



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

STORE KONGENSGADE 68
POSTBOKS 9015
1022 KØBENHAVN K

CVR: 15 91 56 41

TLF: 33 30 15 15

FAX: 33 13 19 91

E-MAIL: CK@CK.DK

WEB: WWW.CK.DK

Medilet ApS

c/o Jan Quistgaard, Høje Skodsborgvej 32, 2942 Skodsborg

Company reg. no. 32 89 14 70

Annual report

1 January - 31 December 2015

The annual report has been submitted and approved by the general meeting on the 30 May 2016.

Jan Quistgaard
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British 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 %.



Christensen Kjaerulff er medlem af Nexia International
- et internationalt netværk af uafhængige revisions- og konsulentvirksomheder.

Revisorgruppen Danmark



Contents

	<u>Page</u>
Reports	
Management's report	1
The independent auditor's reports	2
Management's review	
Company data	4
Management's review	5
Annual accounts 1 January - 31 December 2015	
Profit and loss account	7
Balance sheet	8
Notes	10
Accounting policies used	12



Management's report

The managing director has today presented the annual report of Medilet ApS for the financial year 1 January to 31 December 2015.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Skodsborg, 26 May 2016

Managing Director

Jan Quistgaard



The independent auditor's reports

To the shareholder of Medilet ApS

Report on the annual accounts

We have audited the annual accounts of Medilet ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control as it determines necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.



The independent auditor's reports

Opinion

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2015 and of the results of the company's operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Emphasis of matter paragraph on matters in the accounts

Without affecting our opinion, we note that the company's annual report is prepared under the assumption of going concern, providing that necessary funding is injected for the company's development and financing. Management has in note 1 explained the uncertainty and the conditions for continued operations, to which we agree.

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Copenhagen, 26 May 2016

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
CVR-nr. 15 91 56 41

Iver Haugsted

State Authorised Public Accountant



Company data

The company

Medilet ApS
c/o Jan Quistgaard
Høje Skodsborgvej 32
2942 Skodsborg

Company reg. no.: 32 89 14 70
Established: 3 May 2010
Domicile: Rudersdal
Financial year: 1 January - 31 December

Managing Director

Jan Quistgaard

Auditors

Christensen Kjørulff, Statsautoriseret Revisionsaktieselskab



Management's review

The principal activities of the company

Medilet ApS is a new activity started in June 2014 and the focus will primarily be on the formulation and development of medical device products. The Company was originally founded in 2010. In 2013 the Company was dormant.

Medilet ApS concentrates on research and development and manufacturing, aiming at products and processes that are patentable and have a broad market appeal.

The Company is today developing its first medical device system, a novel Dual Chamber Syringe, Dualat, a unique technology that is protected by worldwide patent applications and new applications will be filed during the development period with more features that will further improve the technology compared to the few dual chamber syringe products on the market. So, compared to existing technologies Dualat offers unique new benefits breaking new ground with its unusual simple and clever technology.

The market is dominated by few companies in a market to be expected to reach >\$5 billion in 2020.

The business strategy is to be able alone or with a co-developer to control most aspects of the drug development efforts from product formulation, to clinical testing, regulatory submissions and manufacturing. Consequently, Medilet ApS will increasingly focus its resources on a range of Dualat products securing licensing agreements with major pharmaceutical companies securing significant royalty or product revenues.

Uncertainties as to recognition or measurement

Medilet ApS is a R&D company and therefore with a built-in uncertainty about recognition and measuring of the actual and activated patent and R&D costs. All costs incurred will be carried at cost. The real value of assets for the company is not known until the company's products are closer to be finalized and ready for marketing.

Development in activities and financial matters

Financial results

By a seed capital loan of DKK 3 millions, a bank loan in 2015/2016 of DKK 2.6 million and latest in 2016 a grant of DKK 2.5 by Innovationsfonden, this has been invested in product development, patents, and Medilet ApS has now developed a prototype ready for upscaling within the next 1½ - 2 years in order to the development of its first product, Dualat and secure licensing agreements with major pharmaceutical companies. Medilet ApS is in a new investment round to secure DKK 15 million for the upscaling and is in a good position to finalize this round before 1 august 2016.

Capital resources

The company's equity is lost, and the company's continued operation is conditional on injection of new funding.



Management's review

Events subsequent to the financial year

Medilet ApS is now finalizing an investment round to secure an injection of DKK 15 million with potential financial partners and is expecting to conclude this in July 2016 for an equity investment.



Profit and loss account 1 January - 31 December

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Gross loss	-43.200	-6
Results before tax	-43.200	-6
Tax on ordinary results	123.766	48
Results for the year	80.566	42
Proposed distribution of the results:		
Allocated to results brought forward	80.566	42
Distribution in total	80.566	42



Balance sheet 31 December

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Assets		
Fixed assets		
2 Acquired concessions, patents, licenses, trademarks and similar rights	2.173.554	1.000
3 Development projects in progress and prepayments for intangible fixed assets	<u>5.444.198</u>	<u>2.107</u>
Intangible fixed assets in total	<u>7.617.752</u>	<u>3.107</u>
Fixed assets in total	<u>7.617.752</u>	<u>3.107</u>
Current assets		
Other debtors	1.097.492	923
Accrued income and deferred expenses	<u>0</u>	<u>2</u>
Debtors in total	<u>1.097.492</u>	<u>925</u>
Cash funds	<u>3.185</u>	<u>266</u>
Current assets in total	<u>1.100.677</u>	<u>1.191</u>
Assets in total	<u>8.718.429</u>	<u>4.298</u>



Balance sheet 31 December

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

<u>Note</u>	<u>2015</u>	<u>2014</u>	
Equity and liabilities			
Equity			
4	Contributed capital	125.000	125
5	Results brought forward	-136.470	-217
	Equity in total	-11.470	-92
Provisions			
	Provisions for deferred tax	1.592.040	609
	Provisions in total	1.592.040	609
Liabilities			
	Bank debts	1.673.243	0
	Trade creditors	1.308.150	348
	Other debts	4.156.466	3.433
	Short-term liabilities in total	7.137.859	3.781
	Liabilities in total	7.137.859	3.781
	Equity and liabilities in total	8.718.429	4.298



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	<u>2015</u>	<u>2014</u>
1. Uncertainties concerning the enterprise's ability to continue as a going concern		
The company's equity is lost, and the company's continued operation is conditional on injection of new funding.		
Medilet ApS has during 2015 been negotiating with potentiel financial partners now expecting to finalize an investment round in July 2016, which will secure the further development of the project. A major part of the present seed finance is due in July 2016.		
2. Acquired concessions, patents, licenses, trademarks and similar rights		
Cost 1 January 2015	1.000.000	0
Additions during the year	<u>1.173.554</u>	<u>1.000</u>
Cost 31 December 2015	<u>2.173.554</u>	<u>1.000</u>
Book value 31 December 2015	<u>2.173.554</u>	<u>1.000</u>
3. Development projects in progress and prepayments for intangible fixed assets		
Cost 1 January 2015	2.107.171	0
Additions during the year	<u>3.337.027</u>	<u>2.107</u>
Cost 31 December 2015	<u>5.444.198</u>	<u>2.107</u>
Book value 31 December 2015	<u>5.444.198</u>	<u>2.107</u>
4. Contributed capital		
Contributed capital 1 January 2015	<u>125.000</u>	<u>125</u>
	<u>125.000</u>	<u>125</u>



Notes

Amounts concerning 2015: DKK.

Amounts concerning 2014: DKK in thousands.

	<u>31/12 2015</u>	<u>31/12 2014</u>
5. Results brought forward		
Results brought forward 1 January 2015	-217.036	-259
Profit or loss for the year brought forward	<u>80.566</u>	<u>42</u>
	<u>-136.470</u>	<u>-217</u>



Accounting policies used

The annual report for Medilet ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

The profit and loss account

Gross loss

The gross loss comprises external costs.

Other external costs comprise costs for administration.

Net financials

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.



Accounting policies used

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical utilisation, sufficient resources, and a potential, future market can be demonstrated, and provided that it is the intention to produce, market, or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Capitalised development costs are measured at cost with deduction of accrued amortisation or at the recoverable value, if this is lower.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years and does not exceed 20 years.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line 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 realisation of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under amortisation.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.



Accounting policies used

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax. In the period 2014 to 2016, the corporate tax rate will be reduced gradually from 25 % to 22 %, which will affect the deferred tax liabilities and deferred tax assets. Unless a recognition with a different tax rate than 22 % will result in a significant material deviation in the estimated deferred tax liability or tax asset, deferred tax liabilities and assets are recognised by 22 %.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

PENNEO

Underskrifterne i dette dokument er juridisk bindende. Dokumentet er underskrevet via Penneo™ sikker digital underskrift. Underskrivernes identiteter er blevet registreret, og informationerne er listet herunder.

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

Jan Quistgaard

direktør

Serienummer: PID:9208-2002-2-481042011872

IP: 62.66.156.203

31-05-2016 kl. 15:13:00 UTC

NEM ID 

Iver Haugsted

statsautoriseret revisor

På vegne af: CHRISTENSEN KJÆRULFF STATS-AUTORISERET
REVISIONSAKTIESELSKAB

Serienummer: CVR:15915641-RID:1127991245060

IP: 212.98.75.202

31-05-2016 kl. 15:19:48 UTC

NEM ID 

Jan Quistgaard

dirigent

Serienummer: PID:9208-2002-2-481042011872

IP: 62.66.156.203

31-05-2016 kl. 20:31:47 UTC

NEM ID 

Dette dokument er underskrevet digitalt via **Penneo.com**. Signeringsbeviserne i dokumentet er sikret og valideret ved anvendelse af den matematiske hashværdi af det originale dokument. Dokumentet er låst for ændringer og tidsstemplet med et certifikat fra en betroet tredjepart. Alle kryptografiske signeringsbeviser er indlejret i denne PDF, i tilfælde af de skal anvendes til validering i fremtiden.

Sådan kan du sikre, at dokumentet er originalt

Dette dokument er beskyttet med et Adobe CDS certifikat. Når du åbner dokumentet

i Adobe Reader, kan du se, at dokumentet er certificeret af **Penneo e-signature service** <penneo@penneo.com>. Dette er din garanti for, at indholdet af dokumentet er uændret.

Du har mulighed for at efterprøve de kryptografiske signeringsbeviser indlejret i dokumentet ved at anvende Penneos validator på følgende websted: <https://penneo.com/validate>