

Blusense Diagnostics ApS

Fruebjergvej 3
2100 Copenhagen

CVR no. 36 05 91 84

Annual report 2017

The annual report was presented and approved at the
Company's annual general meeting on

8 May 2018



chairman

Blusense Diagnostics ApS
Annual report 2017
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Blusense Diagnostics ApS for the financial year 1 January – 31 December 2017.


The annual report has been prepared 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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen 8 May 2018
Executive Board:



Filippo Giacomo Bosco
CEO

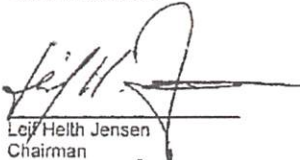


Robert Burger



Marco Donolato

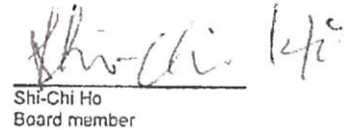
Board of Directors:



Leif Heith Jensen
Chairman



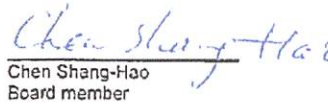
Marco Donolato
Vice chairman



Shi-Chi Ho
Board member



Filippo Giacomo Bosco
Board member



Chen Shang-Hao
Board member



Independent auditor's report

To the shareholders of Blusense Diagnostics ApS

Opinion

We have audited the financial statements of Blusense Diagnostics ApS for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.



Independent auditor's report

- 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.
- 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 8 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
MNE no. 34283

Blusense Diagnostics ApS
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Management's review

Company details

Blusense Diagnostics ApS
Fruebjergvej 3
2100 Copenhagen

Telephone	+45 39 17 97 14
Website	www.blusense-diagnostics.com
E-mail	info@blusense-diagnostics.com

CVR no.:	36 05 91 84
Established:	1 August 2014
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Leif Helth Jensen, Chairman
Marco Donolato, Vice chairman
Shi-Chi Ho, Board member
Filippo Giacomo Bosco, Board member
Chen Shang-Hao, Board member

Executive Board

Filippo Giacomo Bosco, CEO
Robert Burger
Marco Donolato

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 8 May 2018.

Management's review

Operating review

Principal activities

BluSense is a young and dynamic medTech company, born as a spin-off from DTU, one of the leading technical universities of Northern Europe.

BluSense's core product is an innovative point-of-care diagnostics device, which is able to accurately quantify biomarkers from a single drop of blood, currently clinically validating assays for detection of dengue fever biomarkers. Combining patented nanoparticles physics, microfluidics and optics, a highly sensitive diagnostics device for infectious diseases is obtained with an affordable detection module.

BluSense offers full laboratory diagnostics capabilities within a small, affordable and portable device, proven to meet the standards of hospital diagnostics tools. BluSense's application focus is on providing better diagnostics tools in the field of dengue fever and related vector-borne diseases, such as zika virus and chikungunya. Its core technology's versatility has allowed BluSense scientists to validate the bio-detection protocols over a large panel of relevant immunoassays, which are deemed critical in the rapid diagnosis of severe tropical diseases, and the value proposition of BluSense's devices has been endorsed by global key opinion leaders across the world. Its products can be deployed in de-centralized clinical settings, such as primary health centres and small clinics, distributed over the territory in Asia-Pacific and the South American region.

Knowhow and employees

With a highly skilled and very international mix of founders and employees, BluSense Diagnostics employed more than 16 full time employees over the year. The employees have a strong technical background, several of them holding PhD's in nanotechnology, electronic engineering or biochemistry. Thanks to its highly qualified portfolio of scientists and technicians, BluSense has been able to quickly move from product conception towards functioning prototypes, and finally towards product validation in the field.

BluSense has implemented its own quality management system according to ISO13485, and is furthermore moving quickly in certifying its products with CE-marking standards.

As a global-born start-up, BluSense has operations in Denmark and Taiwan with scientific and technological partners in several countries worldwide. BluSense is particularly active in the South East Asian region, where most of its clinical validation activities take place. The headquarters is located at Symbion Science Park in the heart of the Medicin Valley in central Copenhagen. Core R&D related to microfluidics and biochemistry development are fully performed in these laboratories with a strong focus on building in-house knowhow in core areas such as biochemical conjugation protocols, advanced microfluidics design and prototyping, and product validation.

BluSense established a subsidiary in Taiwan, BluSense Biotech Ltd., in Q4 2015, located at the centre of the ICT industrial park in Guishan near Taipei City, Taiwan. BluSense Biotech Ltd. occupies 400 m² of office and laboratory space in the facilities of Quanta Storage International. Currently, BluSense Biotech Ltd. employs a team of 11 people, 9 of whom are highly qualified engineers with an average of 11 years of industry experience. BluSense Biotech Ltd. is fully dedicated to the design, development and large-scale manufacturing of BluSense's reader device.

BluSense's technical and scientific achievements are available in several peer-reviewed scientific journals published over the years by the founders of the technology development. Thanks to a broad appeal of BluSense-patented technology, several joint projects with universities worldwide allow BluSense to remain at the forefront of innovative research, adding new inventions and new technologies to its portfolio of diagnostics products.

Management's review

Operating review

Finally, BluSense has been a success case in raising public grants from the leading Danish and European funding agencies, scoring above-threshold marks in the most competitive European calls, and with three different grants awarded in 2015, two grants awarded in 2016, and two grants awarded in 2017. BluSense was in November 2017 awarded the global winner price by the Malaysian Global Entrepreneurship Movement, sponsored by the Malaysian Ministry of Finance, as the company with the highest impact potential for South East Asia, across more than 1,700 challengers worldwide. In March 2018, Blusense was furthermore granted a SME phase II grant from EU of almost EURm 2.

Development in activities and financial position

The results for 2017 is a loss of DKK 14,496 thousand, which is affected by the fact that development costs on the core device development project are not capitalised but taken as cost. The result is overall acceptable as it follows internal plans and budgets for the development of the product

Management has assessed that the liquidity of the Company is sufficient for 2018.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2017	2016
Gross loss		-8.750	-5.072
Staff costs	2	-8.865	-5.271
Depreciation, amortisation and impairment		-270	-192
Operating loss		-17.885	-10.535
Financial income		148	16
Financial expenses		-88	-9
Loss before tax		-17.825	-10.528
Tax on profit/loss for the year	3	3.329	2.679
Loss for the year		-14.496	-7.849
Proposed distribution of loss			
Retained earnings		-14.496	-7.849

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Property, plant and equipment			
Property, plant and equipment		968	444
		<u>968</u>	<u>444</u>
Investments			
	4		
Investments in group entities		1,902	1,902
Deposits		301	179
		<u>2,203</u>	<u>2 081</u>
Total fixed assets		<u>3,171</u>	<u>2,525</u>
Current assets			
Receivables			
Trade receivables		1,105	1 664
Other receivables		135	24
Corporation tax		3 329	1,990
		<u>4 569</u>	<u>3,678</u>
Cash at bank and in hand		<u>8,617</u>	<u>3,383</u>
Total current assets		<u>13,186</u>	<u>7,061</u>
TOTAL ASSETS		<u><u>16 357</u></u>	<u><u>9,586</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Contributed capital		185	185
Share premium		38,343	18,093
Retained earnings		-25,837	-11,339
Total equity		<u>12,691</u>	<u>6,939</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		2,977	2,098
Other payables		669	419
Deferred income		20	130
		<u>3,666</u>	<u>2,647</u>
Total liabilities other than provisions		<u>3,666</u>	<u>2,647</u>
TOTAL EQUITY AND LIABILITIES		<u>16,357</u>	<u>9,586</u>
Contractual obligations, contingencies, etc.	5		
Related party disclosures			

Financial statements 1 January – 31 December

Statement of changes in equity

	<u>Contributed capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	185	18,094	-11,341	6,938
Cash capital increase	0	20,249	0	20,249
Transferred over the distribution of loss	<u>0</u>	<u>0</u>	<u>-14,496</u>	<u>-14,496</u>
Equity at 31 December 2017	<u>185</u>	<u>38,343</u>	<u>-25,837</u>	<u>12,691</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Blusense Diagnostics ApS for 2017 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Revenue

Income from the sale of goods, comprising the sale of #, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense..

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

are as follows.

Property, plant and equipment in progress 3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in group entities

Equity investments in group entities and associates are measured at cost. When the cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Other receivables and deposits are recognised at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments and deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

2 Staff costs

DKK'000	2017	2016
Wages and salaries	8.521	5.161
Pensions	37	27
Other social security costs	55	28
Other staff costs	152	55
	<u>8.865</u>	<u>5.271</u>
Average number of full-time employees	<u>16</u>	<u>12</u>

3 Tax on loss for the year

Current tax for the year	-3.329	-2.011
Adjustment of tax concerning previous years	<u>0</u>	<u>-668</u>
	<u>-3.329</u>	<u>-2.679</u>

4 Investments

Investment in subsidiaries comprise an investment in BluSense Biotech Ltd., Taiwan. The company is wholly-owned by Blusense Diagnostics ApS.

5 Contractual obligations, contingencies, etc.

The Company has a rental contract with a 6-month notice period, corresponding to DKK 564 thousand.