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NORLASE APS
BRYDEHUSVEJ 13, 2750 BALLERUP
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 15 June 2021**

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 13 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
Executive Board	Oliver Hvidt Peter Matths Wippel Skovgaard
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Law Firm	Pactum Advokatfirma Olesvej 14 2950 Vedbæk

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of NORLASE ApS for the financial year 1 January - 31 December 2020.

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 assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

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

Ballerup, 31 May 2021

Executive Board

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 2020, which comprise income statement, Balance Sheet, statement of changes in equity, 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 2020** and of the results of the Company's operations 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 (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, 31 May 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

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

MANAGEMENT COMMENTARY

Principal activities

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

Development in activities and financial and economic position

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

The key activities of the year were to complete the development of the company's newest product, obtain key regulatory approvals for new and existing products, continue the expansion on the US market and begin the market roll-out outside the USA.

The results of the year were impacted by the lack of key regulatory approvals for most of the year, as well as the COVID-19 pandemic, which caused many ophthalmologists to temporarily cease operations. The company's sales revenues for the year were therefore below the expectations set out at the beginning of the year.

The company continued to invest in bringing new products to market during the year. In the second half of the year, the development of its newest laser system was completed. The company also obtained key regulatory approvals for both new and existing products in the second half of the year. Furthermore, development of the company's next major innovation progressed according to plan.

Towards the end of the year, the company saw a return to sales growth. A new product was successfully launched on the US market, with fast adoption among leading retina specialists and institutions. In parallel, the company prepared the international roll-out of its products, signing on top distributors in all major European countries.

Based on these developments, Management's assessment is that the company is in a solid economic position, with a strong growth trajectory. While it is likely that additional capital will be required due to the impacts described above, Management expects that such capital will be available, based on the positive trends in both sales and development activities.

Significant events after the end of the financial year

After the end of 2020, the company has continued to see rapid sales growth. However, outside the US, the COVID-19 situation has generally not improved as fast as expected. While we continue to see growth in international sales, the pandemic remains a limiting factor for the time being.

The company has recently signed an agreement with an investment firm for a significant capital increase in July 2021. This will put the company in a strong financial position and ensure that the necessary investments can be made throughout the anticipated growth phase.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK
GROSS LOSS	1	-13.995.469	-5.531.190
Staff costs.....	2	-14.270.222	-9.606.561
Depreciation, amortisation and impairment losses.....		-68.446	-62.987
OPERATING LOSS		-28.334.137	-15.200.738
Other financial income.....	3	24.243	12.841
Other financial expenses.....		-160.240	-63.691
LOSS BEFORE TAX		-28.470.134	-15.251.588
Tax on profit/loss for the year.....	4	2.205.230	1.697.279
LOSS FOR THE YEAR		-26.264.904	-13.554.309
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		-26.264.904	-13.554.309
TOTAL		-26.264.904	-13.554.309

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Production plant and machinery.....		58.198	121.185
Leasehold improvements.....		21.835	0
Property, plant and equipment.....	5	80.033	121.185
Equity investments in group enterprises.....		6.430	6.430
Rent deposit and other receivables.....		569.312	696.459
Financial non-current assets.....	6	575.742	702.889
NON-CURRENT ASSETS.....		655.775	824.074
Finished goods and goods for resale.....		4.818.531	2.609.388
Inventories.....		4.818.531	2.609.388
Trade receivables.....		348.685	0
Receivables from group enterprises.....		2.640.848	0
Other receivables.....		1.312.855	1.259.096
Corporation tax receivable.....		2.205.230	1.697.279
Receivables.....		6.507.618	2.956.375
Cash and cash equivalents.....		14.317.965	4.630.704
CURRENT ASSETS.....		25.644.114	10.196.467
ASSETS.....		26.299.889	11.020.541

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK	2019 DKK
Share capital.....		144.511	125.285
Retained earnings.....		6.406.616	9.144.166
EQUITY.....		6.551.127	9.269.451
Other liabilities.....		16.360.493	397.073
Non-current liabilities.....	7	16.360.493	397.073
Bank debt.....		0	128.143
Trade payables.....		1.924.101	397.601
Other liabilities.....		1.464.168	828.273
Current liabilities.....		3.388.269	1.354.017
LIABILITIES.....		19.748.762	1.751.090
EQUITY AND LIABILITIES.....		26.299.889	11.020.541
Contingencies etc.	8		
Special prerequisites for continued operation	9		

EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2020.....	125.285	9.144.166	9.269.451
Proposed profit allocation.....		-26.264.904	-26.264.904
Transactions with owners			
Capital increase.....	19.226	26.325.038	26.344.264
Cost of capital increase.....		-2.797.684	-2.797.684
Equity at 31 December 2020.....	144.511	6.406.616	6.551.127

NOTES

			Note
Special items			1
In 2020 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 financial impact is as follows:			
	2020	2019	
	DKK	DKK	
Accrual for loss on intercompany balances.....	6.821.446	7.667.752	
Received government grants.....	0	6.925.139	
Staff costs			2
Average number of employees	25	20	
Wages and salaries.....	12.742.691	8.460.553	
Pensions.....	1.041.482	721.569	
Social security costs.....	160.942	111.322	
Other staff costs.....	325.107	313.117	
	14.270.222	9.606.561	
Other financial income			3
Other interest income.....	24.243	12.841	
	24.243	12.841	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	-2.205.230	-1.697.279	
	-2.205.230	-1.697.279	
Property, plant and equipment			5
	Production plant and machinery	Leasehold improvements	
Cost at 1 January 2020.....	405.474	0	
Additions.....	0	27.294	
Cost at 31 December 2020.....	405.474	27.294	
Depreciation and impairment losses at 1 January 2020.....	284.289	0	
Depreciation for the year.....	62.987	5.459	
Depreciation and impairment losses at 31 December 2020...	347.276	5.459	
Carrying amount at 31 December 2020.....	58.198	21.835	

NOTES

	Equity		
	investments in group enterprises	Rent deposit and other receivables	Note
Financial non-current assets			6
Cost at 1 January 2020.....	6.430	696.459	
Additions.....	0	209	
Disposals.....	0	-127.356	
Cost at 31 December 2020.....	6.430	569.312	
Carrying amount at 31 December 2020.....	6.430	569.312	
Long-term liabilities			7
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years
			31/12 2019 total liabilities
Other liabilities.....	16.360.493	0	6.229.181
	16.360.493	0	397.073
			6.229.181
			397.073
Contingencies etc.			8
Contingent liabilities			
The company has entered into rental agreements (operating leases). The payments in the period of non-terminability amount to t.DKK 4.839.			
Special prerequisites for continued operation			9
The Company's Management emphasizes that there is a degree of uncertainty regarding the scope of contribution of working capital to ensure the future operations and development plans in the period from august 2021. Management is in the process of offering of new shares to both existing and new investors as a capital increase. This is expected to be finalized before the end of July 2021, and may result in a capital injection of up to DKK 52 m. The final amount is not definitively confirmed yet, and there is accordingly uncertainty with respect to the final outcome of the capital increase. However, Management finds it more than probable that the investment round will put fresh capital into the Company to ensure future operations and short-term development plans.			

ACCOUNTING POLICIES

The Annual Report of NORLASE ApS for 2020 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.

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.

Income from equity interests 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.

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.

ACCOUNTING POLICIES

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 %
Leasehold improvements.....	5 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 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.

ACCOUNTING POLICIES

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.