

BluSense Diagnostics ApS

Fruebjergvej 3
2100 Copenhagen
Denmark

CVR no. 36 05 91 84

Annual report 2020

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

31 May 2021

Jørgen Bek Weiss Hansen
chairman

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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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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, 31 May 2021
Executive Board:

Leif Helth Jensen
CEO

Robert Burger

Marco Donolato

Board of Directors:

Robert Burger
Chairman

Chen Yan-Wen
Board member

Georgios Zachopoulos
Board member

Wei-Lin Wang
Board member

Hans-Joachim Maria
Diedenhofen
Board member

Wei-Chin Lee
Board member

Leif Helth Jensen
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 2020 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 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 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, 31 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

BluSense Diagnostics ApS
Annual report 2020
CVR no. 36 05 91 84

Management's review

Company details

BluSense Diagnostics ApS
Fruebjergvej 3
2100 Copenhagen
Denmark

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

Robert Burger, Chairman
Chen Yan-Wen, Board member
Georgios Zachopoulos, Board member
Wei-Lin Wang, Board member
Hans-Joachim Maria Diedenhofen, Board member
Wei-Chin Lee, Board member
Leif Helth Jensen, Board member

Executive Board

Leif Helth Jensen, CEO
Robert Burger
Marco Donolato

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø

Management's review

Operating review

Principal activities

BluSense Diagnostics is a young and dynamic medtech company, born as a spin-off from the Technical University of Denmark (DTU), one of the leading technical universities of Northern Europe. The technological innovation is based on the opto-magnetic readout which is part of BluSense's core IP.

BluSense has developed an innovative nanotechnology-based point-of-care blood testing platform for the diagnostics of infectious diseases. The platform is based on a reader (BluBox) and single-use blood test cartridges (ViroTrack), specifically designed for targeting different viruses. BluSense's diagnostic tests are based on its proprietary technology called Immuno Magnetic Assay (IMA). IMA is compatible with virtually any biomarker and more than 20 peer-reviewed papers have been published in scientific journals demonstrating the application of IMA for a wide range of applications. The versatility of the technology will allow BluSense to rapidly expand the test portfolio to other diseases such as COVID-19, yellow fever or chagas. All of the new tests will be compatible with BluBox such that customers can easily perform new test as they become available without the need to change hardware.

BluSense currently has two CE marked products on the market: BluBox and ViroTrack Acute Dengue NS1, a test for the rapid detection of dengue NS1 antigens which serves as an aid to diagnose acute dengue infections. In 2020, BluSense CE marked ViroTrack Sero COVID-19 IgA+IgM/IgG Ab, a test for the detection of antibodies against COVID-19, requiring only a droplet of blood. In 2020, the company made good progress towards finalizing development of its ViroTrack Combo Dengue test which will allow to simultaneously measure dengue NS1, IgG and IgM. The company expects to launch the test in Q2 2021, starting with markets in South East Asia, followed by countries in Latin America.

Development in activities and financial position

The Company's income statement for 2020 shows a profit of DKK -23,380 thousand as against DKK -27,957 thousand in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 5,319 thousand as against DKK -8,551 thousand at 31 December 2019.

The company is currently in negotiations with current and potential new investors to close a round of financing within 2021 which will allow to company to launch several new products, scale up manufacturing as well as sales and marketing related activities to reach break-even.

Events after the balance sheet date

BluSense CE marked ViroTrack Combo Dengue NS1 Ag + IgG/IgM Ab in April 2021 and started the regulatory approval process in markets in South East Asia and Latin America.

No other events have occurred after the balance sheet date that could significantly affect the Company's financial position, including the outbreak of the Corona virus.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2020	2019
Gross loss		-8,577	-12,218
Staff costs	2	-19,581	-20,617
Depreciation, amortisation and impairment losses		-622	-449
Loss before financial income and expenses		-28,780	-33,284
Financial income		4	0
Financial expenses		-104	-173
Loss before tax		-28,880	-33,457
Tax on loss for the year	3	5,500	5,500
Loss for the year		-23,380	-27,957
Proposed distribution of loss			
Retained earnings		-23,380	-27,957
		-23,380	-27,957

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
ASSETS			
Fixed assets			
Property, plant and equipment			
Property, plant and equipment in progress		<u>1,521</u>	<u>759</u>
Investments	4		
Equity investments in group entities		1,902	1,912
Deposits		<u>698</u>	<u>598</u>
		<u>2,600</u>	<u>2,510</u>
Total fixed assets		<u>4,121</u>	<u>3,269</u>
Current assets			
Receivables			
Trade receivables		807	51
Receivables from group entities		0	48
Other receivables		386	502
Corporation tax		<u>5,504</u>	<u>5,500</u>
		<u>6,697</u>	<u>6,101</u>
Cash at bank and in hand		<u>9,743</u>	<u>29,597</u>
Total current assets		<u>16,440</u>	<u>35,698</u>
TOTAL ASSETS		<u><u>20,561</u></u>	<u><u>38,967</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		374	302
Share premium		100,897	63,719
Retained earnings		<u>-95,952</u>	<u>-72,572</u>
Total equity		<u>5,319</u>	<u>-8,551</u>
Liabilities			
Non-current liabilities			
Convertible and profit-sharing debt instruments	5	<u>9,288</u>	<u>29,791</u>
Current liabilities			
Banks, current liabilities		13	11
Trade payables		676	1,922
Payables to group entities		854	1,110
Other payables		3,718	1,674
Deferred income		693	5,551
Payables to shareholders and Management		<u>0</u>	<u>7,459</u>
		<u>5,954</u>	<u>17,727</u>
Total liabilities		<u>15,242</u>	<u>47,518</u>
TOTAL EQUITY AND LIABILITIES		<u>20,561</u>	<u>38,967</u>
Contractual obligations, contingencies, etc.	6		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Contributed capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2020	302	63,719	-72,572	-8,551
Cash capital increase	72	37,178	0	37,250
Transferred over the distribution of loss	<u>0</u>	<u>0</u>	<u>-23,380</u>	<u>-23,380</u>
Equity at 31 December 2020	<u><u>374</u></u>	<u><u>100,897</u></u>	<u><u>-95,952</u></u>	<u><u>5,319</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of BluSense Diagnostics ApS for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

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.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross loss

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit/loss.

Revenue

Income from the sale of goods 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 statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense and transactions denominated in foreign currencies.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on 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.

Balance sheet

Property, plant and equipment

Equipment is 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 are as follows:

Equipment	3-5 years
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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 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.

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.

Other receivables and deposits are recognised at amortised cost.

Cash at bank and in hand

Cash and cash equivalents comprise cash.

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.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

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.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2020</u>	<u>2019</u>	
2 Staff costs			
Wages and salaries	18,743	19,242	
Pensions	148	98	
Other social security costs	238	134	
Other staff costs	<u>452</u>	<u>1,143</u>	
	<u>19,581</u>	<u>20,617</u>	
Average number of full-time employees	<u>40</u>	<u>38</u>	
3 Tax on loss for the year			
Current tax for the year	<u>-5,500</u>	<u>-5,500</u>	
	<u>-5,500</u>	<u>-5,500</u>	
4 Investments			
Investment in subsidiaries comprise of investments in:			
BluSense Biotech Ltd., Taiwan 100%			
Blusense Health Sdn. Bhd., Malaysia 100%			
5 Non-current liabilities			
DKK'000	Total debt at 31/12 2020	Repayment, first year	Outstanding debt after five years
Convertible loan	<u>9,288</u>	<u>0</u>	<u>0</u>
	<u>9,288</u>	<u>0</u>	<u>0</u>
6 Contractual obligations, contingencies, etc.			
The Company has a rental contract with a six-month notice period, corresponding to DKK 1,066 thousand (2019: DKK 1,186 thousand).			
The Company has other leasing obligations with an average lease period of 4 months corresponding to DKK 66 thousand (2019: DKK 284 thousand).			