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NORLASE APS
BRYDEHUSVEJ 30, 2750 BALLERUP
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2019

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 21 July 2020**

David Lee Hardwick

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

CVR NO. 35 64 45 47

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COMPANY DETAILS

Company	NORLASE ApS Brydehusvej 30 2750 Ballerup CVR No.: 35 64 45 47 Established: 21 January 2014 Registered Office: Ballerup Financial Year: 1 January - 31 December
Board of Directors	David Lee Hardwick, chairman Uri Shabto Robert James Plastow Finn Mogensen Jes Broeng Jacob Lundgreen Philipsen
Board of Executives	Oliver Hvidt Peter Matths Wippel Skovgaard
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of NORLASE ApS for the financial year 1 January - 31 December 2019.

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 Company's financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

We recommend the Annual Report be approved at the Annual General Meeting.

Ballerup, 7 July 2020

Board of Executives

Oliver Hvidt

Peter Matths Wippel Skovgaard

Board of Directors

David Lee Hardwick
Chairman

Uri Shabto

Robert James Plastow

Finn Mogensen

Jes Broeng

Jacob Lundgreen Philipsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NORLASE ApS

Opinion

We have audited the Financial Statements of NORLASE ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, notes and 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 assets, liabilities and financial position of the Company at 31 December 2019 and of the results of the Company's operations 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 (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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 in preparing the Financial Statements 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 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 judgment and maintain professional skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

INDEPENDENT AUDITOR'S REPORT

- 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 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 the disclosures, 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 Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 7 July 2020

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Ole C. K. Nielsen
State Authorised Public Accountant
MNE no. mne23299

MANAGEMENT'S REVIEW

Principal activities

The Company's principal activity is based on commercial high-tech products and services based on laser technology, as well as any other activity the Board finds related.

Development in activities and financial position

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

The key activities of the year were the final development, transfer to production and market introduction of the company's first medical product, the LEAF photocoagulator.

The financial results are viewed as acceptable. The company invested heavily in development during the year and incurred a deficit in line with expectations.

Significant events after the end of the financial year

After the end of 2019, the covid-19 virus outbreak has led to a global economic crisis. This situation is expected to negatively impact the company's sales. We are monitoring the situation closely and will take the necessary steps to lead the company safely through the crisis.

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

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2019 DKK	2018 DKK
GROSS LOSS	1	-5.531.190	-3.718.246
Staff costs.....	2	-9.606.561	-6.203.334
Depreciation, amortisation and impairment losses.....		-62.987	-93.579
OPERATING LOSS		-15.200.738	-10.015.159
Other financial income.....	3	12.841	57.782
Other financial expenses.....		-63.691	-84.805
LOSS BEFORE TAX		-15.251.588	-10.042.182
Tax on profit/loss for the year.....	4	1.697.279	1.869.688
LOSS FOR THE YEAR		-13.554.309	-8.172.494
 PROPOSED DISTRIBUTION OF DIVIDEND			
Retained earnings.....		-13.554.309	-8.172.494
TOTAL		-13.554.309	-8.172.494

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2019 DKK	2018 DKK
Production plant and machinery.....		121.185	32.712
Tangible fixed assets	5	121.185	32.712
Equity investments in group enterprises.....		6.430	6.430
Rent deposit and other receivables.....		696.459	54.266
Fixed asset investments	6	702.889	60.696
FIXED ASSETS		824.074	93.408
Finished goods and goods for resale.....		2.609.388	0
Inventories		2.609.388	0
Contract work in progress.....	7	0	365.603
Receivables from group enterprises.....		0	1.149.068
Other receivables.....		1.259.096	687.992
Corporation tax receivable.....		1.697.279	2.276.518
Claim for payment of company capital.....		0	3.337.309
Receivables		2.956.375	7.816.490
Cash and cash equivalents		4.630.704	6.681.340
CURRENT ASSETS		10.196.467	14.497.830
ASSETS		11.020.541	14.591.238

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2019 DKK	2018 DKK
Share capital.....		125.285	109.620
Retained earnings.....		9.144.166	11.330.541
EQUITY.....	8	9.269.451	11.440.161
Other provisions for liabilities.....		0	89.400
PROVISION FOR LIABILITIES.....		0	89.400
Other liabilities.....		397.073	0
Subordinate loan capital.....		0	228.188
Long-term liabilities.....	9	397.073	228.188
Short-term portion of long-term liabilities.....	9	0	110.000
Bank debt.....		128.143	118.610
Trade payables.....		397.601	1.802.037
Other liabilities.....		828.273	802.842
Current liabilities.....		1.354.017	2.833.489
LIABILITIES.....		1.751.090	3.061.677
EQUITY AND LIABILITIES.....		11.020.541	14.591.238
 Contingencies etc.	 10		

NOTES

	2019 DKK	2018 DKK	Note
Special items			1
In 2019 the management has recognized a full provision against receivables from group enterprises, as a result of uncertainties related to covid-19, which has a significant impact on the gross profit. The provision amounts to DKK 7,667,752.			
Staff costs			2
Average number of employees 20 (2018: 12)			
Wages and salaries.....	8.460.553	5.623.423	
Pensions.....	721.569	442.725	
Social security costs.....	111.322	71.815	
Other staff costs.....	313.117	65.371	
	9.606.561	6.203.334	
Other financial income			3
Other interest income.....	12.841	57.782	
	12.841	57.782	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	-1.697.279	-1.869.688	
	-1.697.279	-1.869.688	
Tangible fixed assets			5
		Production plant and machinery	
Cost at 1 January 2019.....		254.014	
Additions.....		151.460	
Cost at 31 December 2019.....		405.474	
Depreciation and impairment losses at 1 January 2019.....		221.302	
Depreciation for the year.....		62.987	
Depreciation and impairment losses at 31 December 2019.....		284.289	
Carrying amount at 31 December 2019.....		121.185	

NOTES

				Note
Fixed asset investments				6
		Equity		
		investments in	Rent deposit and	
		group enterprises	other receivables	
Cost at 1 January 2019.....		6.430	54.266	
Additions.....		0	642.193	
Cost at 31 December 2019.....		6.430	696.459	
Carrying amount at 31 December 2019.....		6.430	696.459	
Contract work in progress				7
Work in progress, selling price.....		0	8.554.730	
Work in progress, payments received on account.....		0	-8.189.127	
Contract work in progress, asset.....		0	365.603	
Equity				8
		Share capital	Retained earnings	Total
Equity at 1 January 2019.....		109.620	12.488.246	12.597.866
Change of equity due to correction of errors.....			-1.157.705	-1.157.705
Adjusted equity at 1 January 2019.....		109.620	11.330.541	11.440.161
Capital increase.....		15.665	11.367.934	11.383.599
Proposed distribution of profit.....			-13.554.309	-13.554.309
Equity at 31 December 2019.....		125.285	9.144.166	9.269.451
Long-term liabilities				9
	31/12 2019	Repayment	Debt	Current
	total liabilities	next year	outstanding	portion at the
			after 5 years	beginning
			total liabilities	of the year
Other liabilities.....	397.073	0	0	0
Subordinate loan capital.....	0	0	0	338.188
	397.073	0	0	110.000
Contingencies etc.				10
Contingent liabilities				
The company has entered into rental agreements (operating leases). The payments in the period of non-terminability amount to t.DKK 6.087.				

ACCOUNTING POLICIES

The Annual Report of NORLASE ApS for 2019 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

Comparative figures

A material misstatement in the 2018 Financial Statements has been identified, which relates to incorrect cut-off treatment of two vendor invoices. These two invoices should have been expensed in 2018 and recognized as accounts payable. The currenction of this misstatement results in decrease on retained earnings of by DKK 1,157,705. As this only pertains to cut-off assessments, the adjustment has no furhter effects. The impact of the misstatement is recognized directly on equity at 1 January 2019 and shown as a correction of errors in the note disclosure. Comparative figures are not adjusted

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

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.

Investments in subsidiaries

Dividend from subsidiary is recognised in the financial year when the dividend is declared.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	3 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Fixed asset investments

Equity investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

ACCOUNTING POLICIES

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.