost 31 December 2022	<u>12.741</u>	<u>12.741</u>
Depreciation and writedown 1 January 2022	-719	0
Amortisation/impairment from merger	-535.488	0
Årets afskrivninger	-18.976	-719
Tilbageførsel af af- og nedskrivninger på afhændede aktiver	550.216	0
Depreciation and writedown 31 December 2022	<u>-4.967</u>	<u>-719</u>
Carrying amount, 31 December 2022	<u>7.774</u>	<u>12.022</u>
10. Other receivables		
Cost 1 January 2022	42.874	42.874
Cost 31 December 2022	<u>42.874</u>	<u>42.874</u>
Writedown 1 January 2022	-35.374	0
Korrektion af nedskrivning primo	-7.500	0
Nedskrivninger, afhændede aktiver	0	-35.374
Writedown 31 December 2022	<u>-42.874</u>	<u>-35.374</u>
Carrying amount, 31 December 2022	<u>0</u>	<u>7.500</u>
11. Deferred tax assets		
Deferred tax assets 1 January 2022	303.226	89.221
Deferred tax assets from merger	-1.147.866	0
Udskudt skat af årets resultat	2.304.416	214.005
	<u>1.459.776</u>	<u>303.226</u>

Notes

All amounts in DKK.

12. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into leases with a total lease payment of DKK 2.272.938.

Within 1 year, the company have total contingent liabilities of DKK 665.026.