



**WATURU**  
INTELLIGENT WATER TECHNOLOGY

**WATURU HOLDING A/S**

ANNUAL  
REPORT  
2019

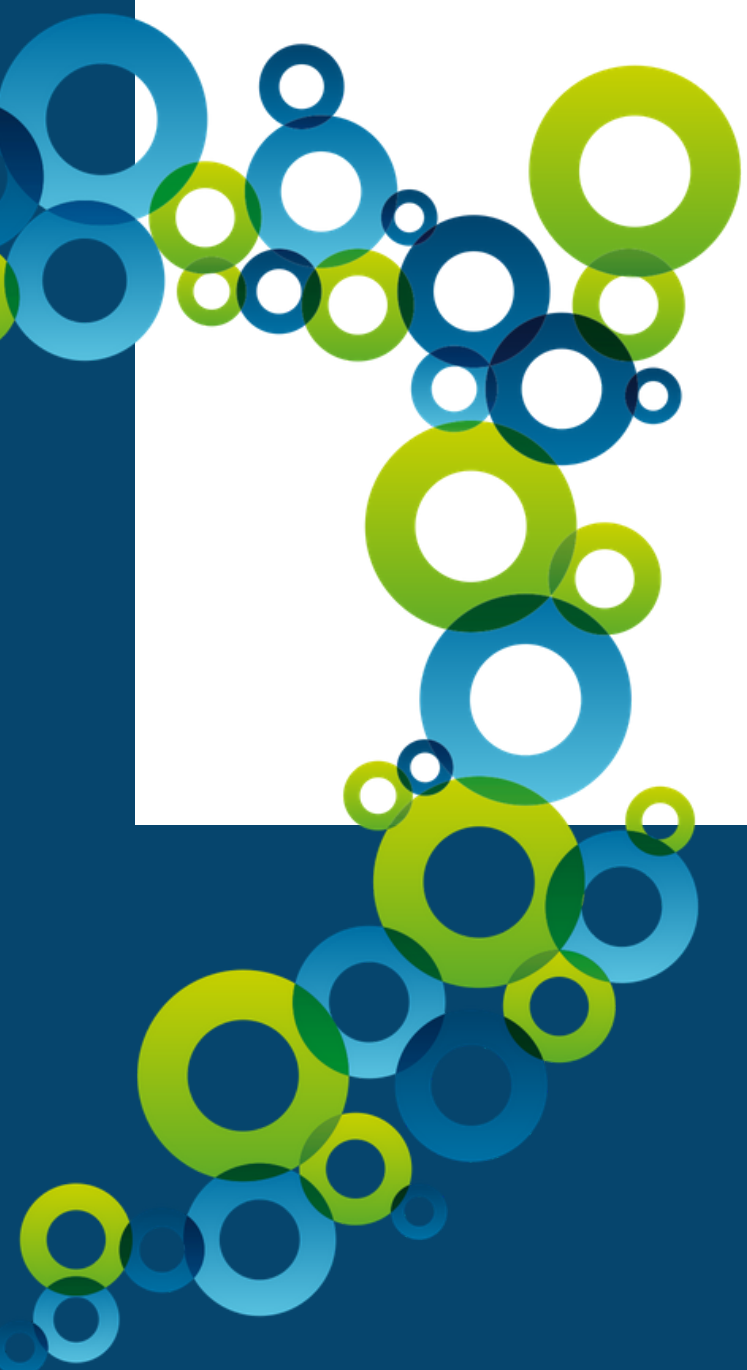
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MARCH 2020 // [WWW.WATURU.COM](http://WWW.WATURU.COM)

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# INDEX





Where we are  
**TODAY**

*Update from the company management*

## "SKILLFULLY AND IN A TIMELY MANNER.."

Highlights from 2019:

1. Waturu Holding A/S was admitted to trading on Nasdaq First North Growth market in Copenhagen, with first trading day on May 21. 2019.
2. IPO costs as well as costs for setting up production affects the annual result, as expected and a deficit of DKK 6,142m has been realized.
3. Staff costs are reduced relative to our budget and contribute to a lower cost deficit, leaving the company stronger in the current situation.
4. Production was pushed to Q2 2020 and is awaiting stabilization of the impact of Covid-19 development.
5. The subsidiary Watgen Medical A/S, secured a capital increase in December 2019, which in-all will secure DKK 12,195m in working capital towards the planned IPO in the second half of 2020 at a minimum price DKK +250m.
6. The subsidiary AQUATURU A/S was established in 2019 and a collaboration has been entered into with a large Danish land-based aquaculture fish farm. The purpose is to test and sell a new anti-bacterial/anti-algae technology. Capitalization of AQUATURU A/S through an IPO on the marketplace Oslo Børs Merkur Market is being considered.
7. Waturu Holding A/S entered into an agreement with an agent company to help find potential OEM businesses interested in using Waturu technology in products such as washing and coffee machines etc.

## Long-term expectations

Despite the current situation in which the markets are influenced by Covid-19, the board of Waturu Holding A/S are pleased with the developments as well as the future business opportunities.

The Board of Directors maintains the announced long-term expectations, as mentioned in the Memorandum under "Financial objective", with an expected turnover of more than DKK 100m in 2023 and with a positive cash flow in 2020.

Waturu Holding A/S announced on December 23, 2019 that the company would postpone production until Q2 2020. The current situation means that we are awaiting launch of large marketing campaigns until the market has normalized.

Chairman of the board Thomas Marschall states:

“The company has skillfully and in a timely manner adjusted the cost level, which now sets the company in a better situation to tackle the Covid-19 challenge. I foresee a subsequent changed community in which Waturu's products will help to improve hand hygiene in schools, institutions and companies”.

The Covid-19 challenges will change our way of life which will include higher focus on personal hygiene.

Waturu Holding A/S will therefore proactively use the time to develop new products in a number of areas that, following the Covid-19 uncertainty, will contribute to earnings and add value. These products utilize the core technology of Waturu Holding A/S. The technology can heat or treat fluids as well as kill bacteria, viruses and other biological material.

A new solution is being worked on to ensure clean drinking water in countries where the drinking water supply, is infected with bacteria such as E. coli. In this regard, the Board of Directors are considering an external global sales and marketing campaign to seek interest from the global market.

Furthermore, an anti-virus/bacteria air purifier is being developed which can ensure that the air is not infected in rooms where there are immune compromised patients or where there are many people together, which can potentially infect each other. We will apply for patent protection.

Another product with great potential, where test will be conducted, is a new type of cold pasteurization plant using Waturu technology that can kill bacteria and viruses in milk or juice. Positive results could lead to a new method which is significantly more energy efficient and which can ensure that the expiration date is extended without affecting the taste. Testing has been arranged with an external institute and the solution will be patent protected.



# COVID 19 OVERVIEW

Our decentralized water heater, which is our primary product in Waturu Holding A/S, can secure bacteria-free hot water, produced on the fly - when the user needs hot water.

It is the Board of Directors' position that Waturu Holding A/S stands strong with the current partners, which include Saint Gobain as well as FM Mattsson Mora Group.

The latter has entered into a LOI regarding commercialization of an anti-bacterial product, targeted hospitals and nursing homes, where users generally have weakened immune systems and are therefore easy susceptible to bacterial infection such as Legionella.

The subsidiary Watgen Medical A/S, of which Waturu Holding A/S owns 70.42%, is a medtech company that develops a range of innovative medical devices that treat, sterilize and hydrogenates water to treat wound care and atopic dermatitis (eczema). Conditions that are affecting hundreds of millions of patients worldwide and representing markets with annual revenue of billions of dollars.

The company must be capitalized and the planned IPO is maintained, but the time of listing may be affected by the Covid-19 situation.

Due to the Covid-19 situation, which is expected to put a great deal of pressure on the Danish hospitals and which means that many patient groups need to be treated at home, has made the board of directors of Watgen Medical A/S, consider a strategy for possible pre-medical approval of a wound care product and prepare direct sales towards patients, with a device which can deliver clean bacteria-free tempered water for home treatment. The product will be CE approved.





The subsidiary Aquaturu A/S, deals with anti-bacterial and anti algae-technology for land-based fish farming.

The company has for 6 months conducted tests with a large Danish plant which produces 750,000 kg. fish pr. year. The technology market for onshore freshwater plants is global and the production of fish from breeding is today the largest supplier to the world market.

The company is in the commercialization phase, which requires a capitalization of the company, and which is why management is investigating various options for this, which could lead to a new stock exchange listing (IPO) on the Oslo Stock Exchange Merkur Market.

CEO, Toke Reedtz states:

“2019 was a year of high activity and where we raised capital to commercialize our energy efficient decentralized water heater technology.

Watgen Medical A/S faces the same task in the second half of 2020 when the market is expected to normalized.

AQUATURU A/S has moved forward rapidly. This can be attributed to the industry and the technology and personally I have high expectations for the company's business opportunities. Fish mortality rate has been increasing in recent years in recycling facilities and because we are dealing with companies that cares about animal welfare and cost cutting - there is a great match for the Aquaturu technology.

We are utilizing technology that can be used in an number of industries and we will do our best going forward, despite Covid-19, to reward company shareholders.

A great number of hours are put into our work and I thank the employees for their efforts.

We will though, not leave significant values, in the form of obvious business opportunities behind and therefore we will continue to innovate, which in the aftermath of Covid-19 could prove to be very beneficial to the shareholders ”.



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Havneholmen 29  
DK-1561 Copenhagen V  
CVR no. 20 22 26 70

**WATURU HOLDING A/S**  
**SJÆLLANDSGADE 32, 1. TH., 7100 VEJLE**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2019**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on**

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**Dirigent**

**CVR NO. 37 79 04 86**

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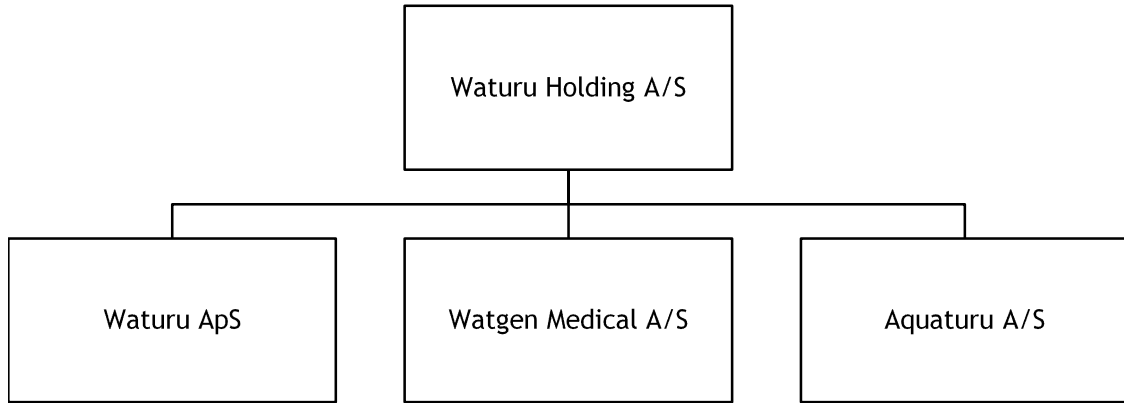
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**COMPANY DETAILS**

<b>Company</b>	Waturu Holding A/S Sjællandsgade 32, 1. th. 7100 Vejle  CVR No.: 37 79 04 86 Established: 10 June 2016 Registered Office: Vejle Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Thomas Høgh Marschall, chairman Bjørn Kaare Jensen Toke Reedtz Anders Skov Jes Nordentoft
<b>Board of Executives</b>	Toke Reedtz Michael Baltzer Fløe Nørgaard
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

## GROUP STRUCTURE



## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Waturu Holding A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's financial position at 31 December 2019 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Vejle, 26 March 2020

Board of Executives

\_\_\_\_\_  
Toke Reedt

\_\_\_\_\_  
Michael Baltzer Fløe Nørgaard

Board of Directors

\_\_\_\_\_  
Thomas Høgh Marschall  
Chairman

\_\_\_\_\_  
Bjørn Kaare Jensen

\_\_\_\_\_  
Toke Reedt

\_\_\_\_\_  
Anders Skov

\_\_\_\_\_  
Jes Nordentoft

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Waturu Holding A/S

### AUDITORS OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

#### Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Waturu Holding A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2019 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2019 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group 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. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and the Parent Company 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.

## INDEPENDENT AUDITOR'S REPORT

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Violation of the Danish VAT legislation

Contrary to the Danish VAT Act the Company has failed to submit multiple VAT returns on time to Skattestyrelsen, the Danish Tax Authorities, and the Company's Management may incur liability in this respect. The issue has since been corrected, and the VAT report shows that the Company is owed VAT from Skattestyrelsen.

Copenhagen, 26 March 2020

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Jesper Buch  
State Authorised Public Accountant  
MNE no. mne34089

Per Frost Jensen  
State Authorised Public Accountant  
MNE no. mne27740

**FINANCIAL HIGHLIGHTS OF THE GROUP**

	<b>2019</b>	<b>2018</b>
	DKK '000	DKK '000
<b>Income statement</b>		
Net revenue.....	0	0
Gross profit/loss.....	-3,969	-552
Operating loss.....	-6,142	-1,118
Financial income and expenses, net.....	-144	-36
Loss for the year.....	-5,385	-898
Staff costs.....	2,031	526
<b>Balance sheet</b>		
Balance sheet total.....	27,993	2,622
Investment in tangible fixed assets.....	2,802	0
Investment in intangible fixed assets.....	2,199	897
Equity.....	22,740	1,929
Equity incl. minority interests.....	20,026	1,956
Invested capital.....	3,411	1,538
<b>Cash flows</b>		
Cash flows from operating activities.....	-4,823	994
Cash flows from investment-related activities.....	-5,540	-922
Cash flows from financing activities.....	28,761	267
Total cash flows.....	18,398	339
<b>Average number of full-time employees.....</b>	<b>6</b>	<b>3</b>
	DKK	DKK
<b>Investment related key figures</b>		
Number of shares	10,581,818	98,085
Result for the year per share	-0.51	-9.16
Book value per share 31 December	1.92	19.94
Market value per share 31 December	52.00	0.00
Market value 31 December, total	550,254,536	0

## FINANCIAL HIGHLIGHTS OF THE GROUP

	2019 DKK '000	2018 DKK '000
<b>Ratios</b>		
Profit margin.....	0.0	0.0
Rate of return.....	-248.2	-72.7
Quick ratio.....	750.0	201.0
Solvency ratio.....	71.5	74.6
Return on equity.....	-43.7	-42.3

Profit margin: 
$$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$$

Rate of return: 
$$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$$

Invested capital: 
$$\frac{\text{Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities}}{\text{Average invested capital}}$$

Quick ratio 
$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

Solvency ratio: 
$$\frac{\text{Equity (ex. minorities), at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity: 
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.



## MANAGEMENT'S REVIEW

### Principal activities

The principal activities of the Waturu Holding Group are within the areas hot water, OEM and waste water solutions. The Company cooperates with international companies which can distribute Waturu's products and solutions or integrate the technology in new products in its own name.

The Group includes the parent company Waturu Holding A/S and the subsidiaries Waturu ApS, Watgen Medical A/S and Aquaturu A/S. The Company's principal activities are development, manufacturing and sale of water heater and water treatment technology.

The Group is the principal shareholder in the company Watgen Medical A/S which is engaged in development of products to the HealthCare industry with focus on treatment of inflammatory skin diseases and wound care.

The Group is the principal shareholder in the company Aquaturu A/S, which deals with the development of anti-bacterial and anti-algae technology for onshore fish farming.

### Development in activities and financial position

The Waturu Holding Group is facing commercialization and commencement of production in Denmark, and in 2019 the company chose to list on the NASDAQ First North Growth Market.

This year's results cover the development of a new anti-bacterial and anti-virus technology in Waturu, which can be used to secure clean bacteria-free drinking water.

A device has also been developed that can supply running hot or boiling water and which can be used for cleaning or as a consumer product for kitchens.

At Watgen Medical A/S, a prototype of a new advanced wound care unit has been developed to improve wound care treatment for patients with chronic or severe wounds. In addition, several internal tests of a home-based solution for the treatment of inflammatory skin diseases have been conducted.

The result for the year is considered to be satisfactory in that the group has been through a technology development phase in Waturu Holding A/S, Watgen Medical A/S and Aquaturu A/S. In addition, investments have been made in a semi-automated production capacity, which will supply Waturu's water heater units to the company's distributor Saint Gobain as well as OEM products for several customers.

### Significant events after the end of the financial year

The effect of the spread and impact of the Corona virus on the financial market, Danish society and the surrounding countries is important for how quickly, and in which markets, Waturu Holding and its subsidiaries can market technology/products. Despite this, there are great business opportunities for Waturu Holding A/S going forward.

For the subsidiary Watgen Medical A/S, a stock exchange listing is planned for 2020.

Aquaturu A/S must be capitalized to commercialize an anti-bacterial and anti-algae technology for land-based aquaculture.

Apart from the above, no events have occurred since the end of the financial year that could affect the assessment of the Group's financial position.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
<b>GROSS LOSS</b> .....		<b>-3,969</b>	<b>-552</b>	<b>-2,189</b>	<b>-86</b>
Staff costs.....	1	-2,031	-526	0	0
Depreciation, amortisation and impairment losses.....		-142	-40	-9	-6
<b>OPERATING LOSS</b> .....		<b>-6,142</b>	<b>-1,118</b>	<b>-2,198</b>	<b>-92</b>
Result of equity investments in group enterprises.....		-161	0	-72	242
Other financial income.....	2	2	1	152	39
Other financial expenses.....		-146	-37	-68	-2
<b>LOSS BEFORE TAX</b> .....		<b>-6,447</b>	<b>-1,154</b>	<b>-2,186</b>	<b>187</b>
Tax on profit/loss for the year.....	3	1,062	256	150	12
<b>LOSS FOR THE YEAR</b> .....		<b>-5,385</b>	<b>-898</b>	<b>-2,036</b>	<b>199</b>
<b>PROPOSED DISTRIBUTION OF LOSS</b>					
Retained earnings.....		-5,117	-863	-2,036	199
Minority shareholders' share of loss.....		-268	-35	0	0
<b>TOTAL</b> .....		<b>-5,385</b>	<b>-898</b>	<b>-2,036</b>	<b>199</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Intangible fixed assets acquired....		239	156	193	105
Development projects in progress..		3,434	1,334	0	0
<b>Intangible fixed assets.....</b>	<b>4</b>	<b>3,673</b>	<b>1,490</b>	<b>193</b>	<b>105</b>
Production plant and machinery....		2,420	0	0	0
Other plant, machinery tools and equipment.....		308	52	0	0
<b>Tangible fixed assets.....</b>	<b>5</b>	<b>2,728</b>	<b>52</b>	<b>0</b>	<b>0</b>
Equity investments in group enterprises.....		0	0	1,745	152
Deposits.....		562	23	0	0
<b>Fixed asset investments.....</b>	<b>6</b>	<b>562</b>	<b>23</b>	<b>1,745</b>	<b>152</b>
<b>FIXED ASSETS.....</b>		<b>6,963</b>	<b>1,565</b>	<b>1,938</b>	<b>257</b>
Work in progress.....		13	246	0	0
<b>Inventories.....</b>		<b>13</b>	<b>246</b>	<b>0</b>	<b>0</b>
Receivables from group enterprises.....		0	122	11,246	2,610
Receivables from associated enterprises.....		156	0	0	0
Deferred tax assets.....		644	33	122	18
Other receivables.....		705	123	179	8
Corporation tax receivable.....		462	164	46	0
Prepayments and accrued income..		282	1	36	0
<b>Receivables.....</b>		<b>2,249</b>	<b>443</b>	<b>11,629</b>	<b>2,636</b>
<b>Cash and cash equivalents.....</b>		<b>18,768</b>	<b>368</b>	<b>6,407</b>	<b>168</b>
<b>CURRENT ASSETS.....</b>		<b>21,030</b>	<b>1,057</b>	<b>18,036</b>	<b>2,804</b>
<b>ASSETS.....</b>		<b>27,993</b>	<b>2,622</b>	<b>19,974</b>	<b>3,061</b>

## BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Share capital.....		529	98	529	98
Reserve for development costs.....		2,679	1,040	0	0
Retained earnings.....		16,818	818	17,403	2,920
Minority shareholders.....		2,714	-27	0	0
<b>EQUITY.....</b>		<b>22,740</b>	<b>1,929</b>	<b>17,932</b>	<b>3,018</b>
Bank loan.....		131	0	0	0
Other liabilities.....		2,318	0	300	0
Subordinate loan capital.....		0	167	0	0
<b>Long-term liabilities.....</b>	<b>7</b>	<b>2,449</b>	<b>167</b>	<b>300</b>	<b>0</b>
Short-term portion of long-term liabilities.....	7	276	100	0	0
Bank debt.....		2	0	0	0
Trade payables.....		1,879	77	1,731	10
Debt to group enterprises.....		0	0	0	11
Debt to associated enterprises.....		0	0	11	0
Payables to owners and management.....		117	27	0	0
Other liabilities.....		530	322	0	22
<b>Current liabilities.....</b>		<b>2,804</b>	<b>526</b>	<b>1,742</b>	<b>43</b>
<b>LIABILITIES.....</b>		<b>5,253</b>	<b>693</b>	<b>2,042</b>	<b>43</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>27,993</b>	<b>2,622</b>	<b>19,974</b>	<b>3,061</b>
Contingencies etc.	8				
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## EQUITY

	Group					Total
	Share capital	Share premium account	Reserve for development costs	Retained earnings	Minority shareholders	
Equity at 1 January 2019.....	98	0	1,040	817	-27	1,928
Additions/disposals relating to equity by mergers and acquisitions.....					435	435
Capital increase.....	431	17,621		-302		17,750
Cost of capital increase.....				-799		-799
Value adjustments of equity				6,237	2,574	8,811
Transfers to/from other items.....		-17,621		17,621		
Proposed distribution of loss.....				-5,117	-268	-5,385
Transferred to reserve for development costs.....			1,639	-1,639		
<b>Equity at 31 December 2019.....</b>	<b>529</b>	<b>0</b>	<b>2,679</b>	<b>16,818</b>	<b>2,714</b>	<b>22,740</b>

	Parent company			
	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2019.....	98	0	2,919	3,017
Capital increase.....	431	17,621	-302	17,750
Cost of capital increase.....			-799	-799
Transfers to/from other items.....		-17,621	17,621	
Proposed distribution of loss.....			-2,036	-2,036
<b>Equity at 31 December 2019.....</b>	<b>529</b>	<b>0</b>	<b>17,403</b>	<b>17,932</b>

In September 2019, Watgen Medicals A/S has increased the share capital by DKK ('000) 320, whereof DKK ('000) 32 relates to external investors. The gross proceeds at the increase were DKK 141.

In December 2019, Watgen Medicals A/S has increased the share capital by DKK ('000) 84. The gross proceeds at the increase were DKK 8,945.

With effect from 1 January 2019, the company has been converted into a public limited company. In this connection, the share capital is increased by DKK ('000) 302 through the use of retained earnings.

In May 2019, the company increased the share capital by DKK ('000) 129 in connection with the listing on First North. The gross proceeds at the increase were DKK 17,750.

**CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER**

	<b>Group</b>		<b>Parent company</b>	
	<b>2019</b> DKK '000	<b>2018</b> DKK '000	<b>2019</b> DKK '000	<b>2018</b> DKK '000
Profit/loss for the year.....	-5,385	-898	-2,036	199
Reversed depreciation of the year.....	142	40	9	6
Profit/loss from subsidiaries.....	161	0	72	-242
Reversed tax on profit/loss for the year.....	-1,062	-256	-150	-12
Other adjustments.....	-115	0	0	162
Change in inventory.....	233	0	0	0
Change in receivables.....	-897	1,914	-8,844	-310
Change in current liabilities (ex bank and tax).....	2,100	194	1,699	39
<b>CASH FLOWS FROM OPERATING ACTIVITY..</b>	<b>-4,823</b>	<b>994</b>	<b>-9,250</b>	<b>-158</b>
Purchase of intangible fixed assets.....	-2,199	-897	-97	-111
Purchase of tangible fixed assets.....	-2,802	0	0	0
Purchase of financial assets.....	-539	-25	-1,665	-72
<b>CASH FLOWS FROM INVESTING ACTIVITY....</b>	<b>-5,540</b>	<b>-922</b>	<b>-1,762</b>	<b>-183</b>
Changes in subordinated loan capital.....	-267	0	0	0
Proceeds from long-term borrowing.....	2,647	0	0	0
Repayments of loans.....	-71	-233	0	0
Other changes in long-term debt.....	416	0	300	0
Costs relating to capital increase.....	-799	0	-799	0
Capital increase.....	26,835	500	17,750	500
<b>CASH FLOWS FROM FINANCING ACTIVITY...</b>	<b>28,761</b>	<b>267</b>	<b>17,251</b>	<b>500</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS.</b>	<b>18,398</b>	<b>339</b>	<b>6,239</b>	<b>159</b>
Cash and cash equivalents at 1 January.....	368	29	168	9
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER.....</b>	<b>18,766</b>	<b>368</b>	<b>6,407</b>	<b>168</b>
Specification of cash and cash equivalents at 31 December:				
Cash and cash equivalents.....	18,768	368	6,407	168
Bank debt.....	-2	0	0	0
<b>CASH AND CASH EQUIVALENTS, NET DEBT..</b>	<b>18,766</b>	<b>368</b>	<b>6,407</b>	<b>168</b>

## NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
<b>Staff costs</b>					<b>1</b>
Average number of employees					
Group: 6 (2018: 3)					
Parent company: 1 (2018: 1)					
Wages and salaries.....	1,667	367	0	0	
Pensions.....	122	0	0	0	
Social security costs.....	43	9	0	0	
Other staff costs.....	199	150	0	0	
	<b>2,031</b>	<b>526</b>	<b>0</b>	<b>0</b>	
<b>Other financial income</b>					<b>2</b>
Group enterprises.....	0	1	152	39	
Other interest income.....	2	0	0	0	
	<b>2</b>	<b>1</b>	<b>152</b>	<b>39</b>	
<b>Tax on profit/loss for the year</b>					<b>3</b>
Calculated tax on taxable income of the year.....	-462	-164	-46	0	
Adjustment of tax in previous years.	10	0	0	0	
Adjustment of deferred tax.....	-610	-92	-104	-12	
	<b>-1,062</b>	<b>-256</b>	<b>-150</b>	<b>-12</b>	

## NOTES

Note

## Intangible fixed assets

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	<u>Group</u>	
	Intangible fixed assets acquired	Development projects in progress
Cost at 1 January 2019.....	162	1,333
Additions.....	98	2,101
<b>Cost at 31 December 2019.....</b>	<b>260</b>	<b>3,434</b>
Amortisation at 1 January 2019.....	6	0
Amortisation for the year.....	15	0
<b>Amortisation at 31 December 2019.....</b>	<b>21</b>	<b>0</b>
<b>Carrying amount at 31 December 2019.....</b>	<b>239</b>	<b>3,434</b>
		<u>Parent company</u>
		Intangible fixed assets acquired
Cost at 1 January 2019.....		111
Additions.....		97
<b>Cost at 31 December 2019.....</b>		<b>208</b>
Amortisation at 1 January 2019.....		6
Amortisation for the year.....		9
<b>Amortisation at 31 December 2019.....</b>		<b>15</b>
<b>Carrying amount at 31 December 2019.....</b>		<b>193</b>



## NOTES

**Tangible fixed assets** Note  
5

	<u>Group</u>	
	Production plant and machinery	Other plant, machinery tools and equipment
Cost at 1 January 2019.....	0	103
Additions.....	2,490	312
<b>Cost at 31 December 2019.....</b>	<b>2,490</b>	<b>415</b>
Depreciation and impairment losses at 1 January 2019.....	0	51
Depreciation for the year.....	70	56
<b>Depreciation and impairment losses at 31 December 2019....</b>	<b>70</b>	<b>107</b>
<b>Carrying amount at 31 December 2019.....</b>	<b>2,420</b>	<b>308</b>
Finance lease assets.....	2,420	

**Fixed asset investments** 6

	<u>Group</u>
	Deposits
Cost at 1 January 2019.....	23
Additions.....	539
<b>Cost at 31 December 2019.....</b>	<b>562</b>
<b>Carrying amount at 31 December 2019.....</b>	<b>562</b>

	<u>Parent company</u>
	Equity investments in group enterprises
Cost at 1 January 2019.....	152
Additions.....	1,665
Disposals.....	-72
<b>Cost at 31 December 2019.....</b>	<b>1,745</b>
<b>Carrying amount at 31 December 2019.....</b>	<b>1,745</b>

The Company's shares in the group enterprise Watgen Medical A/S holds a total value of DKK ('000) 50,309, with respect to the capital increase completed in December 2019.

**Investments in subsidiaries (DKK '000)**

Name and registered office	Equity	Loss for the year	Ownership
Waturu ApS, Vejle.....	-3,024	-2,355	100,00 %
Watgen Medical A/S, Vejle.....	9,177	-1,253	70,42 %
Aquaturu A/S, Vejle.....	398	-2	100,00 %

## NOTES

Note

## Long-term liabilities

7

	<b>Group</b>				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Bank loan.....	149	18	58	0	0
Other liabilities.....	2,576	258	1,092	0	0
Subordinate loan capital.....	0	0	0	267	100
	<b>2,725</b>	<b>276</b>	<b>1,150</b>	<b>267</b>	<b>100</b>

	<b>Parent company</b>				
	31/12 2019 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2018 total liabilities	Current portion at the beginning of the year
Other liabilities.....	300	0	300	0	0
	<b>300</b>	<b>0</b>	<b>300</b>	<b>0</b>	<b>0</b>

## Contingencies etc.

8

**Contingent liabilities**

The Company has issued a statement of support, regarding the group enterprise Waturu ApS, so that the company is able to fulfil all liabilities until the following annual general meeting.

The Company's lawyer, has informed us that the Company is involved in an arbitration case, regarding payment of a total of DKK ('000) 1.614. The liability has been fully recognised in the balance sheet at 31 December 2019. If the Company loses the arbitration case, it is likely, that the Company will incur legal costs of approximately EUR ('000) 100.

The Group has made rental commitments for a total of DKK ('000) 253 at the balance sheet date.

**Joint liabilities**

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 0 at the balance sheet date.

**Charges and securities**

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Property reserves of DKK ('000) 149 have been entered into assets whose booked value amounts to DKK ('000) 159.

## ACCOUNTING POLICIES

The Annual Report of Waturu Holding A/S for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

### Consolidated financial statements

The consolidated financial statements include the parent company Waturu Holding A/S and its subsidiaries in which Waturu Holding A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

The date of acquisition is the date at which the Group gains actual control over the acquired business.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Deferred tax on the acquired reassessments is recognised with the exception of goodwill.

At calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

### Minority interests

The accounting items of the subsidiaries are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and in individual main items under equity.

## INCOME STATEMENT

### Net revenue

Net revenue from sales is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

## ACCOUNTING POLICIES

### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

### Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operating lease expenses, etc.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

### Investments in subsidiaries

Dividend from subsidiary is recognised in the financial year when the dividend is declared.

### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from transactions in foreign currencies as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

## BALANCE SHEET

### Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation or the recoverable amount. Patents are amortised over the residual patent term and licences are amortised over the term of the agreement, however, no more than 8 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

**ACCOUNTING POLICIES**

**Tangible fixed assets**

Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Production plant and machinery.....	7 years	0-20 %
Other plant, fixtures and equipment.....	3 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

**Lease contracts**

Lease contracts relating to tangible fixed assets where the company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company’s other tangible fixed assets.

**Fixed asset investments**

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

**Impairment of fixed assets**

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

## ACCOUNTING POLICIES

### Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

### Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Amortised cost for short-term liabilities usually corresponds to the nominal value.

## CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

## ACCOUNTING POLICIES

### Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

### Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

### Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

### Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.



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