



Norlase ApS

Brydehusvej 13 13
2750 Ballerup
CVR No. 35644547

Annual report 2023

The Annual General Meeting adopted the annual report on 28.06.2024

Oliver Hvidt Grønborg

Chairman of the General Meeting

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Entity details

Entity

Norlase ApS
Brydehusvej 13 13
2750 Ballerup

Business Registration No.: 35644547
Registered office: Ballerup
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

David Lee Hardwick, chairman
Robert James Plastow
Jes Broeng
Karl Kristian Nielsen
Jacob Lundgreen Philipsen
Dale Clifton Flanders
Uri Shabto, MD

Executive Board

Oliver Hvidt Grønborg, Managing Director
Peter Matths Wippel Skovgaard, Managing Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Norlase ApS for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ballerup, 19.06.2024

Executive Board

Oliver Hvidt Grønborg
Managing Director

Peter Matths Wippel Skovgaard
Managing Director

Board of Directors

David Lee Hardwick
chairman

Robert James Plastow

Jes Broeng

Karl Kristian Nielsen

Jacob Lundgreen Philipsen

Dale Clifton Flanders

Uri Shabto, MD

Independent auditor's report

To the shareholders of Norlase ApS

Opinion

We have audited the financial statements of Norlase ApS for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and 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 internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 19.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

René Carøe Andersen

State Authorised Public Accountant

Identification No (MNE) mne34499

Management commentary

Primary activities

The Company's principal activity is the commercialization of high-tech medical products and services based on laser technology, along with any related activities the Board deems appropriate.

This year's results show a gross profit of DKK 18,066 thousand, compared to a gross loss of DKK 4,442 thousand the previous year. This marks the first full year of gross profitability for the Company. The net result is a loss of DKK 24,508 thousand, compared to a net loss of DKK 32,719 thousand the year before.

Management considers this performance in line with expectations, given that the Company is still in the early growth phase, requiring significant expansion and development activities. Equity stands at DKK 60,530 thousand as of the balance sheet date.

Key activities during the year included continuing to grow the adoption of the Company's existing products and launching its newest product, the ECHO pattern scanning laser photocoagulator. The results showed significant growth in sales compared to the previous year, which was in line with expectations.

The Company continued to invest heavily in the development of new products and technologies, as well as in further development of existing products. Based on these efforts, the Company expects to launch another innovative product in 2024.

During the financial year, the Company successfully raised equity financing of DKK 69.5 million. This financing provides the necessary resources to pursue future development and support the Company's growth strategy, although further funding may be considered to support expansion during this scale-up phase.

Based on these developments, Management assesses that the Company is in a solid economic position.

Uncertainty relating to recognition and measurement

As the Company is a development company, there is a natural uncertainty associated with the measurement of the Company's development activities and future earnings. At 31 December 2023, the Company has recognised DKK 9,991 thousand regarding ongoing development projects and DKK 14,706 thousand regarding completed developments projects. The value of the development projects depends on the Company's ability to develop, market and attracting enough customers, who through the sale of the systemes generate positive earnings that could yield the total investment. Accordingly, Management has deemed the valuation sound. If the Company's sales and growth deviate significantly from the current plans, there may be uncertainty associated with the valuation.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss	2	18,065,785	(4,441,995)
Staff costs	3	(26,183,275)	(19,945,438)
Depreciation, amortisation and impairment losses		(950,281)	(40,878)
Other operating expenses		(17,362,290)	(13,286,465)
Operating profit/loss		(26,430,061)	(37,714,776)
Other financial income	4	1,436,650	4,004,538
Other financial expenses	5	(2,578,830)	(1,491,953)
Profit/loss before tax		(27,572,241)	(35,202,191)
Tax on profit/loss for the year	6	3,064,418	2,483,029
Profit/loss for the year		(24,507,823)	(32,719,162)
Proposed distribution of profit and loss			
Retained earnings		(24,507,823)	(32,719,162)
Proposed distribution of profit and loss		(24,507,823)	(32,719,162)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	8	14,705,943	8,432,058
Development projects in progress	8	9,991,204	2,854,436
Intangible assets	7	24,697,147	11,286,494
Plant and machinery		1,505,556	1,460,645
Leasehold improvements		182,731	182,746
Property, plant and equipment	9	1,688,287	1,643,391
Investments in group enterprises		6,430	6,430
Deposits		851,212	742,907
Financial assets		857,642	749,337
Fixed assets		27,243,076	13,679,222
Raw materials and consumables		13,022,081	9,496,906
Work in progress		1,806,525	172,870
Manufactured goods and goods for resale		1,896,000	1,853,875
Inventories		16,724,606	11,523,651
Trade receivables		4,147,334	1,613,426
Receivables from group enterprises		5,483,456	0
Other receivables		1,198,169	953,119
Income tax receivable	10	3,064,418	2,483,029
Prepayments		1,134,823	696,630
Receivables		15,028,200	5,746,204
Cash		31,110,574	8,963,646
Current assets		62,863,380	26,233,501
Assets		90,106,456	39,912,723

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		203,083	174,511
Reserve for development expenditure		19,263,775	8,803,465
Retained earnings		41,063,215	6,509,330
Equity		60,530,073	15,487,306
Other payables		13,217,863	17,434,113
Non-current liabilities other than provisions	11	13,217,863	17,434,113
Current portion of non-current liabilities other than provisions	11	5,572,291	605,948
Trade payables		3,343,840	1,578,518
Other payables		2,036,337	1,588,924
Deferred income		5,406,052	3,217,914
Current liabilities other than provisions		16,358,520	6,991,304
Liabilities other than provisions		29,576,383	24,425,417
Equity and liabilities		90,106,456	39,912,723
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	12		
Contingent assets	13		
Contingent liabilities	14		

Statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	174,511	0	8,803,465	6,509,330	15,487,306
Increase of capital	28,572	77,606,400	0	0	77,634,972
Transferred from share premium	0	(69,522,018)	0	69,522,018	0
Costs related to equity transactions	0	(8,084,382)	0	0	(8,084,382)
Transfer to reserves	0	0	10,460,310	(10,460,310)	0
Profit/loss for the year	0	0	0	(24,507,823)	(24,507,823)
Equity end of year	203,083	0	19,263,775	41,063,215	60,530,073

For the purpose of offering incentive pay in the form of share options, the Company's Board of Directors is authorised for the period until 22 December 2026 once or several times to increase the Company's share capital with up to nominally DKK 3.500.000 shares in total without pre-emption right for the the Company's shareholders. The authorisation empowers the Board of Directors to determine the terms for the granted share options, including the exercise price.

Notes

1 Uncertainty relating to recognition and measurement

As the Company is a development company, there is a natural uncertainty associated with the measurement of the Company's development activities and future earnings. At 31 December 2023, the Company has recognised DKK 9,991 thousand regarding ongoing development projects and DKK 14,706 thousand regarding completed developments projects. The value of the development projects depends on the Company's ability to develop, market and attracting enough customers, who through the sale of the systemes generate positive earnings that could yield the total investment. Accordingly, Management has deemed the valuation sound. If the Company's sales and growth deviate significantly from the current plans, there may be uncertainty associated with the valuation.

2 Gross profit/loss

Gross profit includes own work capitalised for DKK 10,940 thousand (2022: DKK 8,383 thousand).

3 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	22,661,486	17,408,893
Pension costs	1,668,040	1,337,282
Other social security costs	441,999	334,527
Other staff costs	1,411,750	864,736
	26,183,275	19,945,438
Average number of full-time employees	38	31

4 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	1,034,475	1,542,041
Other interest income	402,175	479
Exchange rate adjustments	0	2,462,018
	1,436,650	4,004,538

5 Other financial expenses

	2023	2022
	DKK	DKK
Other interest expenses	52,725	10,277
Exchange rate adjustments	1,022,956	0
Other financial expenses	1,503,149	1,481,676
	2,578,830	1,491,953

6 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	(3,064,418)	(2,483,029)
	(3,064,418)	(2,483,029)

7 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	8,432,058	2,854,436
Transfers	3,384,583	(3,384,583)
Additions	3,407,790	10,521,351
Cost end of year	15,224,431	9,991,204
Amortisation for the year	(518,488)	0
Amortisation and impairment losses end of year	(518,488)	0
Carrying amount end of year	14,705,943	9,991,204

8 Development projects

Development projects comprise development costs to develop ophthalmic lasers for treatment of retina and glaucoma disorders.

There is continuous development in order to continue the growth and expansion of the company. The projects are continuously completed and put to use, after which amortization is commenced.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalized costs for development projects in the reserve for development costs under equity.

9 Property, plant and equipment

	Plant and machinery DKK	Leasehold improvements DKK
Cost beginning of year	1,662,938	231,824
Additions	495,666	51,500
Disposals	(80,199)	0
Cost end of year	2,078,405	283,324
Depreciation and impairment losses beginning of year	(202,293)	(49,078)
Depreciation for the year	(380,278)	(51,515)
Reversal regarding disposals	9,722	0
Depreciation and impairment losses end of year	(572,849)	(100,593)
Carrying amount end of year	1,505,556	182,731

10 Tax receivable

Corporate income tax receivable recognized in the balance sheet relates to applying the Tax Credit Scheme under section 8X of the Danish Tax Assessment Act, by which the Company can get the tax base of tax losses originating from research and development costs.

Based on an examination of the criteria for applying the scheme, Management believes the Company is entitled to apply the scheme. Accordingly, the recognition has been based on this assessment.

However, whether the criteria for applying the scheme are met is based on an estimate. Consequently, there may be a risk that the tax authorities will deem the criteria unfulfilled. If so, the receivable must be fully or partially reversed in the income statement in the subsequent financial year.

11 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK
Other payables	5,572,291	605,948	13,217,863
	5,572,291	605,948	13,217,863

12 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	3,767,956	3,943,973

13 Contingent assets

The company has a deferred tax asset that amounts to DKK 20,071 thousand which has not been capitalized due to the uncertainty of when the company is able to use it.

14 Contingent liabilities

The Company provides a 2-3 year warranty on its products. The estimated cost is considered a contingent liability in the annual report. The Company continually monitors the warranty claims and adjusts the financial statement as necessary to reflect the actual cost of warranty claims.

Each of the loans contains the right for Vækstfonden to receive bonus equal to the principal amount (DKK 7.4 million and DKK 7.6 million in total DKK 15 million) deducted with interest payments if the founder's or the investor's share in the borrower are transferred for a gross proceeds per share, which is more than four times as high as the connection with the equity investment.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

Changes in accounting policies

The Entity has changed its accounting policies with regard to inventory and staff costs.

The change in accounting policies regarding staff costs classified as assets has led to an increase in gross profit and a decrease in staff costs of DKK 431.976 in current year and DKK 313.566 in the comparison year.

The change in accounting policies regarding inventory relates to the presentation of inventory which has been disaggregated into underlying groupings to promote a fair value of the net inventory.

The changes have no effect on this year's and the comparison year's pre-tax loss, equity or net assets.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds.

Cost of sales

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and leasehold improvements.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Financial income and expenses include realised and unrealised gains and losses arising from investments in financial assets etc. Financial income are recognised in the income statement by the amounts that relate to the financial year.

Other financial expenses

Financial expenses include interest 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 expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intellectual property rights etc.**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 10 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools 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
Plant and machinery	3 to 5 years
Leasehold improvements	5 years

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.