

EYE-GO A/S

Agern Alle 5A, 2., 2970 Hoersholm

CVR no. 36 95 76 70

Annual report 2020

Approved at the Company's annual general meeting on 30 June 2021

Chair of the meeting:

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The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.





Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	6
Income statement	6
Balance sheet	7
Statement of changes in equity	9
Notes to the financial statements	10

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of EYE-GO A/S for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the 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.

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.

Hoersholm, 30 June 2021
Executive Board:

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Nickolei Henrik Nagel

Board of Directors:

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Christian Stig Møller
Chair

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Ole Matzen Feddersen

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Joachim Snebang
Vangaard Jensen

Independent auditor's report

To the shareholders of EYE-GO A/S

Opinion

We have audited the financial statements of EYE-GO A/S for the financial year 1 January - 31 December 2020, which comprise 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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

Copenhagen, 30 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Andersen
State Authorised Public Accountant
mne34313

Management's review

Company details

Name	EYE-GO A/S
Address, Postal code, City	Agern Alle 5A, 2., 2970 Hoersholm
CVR no.	36 95 76 70
Established	1 July 2015
Financial year	1 January - 31 December
Board of Directors	Christian Stig Møller, Chair Ole Matzen Feddersen Joachim Snebang Vanggaard Jensen
Executive Board	Nickolei Henrik Nagel
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

Business review

EYE-GO develops disruptive eye care technology that improves the quality of life of people around the world suffering from severe and chronic eye conditions.

Our MistGo product is a novel ocular drug delivery system that is the first viable and truly revolutionary replacement of the eye drop bottle. MistGo works by spraying a thin mist into the eye and in this way removing the many shortcomings of the traditional eye drop bottle.

At 31-3-2021 a reproducible functional prototype has been developed in the right construction, design and material. All milestones set in 2020 have been met and the final development stages are on track.

Financial review

The income statement for 2020 shows a loss of DKK 3,492,115 against a loss of DKK 3,956,201 last year, and the balance sheet at 31 December 2020 shows equity of DKK 2,805,251. The result is as expected and the company follows the plans.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2020	2019
	Gross loss	-3,187,784	-3,028,217
3	Staff costs	-1,233,191	-2,055,799
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	0	-14,598
	Profit/loss before net financials	-4,420,975	-5,098,614
	Financial income	18,768	69,423
	Financial expenses	-67,224	-38,846
	Profit/loss before tax	-4,469,431	-5,068,037
4	Tax for the year	977,316	1,111,836
	Profit/loss for the year	-3,492,115	-3,956,201
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-3,492,115	-3,956,201
		-3,492,115	-3,956,201

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	7,615	7,615
		<u>7,615</u>	<u>7,615</u>
	Investments		
	Investments in group enterprises	50,547	50,547
		<u>50,547</u>	<u>50,547</u>
	Total fixed assets	<u>58,162</u>	<u>58,162</u>
	Non-fixed assets		
	Receivables from group enterprises	694,353	694,353
	Other receivables	1,833,955	3,626,718
		<u>2,528,308</u>	<u>4,321,071</u>
	Cash	<u>6,429,715</u>	<u>760,395</u>
	Total non-fixed assets	<u>8,958,023</u>	<u>5,081,466</u>
	TOTAL ASSETS	<u><u>9,016,185</u></u>	<u><u>5,139,628</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	2,216,045	2,167,870
	Retained earnings	589,206	2,462,829
	Total equity	<u>2,805,251</u>	<u>4,630,699</u>
	Liabilities other than provisions		
5	Non-current liabilities other than provisions		
	Other payables	5,104,900	28,815
		<u>5,104,900</u>	<u>28,815</u>
	Current liabilities other than provisions		
	Trade payables	764,174	304,000
	Payables to group enterprises	115,966	58,942
	Other payables	225,894	117,172
		<u>1,106,034</u>	<u>480,114</u>
		<u>6,210,934</u>	<u>508,929</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>9,016,185</u></u>	<u><u>5,139,628</u></u>

- 1 Accounting policies
- 2 Capital resources
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral
- 8 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2020	2,167,870	2,462,829	4,630,699
Capital increase	48,175	1,618,492	1,666,667
Transfer through appropriation of loss	0	-3,492,115	-3,492,115
Equity at 31 December 2020	<u>2,216,045</u>	<u>589,206</u>	<u>2,805,251</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of EYE-GO A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Gross loss

The items cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including grants.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to advertising, administration, premises etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	3 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Tax for the year includes tax credits for cost incurred in connection with research and development activities under the Danish Tax Assessment Act (Ligningsloven)

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Capital resources

Management is responsible for ensuring that the Company's capital resources are sound at any time and that sufficient liquidity is available to meet the Company's current and future liabilities as they fall due.

The company expect to raise additional capital in July 2021 to support the company' growth strategy. Should the raise of capital be delayed, it is management assessment that the current funding is sufficient for the years 2021-2022 with a reduced activity level, and accordingly, management presents the annual report on a going concern basis.

Based on the above, Management is of the opinion that the Company has sufficient capital resources for the coming year, and accordingly, presents the annual report on a going concern basis.

DKK	2020	2019
3 Staff costs		
Wages/salaries	1,079,826	1,846,741
Pensions	148,179	185,149
Other social security costs	2,688	23,909
Other staff costs	2,498	0
	<u>1,233,191</u>	<u>2,055,799</u>
Average number of full-time employees	<u>1</u>	<u>3</u>
4 Tax for the year		
Estimated tax charge for the year	-977,316	-1,111,836
	<u>-977,316</u>	<u>-1,111,836</u>

5 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	5,104,900	0	5,104,900	1,666,667
	<u>5,104,900</u>	<u>0</u>	<u>5,104,900</u>	<u>1,666,667</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	61,780	61,668
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Rent and lease liabilities include a rent obligation totalling DKK 61,780 in interminable rent agreements with remaining contract terms of 3 months.

7 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

8 Related parties

Information about consolidated financial statements

Parent	Domicile
EYE-GO LABS ApS	Agern Alle 5A, 2., 2970 Hoersholm