



KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Telephone +45 70 70 77 60
www.kpmg.dk

Blusense Diagnostics

ApS

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting
on 19 May 2017

Morten Bagger
chairman

CVR no. 36 05 91 84

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Blusense Diagnostics ApS
Annual report 2016
CVR no. 36 05 91 84

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Blusense Diagnostics ApS
Annual report 2016
CVR no. 36 05 91 84

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.

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 and of the results of the Company's operations for the financial year 1 January – 31 December.

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, 19 April 2017
Executive Board:

Filippo Giacomo
Bosco
CEO

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



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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 2016, comprising income statement, balance sheet 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 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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.

Independent auditor's report

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 financial statement 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
- 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

Independent auditor's report

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 19 April 2017

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Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant

Management's review

Company details

Blusense Diagnostics ApS

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
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Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Annual general meeting

The annual general meeting will be held on 19 May 2017.

Management's review

Operating review

Principal activities and products

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, down to sub ng/mL concentrations. Combining patented nanoparticles physics, microfluidics and Blu-Ray 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 in Europe, Asia and Australia. Its products can be deployed in de-centralised 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 employs 15 people with a strong technical background, many of them holding a PhD 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.

As a global-born start-up, BluSense has operations in Denmark and Taiwan with scientific and technological partners in nine countries worldwide. The headquarters is located at Symbion Science Park in the heart of the Medicon 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 clinical 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 200 m² of office and laboratory space in the facilities of Quanta Storage International. Currently, BluSense Biotech Ltd. employs a team of 10 highly

qualified engineers with an average of 11 years of industry experience, most of whom are former employees of Quanta Storage.

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.

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, and additionally two grants in 2016.

Financial development

The results for 2016 is a loss of DKK 7,850 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 2017, when taking into consideration that additional funding is being negotiated with investors and is expected to fall in place within May 2017, as investment commitments have been signed.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2016	2014/15
Gross result		-5,072	-850
Personnel costs	2	-5,272	-2,598
Depreciations		-191	-41
Operating loss		-10,535	-3,490
Financial income		16	
Financial expenses		-9	0
Loss before tax		-10,528	-3,490
Tax on loss for the year	3	2,678	0
Loss for the year		-7,850	-3,490
Proposed distribution of loss			
Retained earnings		-7,850	-3,490
		-7,850	-3,490

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2015/16	2014/15
ASSETS			
Non-current assets			
Financial assets			
Investments in subsidiaries	4	1,902	1,902
Deposits		179	160
Total investments in subsidiaries		2,081	2,062
Property, plant and equipment		445	579
Total property, plant and equipment		445	579
Total non-current assets		2,526	2,641
Current assets			
Receivables			
Other receivables and prepayments		3,677	1,115
Total other receivables and prepayments		3,677	1,115
Cash at bank and in hand		3,384	3,574
Total current assets		7,061	4,688
TOTAL ASSETS		9,587	7,329

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2016	2014/15
EQUITY AND LIABILITIES			
Equity			
Share capital		185	145
Share premium		18,094	6,707
Retained earnings		-11,340	-3,490
Proposed dividends for the financial year		0	0
Total equity		6,939	3,362
Liabilities			
Prepayments		130	0
Bank loans		0	0
Convertible loan	5	0	3,352
Deferred tax liability		0	0
Other payables		2,518	615
Total liabilities		2,648	3,967
Total equity and liabilities		9,587	7,329
Contractual obligations, contingencies, etc.	6		
Related parties	7		

Financial statements 1 January – 31 December

Statement of changes in equity

Equity

	Share capital	Capital surplus	Retained earnings	Total
Balance at 1 January	145	6,707	-3,490	3,362
Capital increase	40	11,387	0	11,427
Proposed dividend	0	0	0	0
Loss for the period	0	0	-7,850	-7,850
Balance at 31 December	185	18,094	-11,340	6,939

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Blusense Diagnostics ApS for 2016 has been presented in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Income statement

Revenue

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

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.

Other operating costs

Other operating costs comprise items secondary to the activities of the entities, including losses on the disposal of intangible assets and property, plant and equipment.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 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 at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Property, plant 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.

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 are as follows:

Property, plant and equipment	3-5 years
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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 subsidiaries

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.

Other receivables and deposits are recognised at amortised cost.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

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.

Financial statements 1 January – 31 December

Notes

DKK'000	2016	2014/15
2 Personnel costs		
Wages and salaries	5,218	2,565
Pensions	27	16
Other social expenses	27	17
	<u>5,272</u>	<u>2,598</u>

Personnel costs have mainly been capitalised as a development asset.

3 Tax		
Current year tax	-1,990	0
Change in deferred tax	0	-233
Change in last years tax	-668	0
Total tax	<u>-2,658</u>	<u>-233</u>

4 Investment in subsidiaries

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

5 Convertible loan

DKK'000	2016	2014/15
Convertible loan	0	3,352
	<u>0</u>	<u>3,352</u>

6 Contractual obligations, contingencies, etc.

The Company has a rental contract with a 6-month notice period, corresponding to DKK 318 thousand.

Financial statements 1 January – 31 December

Notes

7 Related parties and ownership

The following owners hold a minimum of 5% of the voting share and/or share capital of the Company:

Filippo Bosco Holding IVS

Fruebjergvej 3
2100 København Ø

Robert Burger Holding IVS

c/o Robert Burger
Baldersgade 18, 1. 2.
2200 København N

Donolato Holding Company IVS

c/o Marco Donolato
Rømersgade 27. 5. th.
1362 København K

Financial statements 1 January – 31 December

Notes

7 Related parties and ownership (continued)

Leif Helth Jensen

Husenstrasse 3
6354 Vitznau
Switzerland

Quanta Storage International Limited

Floor 4, Willow House, Cricket Square
PO BOX 2804,
Gran Cayman KY1-1112
Cayman Islands

Michael Liu

9-3 Floor, No. 15, Lane 65, An-min Street
Xindian District
New Taipei City
Taiwan

Titan Speed Limited

Offshore Chambers
P.O. Box 217
Apia
Samoa

Chun-Weu Co., Ltd

Seychelles IBC Registration number:
114120
Office at suite 106, Premier
Building, Victoria, Mahe
Seychelles