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KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
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Medilet ApS

c/o Jan Quistgaard, Tuborg Havnepark 11 2.th, 2900 Hellerup

Company reg. no. 32 89 14 70

Annual report

1 January - 31 December 2019

The annual report has been submitted and approved by the general meeting on the 15 May 2020.

Jan Quistgaard

Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 %.

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Management's report

Today, the managing director has presented the annual report of Medilet ApS for the financial year 1 January - 31 December 2019.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the company's results of activities in the financial year 1 January – 31 December 2019.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Hellerup, 14 May 2020

Managing Director

Jan Quistgaard

Independent auditor's report

To the shareholders of Medilet ApS

Opinion

We have audited the financial statements of Medilet ApS for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Independent auditor's report

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

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

Copenhagen, 14 May 2020

Christensen Kjarulff

Company reg. no. 15 91 56 41

Iver Haugsted
State Authorised Public Accountant
mne10678

Company information

The company

Medilet ApS
c/o Jan Quistgaard
Tuborg Havnepark 11 2.th
2900 Hellerup

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

Managing Director

Jan Quistgaard

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Management commentary

The principal activities of the company

Medilet ApS is a new medical device company started in June 2014 and the focus will primarily be on the formulation and development of medical device products.

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

The Company has today developed its first medical device system, a novel dual chamber syringe, Dualet, a unique technology protected by worldwide patents and new applications will be filed during the development period with more features that will further improve the technology compared to the dual chamber syringe products on the market. So, compared to the leading existing technology, Dualet offers unique benefits breaking new ground especially for home care patients with its unusual simple and extremely safe technology.

The market for dual chamber syringes is dominated by one company in a market growing very fast to reach >\$3.3 billion in few years.

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 will increasingly focus its resources on a range of Dualet products securing licensing agreements with major pharmaceutical companies securing significant royalty and product revenues.

Uncertainties about recognition or measurement

Medilet 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

By extending the seed loan of DKK 4.2 million and a loan of DKK 2.665 million and a new grant of DKK 3.5 million from Innovationsfonden by continuous refunding of development costs together with the expected closing of a new private placement for DKK 13.5 million in August 2020, Medilet has secured the product development that will lead into the first licensing agreement from a French pharma customer.

Capital resources

Medilet's continued operation is conditional on injections of the new ongoing private placement.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross loss	-28.306	-24.025
Pre-tax net profit or loss	-28.306	-24.025
Tax on net profit or loss for the year	12.440	-1.204
Net profit or loss for the year	-15.866	-25.229
Proposed appropriation of net profit:		
Transferred to other statutory reserves	330.266	932.459
Allocated from retained earnings	-346.132	-957.688
Total allocations and transfers	-15.866	-25.229

Statement of financial position at 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets		
Non-current assets		
1 Concessions, patents, licenses, trademarks, and similar rights acquired	4.043.591	3.822.371
2 Development projects in progress and prepayments for intangible assets	8.855.838	8.746.791
Total intangible assets	<u>12.899.429</u>	<u>12.569.162</u>
Total non-current assets	<u>12.899.429</u>	<u>12.569.162</u>
Current assets		
Other receivables	57.938	670.654
Total receivables	<u>57.938</u>	<u>670.654</u>
Cash on hand and demand deposits	78.584	5.845
Total current assets	<u>136.522</u>	<u>676.499</u>
Total assets	<u>13.035.951</u>	<u>13.245.661</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
3	Contributed capital	125.000	125.000
4	Other statutory reserves	5.281.676	4.951.410
5	Retained earnings	-5.501.516	-5.155.384
	Total equity	-94.840	-78.974
Provisions			
	Provisions for deferred tax	2.640.207	2.608.734
	Total provisions	2.640.207	2.608.734
Liabilities other than provisions			
	Trade payables	2.773.359	2.776.391
	Other payables	7.717.225	7.939.510
	Total short term liabilities other than provisions	10.490.584	10.715.901
	Total liabilities other than provisions	10.490.584	10.715.901
	Total equity and liabilities	13.035.951	13.245.661

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Concessions, patents, licenses, trademarks, and similar rights acquired		
Cost 1 January	3.822.371	3.279.964
Additions during the year	<u>221.220</u>	<u>542.407</u>
Cost 31 December	<u>4.043.591</u>	<u>3.822.371</u>
Carrying amount, 31 December	<u>4.043.591</u>	<u>3.822.371</u>
2. Development projects in progress and prepayments for intangible assets		
Cost 1 January	8.746.791	8.356.739
Additions during the year	<u>109.047</u>	<u>390.052</u>
Cost 31 December	<u>8.855.838</u>	<u>8.746.791</u>
Carrying amount, 31 December	<u>8.855.838</u>	<u>8.746.791</u>
3. Contributed capital		
Contributed capital 1 January	<u>125.000</u>	<u>125.000</u>
	<u>125.000</u>	<u>125.000</u>
4. Other statutory reserves		
Other statutory reserves 1 January	4.951.410	4.018.951
Provisions of the results for the year	<u>330.266</u>	<u>932.459</u>
	<u>5.281.676</u>	<u>4.951.410</u>
5. Retained earnings		
Retained earnings 1 January	-5.155.384	-4.197.696
Profit or loss for the year brought forward	<u>-346.132</u>	<u>-957.688</u>
	<u>-5.501.516</u>	<u>-5.155.384</u>

Accounting policies

The annual report for Medilet ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross loss

Gross loss comprises external costs.

Other external costs comprise costs for administration.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

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

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

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

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

Goodwill

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

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Accounting policies

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

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

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Jan Quistgaard

Direktør

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Jan Quistgaard

Dirigent

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