CHRISTENSEN KJÆRULFF
PERSONLIGT ENGAGEMENT

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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 2020

The annual report has been submitted and approved by the general meeting on the 5 July 2021.

Jan Quistgaard
Chairman of the meeting

# Contents





Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## Management's report

Today, the managing director has presented the annual report of Medilet ApS for the financial year 1 January - 31 December 2020.

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 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

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, 5 July 2021

**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 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. 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 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 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.

**Material uncertainties concerning the company's ability to continue as a going concern**

We draw attention to the fact that material uncertainty exists that could raise significant doubts about the company's ability to continue as a going concern. We refer to Note 1 of the financial statements, which states that it is currently uncertain whether commitments will be made on the requested loans to finance operations and the necessary investments in the coming years. However, it is the management's assessment that such a commitment will be obtained, which is why the financial statements have been prepared on the assumption of a going concern basis.

Our opinion has not been modified as a result of this matter.

**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:

- 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.

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, 5 July 2021

**Christensen Kjærulff**
Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Iver Haugsted
State Authorised Public Accountant
mne10678

# Company information

| | | |
|---|---|---|
| **The company** | Medilet ApS<br>c/o Jan Quistgaard<br>Tuborg Havnepark 11 2.th<br>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<br>Statsautoriseret Revisionsaktieselskab<br>Store Kongensgade 68<br>1264 København K | |

### The principal activities of the company

The principal activities of the company Medilet ApS are 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 extremely 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 seeking a new grant of DKK 4.9 million from Innovationsfonden by continuous refunding of development costs together with the expected closing of a new development and licensing agreement with a pharma customer in 2021 followed by an IPO ultimo 2021, Medilet has secured the ongoing product development that will lead to further licensing agreements with pharma customers.

*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.

| Note | | 2020 | 2019 |
|---|---|---|---|
| | **Gross loss** | **-23.513** | **-28.306** |
| | **Pre-tax net profit or loss** | **-23.513** | **-28.306** |
| | Tax on net profit or loss for the year | 5.186 | 12.440 |
| | **Net profit or loss for the year** | **-18.327** | **-15.866** |
| | **Proposed appropriation of net profit:** | | |
| | Allocated from retained earnings | -18.327 | -15.866 |
| | **Total allocations and transfers** | **-18.327** | **-15.866** |

## Statement of financial position at 31 December

All amounts in DKK.

| Note | Assets | 2020 | 2019 |
| --- | --- | --- | --- |
| | **Non-current assets** | | |
| 3 | Concessions, patents, licenses, trademarks, and similar rights acquired | 4.178.720 | 4.043.591 |
| 4 | Development projects in progress and prepayments for intangible assets | 8.878.001 | 8.855.838 |
| | Total intangible assets | 13.056.721 | 12.899.429 |
| | **Total non-current assets** | **13.056.721** | **12.899.429** |
| | **Current assets** | | |
| | Other receivables | 29.176 | 57.938 |
| | Total receivables | 29.176 | 57.938 |
| | Cash on hand and demand deposits | 3.778 | 78.584 |
| | **Total current assets** | **32.954** | **136.522** |
| | **Total assets** | **13.089.675** | **13.035.951** |

## Statement of financial position at 31 December

All amounts in DKK.

| Note | Equity and liabilities | 2020 | 2019 |
|---|---|---|---|
| | **Equity** | | |
| | Contributed capital | 125.000 | 125.000 |
| | Reserve for development costs | 2.699.746 | 2.661.079 |
| | Retained earnings | -2.937.913 | -2.880.919 |
| | **Total equity** | **-113.167** | **-94.840** |
| | **Provisions** | | |
| | Provisions for deferred tax | 2.639.897 | 2.640.207 |
| | **Total provisions** | **2.639.897** | **2.640.207** |
| | **Liabilities other than provisions** | | |
| | Trade payables | 2.898.070 | 2.773.359 |
| | Other payables | 7.664.875 | 7.717.225 |
| | Total short term liabilities other than provisions | 10.562.945 | 10.490.584 |
| | **Total liabilities other than provisions** | **10.562.945** | **10.490.584** |
| | **Total equity and liabilities** | **13.089.675** | **13.035.951** |

1 **Uncertainties concerning the enterprise's ability to continue as a going concern**

## Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Reserve for development costs | Retained earnings | Total |
|---|---|---|---|---|
| Equity 1 January 2019 | 125.000 | 2.576.023 | -2.779.997 | -78.974 |
| Profit or loss for the year brought forward | 0 | 0 | -15.866 | -15.866 |
| Transferred from retained earnings | 0 | 85.056 | 0 | 85.056 |
| Adjustment 1 | 0 | 0 | -85.056 | -85.056 |
| Equity 1 January 2020 | 125.000 | 2.661.079 | -2.880.919 | -94.840 |
| Profit or loss for the year brought forward | 0 | 0 | -18.327 | -18.327 |
| Transferred from retained earnings | 0 | 38.667 | 0 | 38.667 |
| Adjustment 1 | 0 | 0 | -38.667 | -38.667 |
| | **125.000** | **2.699.746** | **-2.937.913** | **-113.167** |

## Notes

All amounts in DKK.

**1. Uncertainties concerning the enterprise's ability to continue as a going concern**

The company's liabilities exceed its assets by DKK 113.167 as of 31 December 2020. This indicates uncertainties which could give rise to doubts about the company's activity as a going concern.

The continued operation of the company is depending on the maintenance of financing from the company's investors.

Management believes that the company's financing will be maintained in the future. The management has prepared the annual accounts on a going concern basis.

**2. Staff costs**

| | | |
|---|---|---|
| Average number of employees | 2 | 2 |

| | 31/12 2020 | 31/12 2019 |
|---|---|---|
| **3. Concessions, patents, licenses, trademarks, and similar rights acquired** | | |
| Cost 1 January | 4.043.591 | 3.822.371 |
| Additions during the year | 135.129 | 221.220 |
| **Cost 31 December** | **4.178.720** | **4.043.591** |
| **Carrying amount, 31 December** | **4.178.720** | **4.043.591** |
| **4. Development projects in progress and prepayments for intangible assets** | | |
| Cost 1 January | 8.855.838 | 8.746.791 |
| Additions during the year | 22.163 | 109.047 |
| **Cost 31 December** | **8.878.001** | **8.855.838** |
| **Carrying amount, 31 December** | **8.878.001** | **8.855.838** |

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.

## Statement of financial position

**Intangible assets**

**Development projects, patents, and licences**

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

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

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

**Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible fixed assets as well as equity investment in group enterprise are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

**Cash on hand and demand deposits**

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

**Equity**

**Reserve for development costs**

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

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

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

**Income tax and deferred tax**

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

### Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

*"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."*

**Jan Quistgaard**
**Direktør**
*Serienummer: PID:9208-2002-2-481042011872*
*IP: 213.32.xxx.xxx*
*2021-07-07 15:49:04Z*
NEM ID

**Iver Haugsted**
**Statsautoriseret revisor**
På vegne af: CHRISTENSEN KJÆRULFF, STATSAUTORISERET ...
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*2021-07-07 15:51:12Z*
NEM ID

**Jan Quistgaard**
**Dirigent**
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*2021-07-08 16:09:26Z*
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