

HALF-YEAR REPORT

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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
INTERIM FINANCIAL STATEMENTS
1 JANUARY - 30 JUNE 2019

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 37 79 04 86

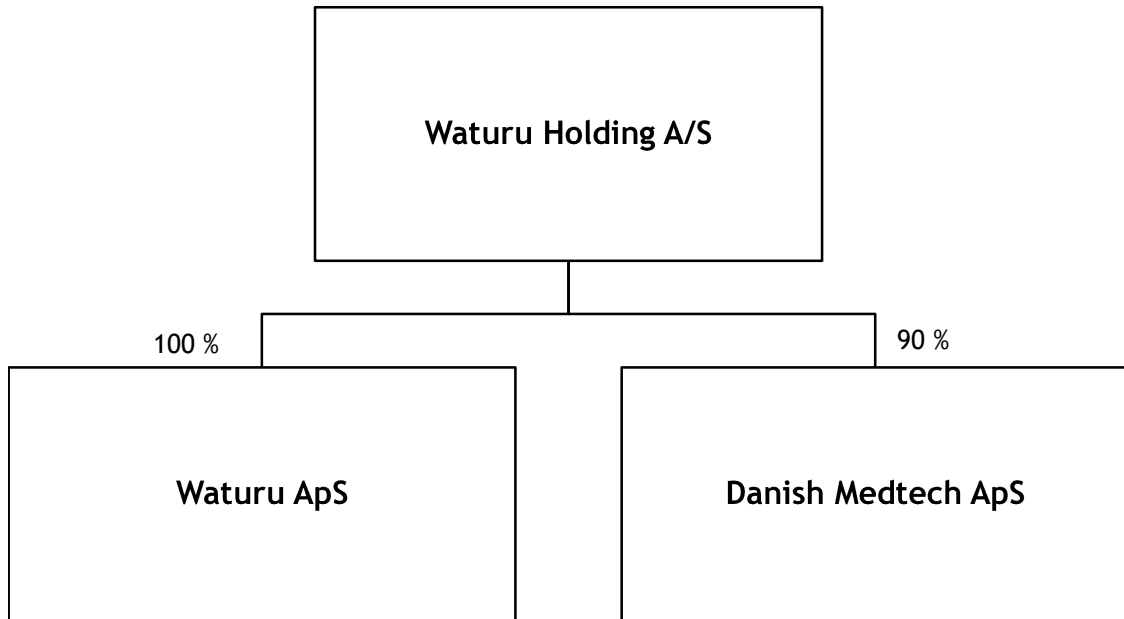
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COMPANY DETAILS

Company	Waturu Holding A/S Sjællandsgade 32, 1. th. 7100 Vejle CVR No.: 37 79 04 86 Established: 10 June 2016 Registered Office: Vejle Period: 1 January - 30 June
Board of Directors	Thomas Høgh Marschall, chairman Anders Skov Jes Nordentoft Toke Reedtz Bjørn Kaare Jensen
Board of Executives	Toke Reedtz Michael Baltzer Fløe Nørgaard
Auditor	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 Interim Financial Statements of Waturu Holding A/S for the period 1 January - 30 June 2019.

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

In our opinion the Interim Financial Statements give a true and fair view of Group's and the Company's financial position at 30 June 2019 and of the results of Group's and the Company's operations and cash flows for the period 1 January - 30 June 2019.

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

Vejle, 2 August 2019

Board of Executives

Toke Reedtz

Michael Baltzer Fløe Nørgaard

Board of Directors

Thomas Høgh Marschall
Chairman

Anders Skov

Jes Nordentoft

Toke Reedtz

Bjørn Kaare Jensen

THE INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders of Waturu Holding A/S

We have reviewed the Interim Financial Statements of Waturu Holding A/S for the period 1 January - 30 June 2019 which comprise income statement, balance sheet, cash flows, notes and a summary of significant accounting policies for both the Group and the Parent Company. The Interim Financial Statements are prepared under the Danish Financial Statements Act.

Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation of Interim Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act. This responsibility includes maintaining the internal control as Management determines is necessary to enable the preparation of Interim Financial Statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Interim Financial Statements. We have conducted our review in accordance with the International Standard on and additional requirements under Danish Audit Legislation. This requires that we express an auditor's opinion stating whether matters have come to our knowledge causing us to believe that the Interim Financial Statements have not in all materiality been prepared in accordance with the relevant accounting framework. This also requires us to observe ethical requirements.

A review of financial statements performed according to the International Standard on is an assurance engagement with a limited degree of assurance. The auditor will perform procedures which will primarily consist of inquiries to the Management and to other members of staff, if relevant, and application of analytical procedures and assessment of the evidence obtained.

The scope of procedures performed in connection with a review is considerably less extensive than that of an audit performed according to the International Standards on Audit. Consequently, we do not express an audit opinion on the Interim Financial Statements.

Opinion

During our review no matters have come to our knowledge which cause to conclude that the Interim Financial Statements do not give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 30 June 2019 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 30 June 2019 in accordance with the Danish Financial Statements Act.

Copenhagen, 2 August 2019

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

	2019 DKK '000	2018 DKK '000
Income statement		
Lønninger.....	-560	-525
Gross profit/loss.....	-2.645	-550
Operating profit/loss.....	-3.232	-1.116
Profit/loss for the year.....	-2.979	-898
Balance sheet		
Balance sheet total.....	19.520	2.705
Equity.....	16.691	1.921
Cash flows		
Cash flows from operating activities.....	-1.568	992
Cash flows from investment-related activities.....	-1.044	-920
Cash flows from financing activities.....	17.483	267
Total cash flows.....	14.871	339
Equity - related financial ratios		
The number of shares per 30 June 2019.....	10.581.820 DKK	
Market price per share per 30 June 2019.....	20,80 DKK	
Market value per 30 June 2019.....	220.101.814 DKK	

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 and Danish Medtech ApS. The company's principal activities are development, manufacture and sale of water heater and water treatment technology.

The Group is the principal shareholder in the company Danish Medtech ApS which is engaged in development of products to the HealthCare industry with focus on treatment of inflammatory skin diseases and wound care.

Development in activities and financial position

The first half of 2019 has been a busy six months, with focus on completing our IPO and preparing the organization to launch a Danish automated production of our decentralized high-efficiency water heater. This half year report was affected by extraordinary costs for the IPO.

The "climate agenda" is international and the UN's "Sustainable Development Goals" contribute to the fact that in the years to come, very large resources will be spent on trying to reduce CO2 levels. This goal can primarily be achieved by companies collaborating to develop new technologies that can reduce consumption or be more energy efficient.

As an investor in Waturu Holding A/S, you are helping to pursue that agenda. Waturu has the technology and distribution in place and we will do our best to promote decentralized heating of domestic water. This, for the purpose of saving water and energy and thus reducing the CO2 emission for the heating of hot domestic water.

On the website <https://www.un.org/sustainabledevelopment/climate-change/> you can read more about Objective 13, entitled "Climate Action". In addition, you can see the appeal from UN Chief Secretary General António Guterres, that all politicians and business owners around the world must focus on reducing CO2 emissions.

Waturu, will focus on commercial real estate and institutions first, since this is where we can secure the greatest savings and also improve comfort. We start out with our sales efforts in Denmark, but our ambitions are international and that is why we have also chosen an international partner as a distributor to begin with.

Currently Waturu is working on setting up the production, which can be scaled up immediately as sales efforts increase and demand for the product increases. The ambition is to establish a production apparatus that meets the highest standards and which at the same time has the sufficient flexibility to be able to produce our units at prices and at a quality that is absolutely competitive. The demand is expected to increase and come from companies all over the world, that wish to purchase and sell Waturu technology in various industries. The end-buyer typically want to focus on saving water, energy or reducing the use of chemicals, used today to reduce the bacteria level in water.

Since the IPO, Waturu has been contacted by several large international as well as smaller players who are interested in exploring the possibilities of collaboration.

Waturu's business areas can be divided into three main areas, which are the following: Water heating, OEM solutions, and purification of water / wastewater. OEM solutions cover collaboration agreements where Waturu technology is integrated into external companies' products.

Status is that there is considerable activity in all three areas and, as stated in our company description and described above, agreements have already been signed with, for example, Saint Gobain on the distribution of our high efficient electric decentralized water heater.

MANAGEMENT'S REVIEW

Development in activities and financial position (continued)

The OEM area covers among others a solution for bacteria treatment of hot and cold drinking water in hospitals. Waturu collaborates with a Danish University Hospital and the first tests have been conducted focusing on testing the impact of the technology on bacteria, such as Legionella.

The perspective is to sell a solution that can ensure clean bacteria-free water in hospitals internationally. Hospitals are often run from very large properties where the water is circulated at a temperature which is unfortunately perfect for bacteria growth. Countries like the US, where there are many large private hospitals and where there is often challenges with Legionella, could be a good international match for Waturu. The technology can be used centrally or decentralized and this business area can have significant value for Waturu Holding A/S going forward.

Furthermore within the OEM area, we have initiated a collaboration with a large land based fish farm where the technology will ensure clean and bacteria-free water. Initially, the goal with the Waturu technology is to ensure a higher survival rate for the very young fish that are currently dying from bacteria infections. Land-based fish farming is expected to revolutionize the industry. There are very large potential business partners in the field and after an expected successful test, securing the distribution with one or more of these companies will be the next step.

Another interesting product is a new solution that can provide instantaneous boiling water, but without the consumer having a tank fitted in their kitchen cabinet. Here, a collaboration with an international partner has already been established and development of the product is in process. The goal is to eliminate the "standby" heating that the existing solutions require, as this means a waste of energy even when no boiling water is used. Our solution will also reduce the requirement for installation space by 80%. The market potential is considerably large and the first product is expected to be launched from mid-2020, depending on the wishes and requirements of our partner.

The subsidiary, Danish Medtech, is developing positively and as announced, on August 1, 2019, an experienced external director, Jesper Nørregaard, has been hired. Jesper Nørregaard has spent much of his career in Leo Pharma, most recently as General Manager at LEO Pharma Nordic. Jesper Nørregaard has been hired to carry out an IPO of Danish Medtech in 2020 and to be able to commercialize a number of Medtech / Healthcare products, including a new product that can help wound care patients. The company will also conduct a series of clinical trials that could potentially result in a new treatment for childhood eczema.

Separation of Danish Medtech from Waturu Holding A/S is required as the company's business area requires special competencies within Medtech/Medico, as well as to ensure that the focus in Waturu remains on the existing business areas.

Danish Medtech expects to complete a Pre-IPO capitalization in the coming months and, referring to the company announcement no. 10, there has been great interest in participation from existing as well as new investors. Subsequently, Waturu Holding A/S will still be the majority shareholder in Danish Medtech.

We continue to operate at a high level of activity in the second half of the year, where more agreements with partnering companies are expected to be signed, which will provide a good foundation for future growth. Second half year will focus on setting up the production, logistics and the necessary support functions.

The financial accounts are "on course" and shows a lower cost level than expected and that we have hired additional personnel for project, sales and development work. We have also started the setup of an automated production and allocated resources for sales and marketing work.

Significant events after the end of the financial period

No events have occurred after the end of the interim financial period of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 30 JUNE

	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Cost of sales.....		-4	-86	0	0
Other external expenses.....		-2.641	-464	-2.082	-86
GROSS PROFIT/LOSS.....		-2.645	-550	-2.082	-86
Staff costs.....	1	-558	-526	0	0
Depreciation, amortisation and impairment losses.....		-29	-40	-9	-6
OPERATING LOSS.....		-3.232	-1.116	-2.091	-92
Result of equity investments in group and associates.....		0	0	0	80
Other financial income.....		0	1	128	201
Other financial expenses.....		-56	-39	-50	-2
LOSS BEFORE TAX.....		-3.288	-1.154	-2.013	187
Tax on profit/loss for the year.....	2	309	256	29	12
LOSS FOR THE YEAR.....		-2.979	-898	-1.984	199

BALANCE SHEET AT 30 JUNE

ASSETS	Note	Group		Parent company	
		2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Patent.....		258	156	209	105
Development projects in progress and prepayments.....		2.086	1.334	0	0
Intangible fixed assets.....	3	2.344	1.490	209	105
Other plant, machinery, tools and equipment.....		212	52	0	0
Tangible fixed assets.....	4	212	52	0	0
Equity investments in group enterprises.....		0	0	160	160
Rent deposit and other receivables.....		23	23	0	0
Fixed asset investments.....	5	23	23	160	160
FIXED ASSETS.....		2.579	1.565	369	265
Work in progress.....		245	245	0	0
Inventories.....		245	245	0	0
Receivables from group enterprises.....		1	122	8.719	2.599
Deferred tax assets.....		279	123	46	18
Other receivables.....		160	116	0	0
Corporation tax receivable.....		332	164	0	0
Prepayments and accrued income.		685	2	106	0
Receivables.....		1.457	527	8.871	2.617
Cash and cash equivalents.....		15.239	368	11.536	168
CURRENT ASSETS.....		16.941	1.140	20.407	2.785
ASSETS.....		19.520	2.705	20.776	3.050

BALANCE SHEET AT 30 JUNE

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.....		1.627	1.040	0	0
Retained earnings.....		14.609	810	18.254	2.920
Minority shareholders.....		-74	-27	0	0
EQUITY.....	6	16.691	1.921	18.783	3.018
Provision for deferred tax.....		102	89	0	0
PROVISION FOR LIABILITIES.....		102	89	0	0
Promissory note.....		0	167	0	0
Long-term liabilities.....		0	167	0	0
Short-term portion of long-term liabilities.....		0	100	0	0
Trade payables.....		429	79	169	10
Payables to owners and management.....		92	27	0	0
Other liabilities.....		2.206	322	1.824	22
Current liabilities.....		2.727	528	1.993	32
LIABILITIES.....		2.727	695	1.993	32
EQUITY AND LIABILITIES.....		19.520	2.705	20.776	3.050
Contingencies etc.	7				
Charges and securities	8				

CASH FLOW STATEMENT 1 JANUARY - 30 JUNE

	Group		Parent company	
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000
Profit/loss for the period/year.....	-2.979	-898	-1.984	199
Reversed depreciation of the period/year....	29	40	9	6
Profit/loss from subsidiaries.....	0	0	0	-80
Reversed tax on profit/loss for the period/year.....	-309	-256	-29	-12
Change in inventory.....	0	-10	0	0
Change in receivables.....	-608	1.920	-6.226	-291
Change in current liabilities (ex bank and tax).....	2.299	196	1.961	28
CASH FLOWS FROM OPERATING ACTIVITY..	-1.568	992	-6.269	-150
Purchase of intangible fixed assets.....	-867	-897	-113	-111
Purchase of tangible fixed assets.....	-177	0	0	0
Purchase of financial assets.....	0	-23	0	-80
CASH FLOWS FROM INVESTING ACTIVITY....	-1.044	-920	-113	-191
Repayments of loans.....	-267	-233	0	0
Capital increase.....	17.750	500	17.750	500
CASH FLOWS FROM FINANCING ACTIVITY...	17.483	267	17.750	500
CHANGE IN CASH AND CASH EQUIVALENTS.	14.871	339	11.368	159
Cash and cash equivalents at 1 January.....	368	29	168	9
CASH AND CASH EQUIVALENTS AT 30 JUNE	15.239	368	11.536	168
Specification of cash and cash equivalents at 30 June:				
Cash and cash equivalents.....	15.239	368	11.536	168
CASH AND CASH EQUIVALENTS, NET DEBT..	15.239	368	11.536	168

NOTES

	Group		Parent company		Note
	2019 DKK '000	2018 DKK '000	2019 DKK '000	2018 DKK '000	
Staff costs					1
Average number of employees Group: 3 (2018: 3) Parent company: 1 (2018: 1)					
Wages and salaries.....	1.198	1.073	0	0	
Social security costs.....	24	9	0	0	
Other staff costs.....	89	150	0	0	
Capitalized development costs.....	-753	-706	0	0	
	558	526	0	0	
Tax on profit/loss for the period/year					2
Calculated tax on taxable income of the period/year.....	-168	-164	0	0	
Adjustment of deferred tax.....	-141	-92	-29	-12	
	-309	-256	-29	-12	
Intangible fixed assets					3
			Group		
			Patent	Development projects in progress and prepayments	
Cost at 1 January 2019.....			162	1.333	
Additions.....			114	753	
Cost at 30 June 2019.....			276	2.086	
Amortisation at 1 January 2019.....			6	0	
Amortisation for the period.....			12	0	
Amortisation at 30 June 2019.....			18	0	
Carrying amount at 30 June 2019.....			258	2.086	
				Parent company	
				Patent	
Cost at 1 January 2019.....				111	
Additions.....				113	
Cost at 30 June 2019.....				224	
Amortisation at 1 January 2019.....				6	
Amortisation for the period.....				9	
Amortisation at 30 June 2019.....				15	
Carrying amount at 30 June 2019.....				209	

NOTES

		Note
Tangible fixed assets		4
	<u>Group</u>	
	Other plant, machinery, tools and equipment	
Cost at 1 January 2019.....	103	
Additions.....	177	
Cost at 30 June 2019.....	280	
Depreciation and impairment losses at 1 January 2019.....	51	
Depreciation for the period.....	17	
Depreciation and impairment losses at 30 June 2019.....	68	
Carrying amount at 30 June 2019.....	212	
 Fixed asset investments		 5
	<u>Group</u>	
	Rent deposit and other receivables	
Cost at 1 January 2019.....	23	
Cost at 30 June 2019.....	23	
Carrying amount at 30 June 2019.....	23	
	<u>Parent company</u>	
	Equity investments in group enterprises	
Cost at 1 January 2019.....	160	
Cost at 30 June 2019.....	160	
Carrying amount at 30 June 2019.....	160	

NOTES

Note

Equity

6

	Group					
	Share capital	Share premium account	Reserve for development costs	Retained earnings	Minority shareholders	Total
Equity at 1 January 2019.....	98	0	1.040	809	-27	1.920
Capital increase....	431	17.621		-302		17.750
Transfers to/from other items.....		-17.621		17.621		
Proposed distribution of profit.....				-2.932	-47	-2.979
Overført til reserve for udviklingsomkostninger.....			587	-587		
Equity at 30 June 2019.....	529	0	1.627	14.609	-74	16.691

	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
Transfers to/from other items.....		-17.621	17.621	
Proposed distribution of profit.....			-1.984	-1.984
Equity at 30 June 2019.....	529	0	18.254	18.783

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 129 in connection with the listing on First North. The gross proceeds at the increase were DKK 17,750.

NOTES**Note**

Contingencies etc.

7

Joint liabilities

The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Greentech Investor ApS, which serves as management company for the joint taxation.

Charges and securities

8

Der er taget ejendomsforbehold på tkr. 156 i aktiver hvis bogførte værdi udgør tkr. 176.

ACCOUNTING POLICIES

The Interim Financial Statements 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 Interim Financial Statements is prepared consistently with the accounting principles applied last year.

Comparative figures

The 2019 accounting figures in the income statement are for a 6 month period, while comparative figures for 2018 are for a 12 month period. The comparative figures in the balance sheet are at 31 December 2018.

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.

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

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the period, 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.

ACCOUNTING POLICIES

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 investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities 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 period, 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 period, 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.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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
Other plant, fixtures and equipment.....	3-5 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.

ACCOUNTING POLICIES

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.

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.

ACCOUNTING POLICIES

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 period, 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 period for operating activities, investing activities and financing activities in the period, the change in cash and cash equivalents of the period and cash and cash equivalents at beginning and end of the period.

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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